The Growth of the Distance Learning Market and EPGY’s Strategy for Success

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What is EPGY?

- EPGY is Stanford’s Educational Program for Gifted Youth
- EPGY has been offering computer based courses since 1991
- EPGY develops CD-ROM based math and science courses for K-12 students
Problem Statement

- What courses should EPGY offer?
- What type of relationship should EPGY have with ‘pilot schools’?
- How should EPGY utilize the virtual classroom?
- What is an appropriate pricing strategy for these services?
Analysis Tools

- Porter’s Five Forces
- Decision Analysis
- Strategic Scenarios
- Conjoint Analysis
EPGY’s Competitive Position

- Currently, EPGY is the only university program offering on-line interactive courses
- 2 of Porter’s Five Forces to consider
  1. Threat of substitutes
  2. Threat of new entrants
Barriers to Entry

- **Low**
  - Economies of scale
  - Switching costs
  - Distribution
  - Retaliation

- **Medium**
  - Capital requirements
  - Learning curve

- **High**
  - Brand identification
    - "The Stanford Name"
Possible Substitutes

- Private tutors
- Private schools
- Home instruction
- Change of school districts
- Magnet schools
- Other university programs
- Summer schools
Strategic Scenarios

- The Global Classroom
- The Young Einsteins
- Fall of American Education
- The System Overloads
Conjoint Analysis

- Information will be gathered via e-mail to students and parents currently enrolled
- Attributes analyzed
  - Price
  - Curriculum
  - CD-ROM, Virtual Classroom, etc.
  - Desired EPGY interface
Expected Results

- Recommendation of pricing strategy for courses, services, and pilot schools
- Curriculum development strategy
- Recommendation for preferred product features