



Marketing Analysis for New Oriental Education & Technology Group Inc.

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Bachelor's Thesis

Bachelor's degree (UAS)

Field of Study: Social Sciences, Business and Administration			
Degree Programme: Degree Programme in International Business			
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Title of Thesis: Marketing Analysis for New Oriental Education & Technology Group Inc.			
Date	3.5.2015	Pages/Appendices	56/7
Supervisor(s): Tuula Linnas			
Client Organisation/Partners: New Oriental Education & Technology Group Inc.			
Abstract <p>New Oriental Education & Technology Group Inc. is a provider of private educational services in China. It is currently the largest comprehensive educational company in China. It is also the target organization in this thesis.</p> <p>For most enterprises, the common profit pattern is to purchase raw materials, and then manufacture and sell finished products. Technically, companies could meet market demand as long as with sufficient raw materials and productivity. However, as a provider of private educational services, New Oriental Group's core production is the services provided by members, which present high standards for staff's quality and cannot be improved through training within a short time. Its core production relies more on the talent, language skills and knowledge reserves of staffs. Therefore, the objective of this thesis is how to find the balance point between the sharp market expansions and keep the service quality at the same time, for New Oriental Group.</p> <p>Various analysis methods have been used in this thesis such like SWOT analysis, external and internal environment analysis, which was combined with quantitative data about the current market situation of the company.</p> <p>The quantitative (a questionnaire survey for target customers) and qualitative (an interview with the manager) methods were involved in this research, with the purpose of investigating and collecting various opinions from employees and target customers for the marketing strategy of New Oriental Group. The research for target students was sent as a questionnaire by social software, the interview with the manager who worked in New Oriental Group consist of 8 questions. And the suggestion and conclusion were given in the end.</p>			
Keywords: Education and training; Market competition; Market development			

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1 INTRODUCTION

1.1 Background of the Research

Nowadays, with rapid development of economy and external trade, higher requirements of language skills have been made for employees from all walks of life, which stimulate the need for kinds of training institutions. These training institutions provide a wide range of English learning services such as vocational English and English test skills. According to the data of Chinese education market research 2013, there are over 5000 language training institutions of different scale and over 800,000 employees already in China. The numbers are still updating because private training industry, as an emerging industry, has drawn more and more attention from investment institution.

For private training institutions, a reasonable marketing strategy undoubtedly plays a vital role in their healthy operations. As a matter of fact, more and more companies have realized the importance of marketing strategy after they encounter difficulties such as shortage of students. Therefore, apart from improving the professional competence of their teachers, these companies also implement all types of marketing tools to attract target customers of every specific field to gain profits. For instance, some companies draw lessons from foreign companies especially about the experience which relevant to build brand loyalty, and some make bold attempts after taking local market situations into consideration.

New Oriental Education & Technology Group Inc. is a provider of private educational services in China. It is currently the largest comprehensive educational company in China. The headquarters of New Oriental is located in the Haidian district of Beijing. The business of New Oriental includes pre-school education, general courses for students of various age levels, online education, overseas study consulting, and textbook publishing. New Oriental was the first Chinese educational institution to enter the New York Stock Exchange in the United States in 2006. New Oriental had built 53 short-time language educational schools, 47 book stores, and 500 learning centers in 48 cities in China in May 2011. According to statistics, there are about 15,000,000 students who have studied in New Oriental by 2011. And the company values 64.23 billion RMB by the evaluation. The thesis hopes to give some useful comments concerning the CRM development based on the main findings of the research results. (New Oriental Group official website)

1.2 Objectives of the Research

As far as New Oriental is concerned, although as the leader in private training industry, it has enormous amounts of clients every year, it is the biggest challenge that how to improve of loyalty of regulars as well as increase the number of new customers and how to avoid homogeneous competition with other private training institutions. Through analysis on internal and external environment of New Oriental and marketing strategy as well as SWOT analysis, combining with mass data which is collected with qualitative and quantitative methods. As we know, the research about marketing strategy plan and implementation is based on mass data from target customers, the market segmentation and customer behavior should also be taken in account during the research process. A reasonable marketing strategy should be customized to the development of the company and take the internal and external environment into consideration. Thus, companies of different scale have different marketing strategies even under similar external environment. And this paper will makes comments on the future development of New Oriental based on extensive analysis and research.

1.3 Structure of the Report

The thesis contains six chapters. At the beginning, the overall introduction about the background and objectives of the thesis research will be given in the first chapter, so as to present a brief understanding about the whole thesis to audience.

Then, the situation of the New Oriental Group will be introduced including its development history, services as well as the target customers.

The following two chapters are the theoretical part. It contain the external environment & internal analysis as well as the SWOT analysis, The external environment analysis has provide a view of the challenge and opportunity to the private education service providers which offered by certain factors such like economy, policy and society. The internal environment analysis focuses on the organization structure, enterprise culture, marketing and operational capabilities, financial management, research and development capabilities. SWOT analysis tends to pay more attention on the bidding capabilities and competitors. Those analyses will provide amount of figure combined the real condition about the company's operation to help the audience obtain better understanding with the analysis.

The next chapter is about the implementation and results of the research. In this part, both of the qualitative and quantitative methods had been used in the research. The questionnaire will be sent to the target client which covered different age groups, consumption power and Consumption purposes. And in the same time, an interview to the middle managers from New Oriental Group will give some more high-reliability data and some of the ideas from the perspective of practitioners.

The last chapter talks about the suggestions for the marketing strategies in the New Oriental Group and the conclusion of the thesis combined the research results.

2 PRESENTATION OF THE NEW ORIENTAL SCHOOL

2.1 History of the Company

Private education industry, an emerging industry in China, begins from late 1980s. At that time, China's opening-up policy boomed the tide of study abroad. Thus, it was the aspiration for advanced education abroad, the need of economic internationalization as well as insufficient personnel specializing in foreign affairs that stimulated enormous demand for English training institution. New Oriental School emerged at that historic moment. (Yu 2014)

Yu Minhong is a legend as the establisher of New Oriental. He introduces his life in his autobiography—He was born in rural area, and then admitted into Peking University (the No.1 University with profound culture and history in China) in 1980 after failing twice in College Entrance Examination. Five years later, he was elected to be a teacher in Peking University after graduation, but was fired for offering tutorial course in the name of Peking University after class without authorization. In 1993, the original New Oriental was established by Yu in a 10-square-meter shabby room with only one chair and one desk, frayed and grimy, to offer TOEFL test preparation courses to college students. (Baidu 2015)

The New Oriental Group was established China in 2001 to own all of Yu's schools and learning centers. The group have grown rapidly and transformed from primarily a language training company to the largest private education services provider offering a wide range of educational programs, services and products in China. As a matter of fact, there were many companies interested in the private education industry with bright prospect and market scale at that time. However, the New Oriental School is the only one which survives fierce competition and thrives, which is a typical example of the theory of To Be No.1 or No.2 put forward by Jack Welch, the executive of General Electric Corporation (GE).

In order to facilitate foreign investment in this company, Yu established his offshore holding company, New Oriental Education & Technology Group Inc., as a company registered in the British Virgin Islands in August 2004. On January 25, 2006, And the holding company's corporate changed to the Cayman Islands in December 2007, so now it is a Cayman Islands company limited by shares. (Yu 2014)

Since 1993, the New Oriental Group have had approximately 9.11 million cumulative student enrollments. According to the annual report in 2014, in the end of May 31, 2010, it had approximately 1,807,000 student enrollments, including approximately 1,038,000 student enrollments in their language training programs and approximately 769,000 student enrollments in their test preparation courses. They deliver their educational services and products to students through an extensive physical network of schools, learning centers and bookstores, as well as through their virtual online network. (Yu 2014, 23)

The total net revenues increased from US \$201.0 million for the fiscal year ended May 31, 2008 to US\$ 386.3 million for the fiscal year ended May 31, 2010, representing a compound annual growth rate, or CAGR, of 38.6%. Net revenues from their language training and test preparation courses accounted for 87.6%, 87.4% and 87.3%, respectively, of their total net revenues in the fiscal years ended May 31, 2008, 2009 and 2010. Net income attributable to New Oriental Education & Technology Group Inc. increased from US\$ 49.0 million in the fiscal year ended May 31, 2008 to US\$77.8 million in the fiscal year ended May 31, 2010, representing a CAGR of 26.0 %. Even though New Oriental has been the leader in the field of private education industry for a long time, currently there are many internal problems emerging in this institution such as contradictions between shortage of human resources and rapid expansion, single marketing tool, unsuccessful brand extension and unbalanced program development. In addition, policies issued home and abroad like transformation of College English Test 4 (CET4) and CET6 and adjustment of exam and visa of western countries exert huge impact on New Oriental as well. After 2007, VC enterprise and investment organizations pay close attention to the development of China's education and training companies, the nonparallel rising of VC enthusiasm is also challenging the development of New Oriental. (New Oriental Group Annual Report 2014)

TABLE 1. Cost of Revenue for New Oriental Group 2006-2010 (Annual Report 2014)

For the Years Ended May 31.					
(in thousands US\$)	2006	2007	2008	2009	2010
Cost of revenues	48	277	707	316	657
Selling and marketing	173	109	226	225	117
General and administrative	7,688	4,261	7,809	16,209	15,409

2.2 Market and Customer

The target market of New Oriental Group covered the whole China. And the market field consist of language training, publishing industry, consulting, and service online education. And the target customers covered primary and middle school students, college students and adults which have the demand to obtain different language training to meet different propose such like occupation or test. (New Oriental Group Annual Report 2014)

2.3 Products and Services

The New Oriental Group provide a wide variety of educational services and products in order to meet the demand of target clients. It deliver education to the students not only in traditional classroom settings but also through online education. The classroom-based courses are generally designed to be completed in 2 to 16 weeks. Course fees are determined based on the length of the course, the size and the subject of the class, the online courses are much cheaper than the classroom-based courses because of the low cost. The service and product by New Oriental Group offerings are generally divided into six areas: Foreign language training; test preparation; primary and secondary schools and kindergartens; online education; and other services and products.(New Oriental Group Annual Report 2014)

Foreign language training

The language training courses consist of various types of English language training courses. And it also provide training courses for other foreign languages such like German, French, Japanese and Spanish. According to the annual report in 2014, in the end of May 31, 2010, they had approximately 1,038,000 student enrollments in their language training courses, and over 95% were in English language training courses. (New Oriental Group Annual Report 2014) The training methods which New Oriental School used focus not only on reading and writing, but also on teaching and improving listening and speaking skills.

Considering the language training services owned a large number of students which covered a wide range of age groups and with various motivations for learning English, it is necessary to make market segmentation. In generally, the English language training course is categorized as four areas:

- (i) English for adults;
- (ii) English for children;

- (iii) English for middle school and high schools students;
- (iv) "Elite English" for high-income adults and children of high-income families

English for adults

Under the trend of personalized need and specialized training courses, English training courses such as sports English and medical English that aim at people of specific occupation have sprung up. Especially for some foreign-invested enterprises, multinational corporations' branch offices in China and domestic companies involved in international business transactions, they usually have the requirement for their employees to have varying degrees of English proficiency.

Therefore, courses for adults are focus on teaching and improving writing, reading, listening and speaking skills. This kind of course usually lasts for 6 to 12 weeks with classroom instruction one to four times per week the sizes of English for adults' courses typically range from 1 to approximately 150 students per class. (New Oriental Group 2014 annual report)

English for children

The New Oriental Group established their English course for children in 2002 and it has achieved rapid growth. Considering the special nature of childhood education, the principles of the children English courses are based on helping children develop a passion for learning the language and guide and inspire them by interactive games, activities and cultural studies.

The English courses for children classes are typically divided into classes of 1 to approximately 25 students per class. Students attend class one to two times per week for 1.5 to 2 hours per class. And it also necessary to keep test students to measure their progress and make sure they are progressing as needed to advance to the next book and class level.

English for Middle School and High School students

English level is considered as an important reference to evaluate students in China, therefore, English is always tested as a major subject of entrance exams for admission into high schools and universities. Sometimes the English exam scores can even be a deciding factor in gaining admission. The English language training courses for middle school and high school students are contributed large amount of profits to New Oriental Group. The courses are usually based on regular school curricula and help students achieve better scores on English exams .The typical English courses for middle school and high school students usually last for 8 to 16

weeks and each class last for 1.5 to 5 hours. The high intensive and condensed versions of English courses are also provided only in the summer months when many schools are on summer break. The sizes of these courses range from 1 to approximately 300 students per class.

"Elite English" for high-income adults and children of high-income families

With the rapid economic growth of China in the past three decades and increased international business transactions, there is a growing demand for personalized and advanced English language training for high-income working professionals and other adults in large, economically prosperous cities. In other hand, the "single child" policy and the potential rewards of English proficiency have prompted Chinese families invest in their children' s English language education. The programs which named "Elite English" by the New Oriental Group is started in 2004 as a response to the market demand from high-income students and parents.

"Elite English" course have a standardized curriculum and the teachers are required to work closely with a small group of students to evaluate and customize the courses based on the progress and demands of the clients. The "Elite English" classes are even more flexible than other types of course in engage to accommodate clients' schedules and are provided more comfortable study environments. The size of class are usually under 5 students.

Test preparation

Chinese students are always required to offer certificates of English proficiency when they apply to foreign universities, so this hard criteria bring great commercial opportunities for education and training industry. According to the annual report in 2014, in the end of May 31, 2010, they had approximately 769,000 student enrollments in their test preparation courses, of which approximately 256,000 were in overseas test preparation courses, 389,000 were in PRC test preparation courses and 124,000 were in test preparation courses for middle and high school Chinese students.(New Oriental Group 2014 annual report). The New Oriental Group offer test preparation courses for the following major overseas exams: TOEFL, TSE, SAT, ACT, IELTS, GRE, GMAT, LSAT, BEC and TOEIC.

In addition, they offer test preparation classes for the following major PRC admissions tests: CET 4, CET 6, and National Tests for Entrance into Master's Degree Programs, Professional Title English Test and PETS.

The core competitiveness of New Oriental lies in experienced teachers, tremendous stimulated practices, comprehensive teaching of exam skills, unique teaching style with enthusiasm and humor and the accurate understanding of eastern and western culture. And with two kinds of strategies that offering affordable larger classes and higher priced individualized small classes for school aged children, this successful segmentation helped New Oriental Group to capture more market share in the large market.

Except for the customized small class program, the large classes ranging from 50 to 300 students. Students enroll in 40- to 160-hour programs with classes meeting one to four times per week for approximately 2.5 hours per class. And the intensive and condensed versions courses are also offered in summer break.

Primary and secondary schools education

In China, many kindergarten and primary schools has set up English courses, even some are bilingual. Therefore, pre-school education, taking up a considerable proportion, has become an emerging market in terms of education industry.

New Oriental China established the first full-time private primary and secondary school in Yangzhou City in 2002. This is a private boarding school for students in grades 1 to 12 and taught in both Chinese and English, The target clients is the students who desire a global vision and an understanding of both traditional Chinese culture and the western culture. The New Oriental Group attempt to immerse the students in the English language at an early age through native English speaking teachers, and the students are supposed to obtain a competitive advantage in academics and social development. According to the annual report in 2014, in the end of May 31, 2010, the school accepted 1,156 students out of over approximately 1,800 applicants from the local market as well as elsewhere in China.

The school also work closely with the local educational authorities to make sure that the curriculum is compatible with public school curriculum. They have also expanded their curriculum to include subjects, activities and techniques that teach the students to learn and think independently. The tuition at the Yangzhou City School ranged from RMB 5,000 to RMB 10,000 per year. (New Oriental Group 2014 annual report)

Online education

Since 2001, New Oriental has cooperated with Lenovo Corporation to innovatively combine internet technology and education and eventually developed online class system, the online education programs finally listed on their website---[www. Koolearn](http://www.koolearn.com).

com. As of May 31, 2010, approximately 6 million users had registered accounts. These users can purchase pre-paid cards that give them the permission to take the online courses for a specific period. According to the annual report in 2014, in the end of May 31, 2010, they had approximately 301,000 users that paid for additional access to the specialized education courses and they currently offer approximately 1,200 online courses such like language training courses, test preparation courses, professional certification courses, even in the areas of accounting, legal, management and others.

This online courses absolutely attractive to students who need more flexible scheme and it breaks the rigid geographic restriction and brings much convenience to study. Online education will be the fastest growing part and must be focused to be developed. Course fees for online courses range from RMB10 to RMB 5,000 per course.

Consultation and evaluation for studying aboard

Consultation and evaluation for studying aboard: It is a derivative as well and a typical example of innovative service idea and exploration of new market. Students who are going to study aboard consist of a large part of students in New Oriental, and some of them choose to work in New Oriental Group when they graduate from foreign universities. They can offer their learning-aboard experience as a kind of resource and provide comprehensive information for clients. They also counsel students with the immigration process for overseas studies, such as obtaining visas and student and off-campus housing.

Publication

Publication is a derivative business in New Oriental, because on one hand, a large amount of paper is consumed annually, on the other hand, there exists high commercial value in the exam skills concluded by teachers in New Oriental. Therefore, a publisher was established to print handouts for students in New Oriental in order to cut down huge expenditures. Most of the materials published by them are education-related and include the materials that they use in their courses, and they also publishes self-learning textbooks, such like "self-help," "know-how" and "inspirational" books which are well-received in high schools and universities, According to the annual report in 2014, In the end of May 31, 2010, they developed and edited over 200 titles and distributed approximately 9 million books authored or licensed by us in China.

As for distribution ways, they choose distribute these materials through various distribution channels, consisting of their own classrooms and bookstores as well as third-party distributors, including over 5,000 bookstores in China. And it is worth mentioning that the extensive distribution channels by New Oriental Group have attracted international education content providers to cooperate with them in distributing localized versions of their materials in China, such like: The McGraw-Hill Companies, Cambridge University Press, Barron's, Wiley, DynEd International Inc., It will be a good strategy that establish additional strategic relationships with those international education content providers to enrich the New Oriental Group's own content offerings.(New Oriental Group Annual Report 2014)

2.4 Organizational Structure

New Oriental Group owned six wholly owned subsidiaries in mainland of China:

- Beijing Hewstone Technology Co. Ltd., or Beijing Hewstone, which primarily engages in the educational software development business and sub-licenses trademarks to New Oriental China and its subsidiaries;
- Beijing Decision Education & Consulting Co. Ltd., or Beijing Decision, which primarily engages in the business of providing educational technology services and educational management services;
- Beijing Judgment Education & Consulting Co. Ltd., or Beijing Judgment, a company that directly holds the real estate properties on which certain of schools are located;
- Beijing Pioneer Technology Company Limited, or Beijing Pioneer, which engages in the educational software development business;
- Beijing Boost Caring Education & Consulting Co. Ltd., or Beijing Boost Caring, which primarily engages in the business of providing educational technology services and consulting services;
- Beijing New Oriental Stars Education & Consulting Company Limited.(New Oriental Group Annual Report 2014)

And also three subsidiaries in Hong Kong which named Smart Shine International Ltd., Winner Park Ltd. , Elite Concept Holdings Ltd., these three companies responsible for investment issues.

And following diagram illustrates the distribution diagram of branch campus:

Table 2. The distribution diagram of New Oriental Group's branch campus (New Oriental Group 2014 annual report)

CITY	Number of school	Number of learning center	Number of bookstores
Beijing	6	53	1
Shanghai	1	41	1
Guangzhou	1	13	1
Wuhan	1	19	1
Yangzhou	1	—	—
Tianjin	1	10	1
Xi'an	1	10	1
Nanjing	2	9	1
Shenyang	1	10	1
Chongqing	1	9	1
Chengdu	1	9	1
Shenzhen	1	7	—
Xiangfan	1	3	1
Taiyuan	1	7	1
Haerbin	1	9	1
Changsha	1	9	1
Jinan	1	12	1
Zhengzhou	1	8	1
Hangzhou	1	6	1
Changchun	3	10	1

3 ANALYSIS OF MARKETING ENVIRONMENT

External environment

External environment analysis studies information about several factors which affect the business operation but are mostly out of its control such like policy or legislation.

Political factors: Political factors include areas such as tax policy, trade restrictions, tariffs, infrastructure, public service and political stability.

Economic factors: Include economic growth, interest rates, exchange rates and the inflation rate. These factors have huge impacts on how businesses operate and make decisions such like the costs of exporting goods and the supply and price of imported goods in an economy.

Social factors: Include the cultural aspects and include culture, consumer, health consciousness, population growth rate and unemployment rate.

Technological factors: Include ecological and environmental aspects, It may create a new demand or destroy an industry. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

Legal factors: Include labor law, environmental law, discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

Internal environment

An organization's internal environment is composed of the elements within the organization, including current management, employees, company's operations, internal guidance mission, and enterprise culture. Target customer and the competitor are also good choice to analysis in order to find out potential challenge.

3.1 External Environment

3.1.1 Economy environment

China has remained over 10% increase in GDP for 15 years since entered the high-speed develop period in 1992. With the rapid development of economy and

consumption capacity, the market of private education services has flourished. According to the data demonstrated in the annual report 2014 of New Oriental Group, the investment in education accounts for about 14% of total family income in middle-class.(Baidu 2015)

The total sum of consumption of private education services is about 500 billion Yuan. After the entry into WTO in 2001, China has promoted exchange and cooperation in economy and other industries so that all staff in those industries should be equipped with adequate English skills, which creates greater opportunities for private education institutions. In addition, the large population is another positive factor to develop private education as well.

With the rapid development of finance, many investors have paid attention to private education sector and made investment plans in this sector. Therefore, massive venture capital (VC) and private equity (PE) make the expand of these institutions possible.

2006 and 2007 are the peak period of investment in private education. There are 36 known investment cases and 355.97 million dollars investing to 25 enterprises by 31, Oct, 2007. The number of cases and investment value in 2006 and 2007 accounts for respectively 72.2% and 73.5% of total amount.

During 2000 and 2003, VC and PE entered and guided private education industry from online education and IT training. In 2006, the New Oriental went listed and became the most successful case in private education sector ever before. In the second half of 2006, there was an influx of investments in education — 18 known cases in online education and 171.85 million dollars investing to 11 corporations, accounting for 48.3% of the whole education industry and 117.1 million dollars investing to 8 language-training corporations, accounting for 32.9%.The English training has become white-hot, with total investment of 9.71 million dollars, accounting for 82.9% of the whole language training industry.

At the same time, there was a sharp increase, reaching 103.25 million dollars (29.0% of education industry), in the investment to training institutions aiming at tutoring primary and junior high school students. (Baidu 2015)

3.1.2 Political and legal environment

On March 18, 1995, the Education Law of the PRC has been enacted by the National People's Congress. It is relating to the fundamental education systems of the PRC,

including a school system of preschool education, primary education, secondary education and higher education.

The Law for Promoting Private Education (2003) and the Implementation Rules for the Law for Promoting Private Education (2004). The Law for Promoting Private Education (2003) became effective on September 1, 2003, and the Implementation Rules for the Law for Promoting Private Education (2004) became effective on April 1, 2004. Under these regulations, 'private schools' are defined as schools established by social organizations or individuals using non-government funds. (baidu 2015)

The PRC government has always taken the predominant position in education industry. PRC government has issued favorable policies to support the development of private education, which on the other hand leads to less investment and slow development. The government has issued favorable policies to support private education since 2002. In April, 2004, these regulations were issued to promote private training services into a high-speed development period. As stipulated in these regulations, the sponsors of private training institutions could be rewarded with reasonable returns according to relevant tax policies, which made venture investment possible. Since then, institutional investors have taken traditional training mode rather than online-education into consideration, which was the cornerstone for the flourish of training industry in 2006 and 2007.

However, development coexists with risks. In 2004 annual report, the New Oriental admitted that because it was registered abroad but run at home, it depended on subsidiaries at home to operate, which was risky in terms of taxation and effective management. Although the New Oriental can avoid government supervision to some degree, its subsidiaries could be ordered to close. (New Oriental Group 2014 annual report)

3.1.3 Technical environment

In recent years, Internet is undoubtedly the most influential technical factor towards education industry. Internet and multimedia technology break the limitations of region and time and provide various methods for the standardized education industry of large scale and a platform to further increase private education consumers.

The convenience of the Internet has attracted more potential users, especially the mobile payment. Students can easily enroll in courses, listen to course samples and complete payment online. However, the network distance education failed early expectations.

In 2000, the New Oriental set up courses of network distance education and continued to rise at the beginning because of its brand effect. However, the number of online users began to level off later on because the New Oriental did not innovate teaching method and only transferred its course resource into videos and put them online. Thus, for the online students, these network distance courses were not attractive enough for lack of academic study atmosphere and instant communication with teachers, from which we can see that although advanced technology has enriched teaching methods, the traditional teaching mode is still the predominant one. The innovation of technology is merely a shortcut to attract investment rather than an effective way to change existing teaching mode. (Baidu 2015)

3.1.4 Social environment

In 2014, the educational expenditure is 2.4488 trillion Yuan, accounting for 4.3% of the total GDP, and according to monitoring results of national education funds in 2013, the national educational expenditure and educational budget increased over last year.

Every 0.1% increase in the share of educational funding's and GDP will lead to over 150 billion Yuan investment in education. The Ministry of Education gives priority to education investment this year in order to achieve the goal of reaching 5% of GDP, which was proposed in Chinese Educational Reform and Development Compendium in last century.

Chinese Government has attached great importance to training industry, which means business opportunities for private education industry. Private education, as something new in the process of educational reform, is supported by national policies and gains more and more recognition from all circles of the society through its unremitting endeavor. The Government clearly advocates an education system based on the mutual development of public education and private education.

With the frenzied expansions of college enrollments in recent years, the employment issue of graduates has become particularly acute. The number of college graduates is 7.24 million in 2014, a 280-thousand increase compared with the number of the same period last year.

On the other hand, the authority encourages to carry out the "delaying retirement" policy in order to cut down the pension spending and help ease the financial pressure. This policy intends to raise retirement age respectively to 60 for males and 55 for

females within 5 years, which will further aggravate the unemployment of college graduates.

Since the problem of unemployment becomes more and more serious as a result of surge of undergraduates and college graduates, college students have to equip themselves with more certificates and resort to private training institutions to help them pass those exams. Therefore, the private education industry has been encouraged and more people are going to seize the business opportunity to enter this industry. The New Oriental was officially a private training institution since November, 2006. At that time, limited by its faculty and size, the social influence and developing speed of New Oriental were far less and lower than short-term language training courses. However, New Oriental covered every aspect of this sector to a certain degree, so actually it had huge development potential.

China has conducted the "One Child" policy since 1990s, so, for most families in China, there is only one child in one family. This policy has rendered child a vital role when it comes to family issues and parents always tend to attach utmost importance to children's education. Under the circumstances that normal public education cannot satisfy all the needs of parents, private training institutions emerge at the right moment.

In China, there are more and more families providing bilingual education for their children and almost all families' value English more than ever, which results in English training classes always packed with juveniles. These juvenile's English courses do not require much for its faculty or environment. Thus, even a no-English – major college graduate can be qualified to be a part-time English teacher. More juvenile's training institutions, further will this industry develop. With its development, the bigger institutions will take over smaller ones, which will lead to industrialization and specialization of this industry. (Wikipedia 2015)

3.2 Internal Environment

In New Oriental Group, the selection of executives was mainly by internal promotion, because this way can make the manager have a higher degree of corporate identity. Compared with those highly educated professional managers which are more emphasized about salary and benefit, the managers which promoted from basic level have stronger motivation to deal with and developed their job. But in some particular case, New Oriental have a cautious and flexible strategies when chose the manager. For instance, New Oriental have two program in Toronto and Montreal, the New

Oriental did not hesitate to choose the "airborne", the reason is very simple: only local competent personnel can meet the need and development it of local businesses.

After listing in NASDAQ (National Association of Securities Deal Automated Quotations), New Oriental exposed some questions during some international program, and showed the insufficiency for project planning personnel, capital management personnel with international management experience .Because those project management team is mainly from internal promotion and lack of management experience, that would affect the pace of development of the project. Considering the rapid development Currently, New Oriental Group's human resources and management tasks can still be maintained, but for a high-speed development enterprises, it will bring a greater loss when it cannot meet the requirements of the development of human resources. In addition, the employee career development path in New Oriental Group is not quite smooth because of the unbalanced distribution of resource, it is important issues need to be taken into account. (New Oriental Group 2014 annual report)

4 SWOT ANALYSIS

SWOT Analysis is a useful technique for understanding company's Strengths and Weaknesses, it is helpful in matching company's resources and suit to the competitive environment, it can also determines what may assist the company in accomplishing its objectives, and what problems must be overcome or minimized to achieve desired results.

4.1 Strengths

Brand

As the first listed company in private education filed in China, the market awareness of "New Oriental" brand has contributed significantly to the success of their business. And maintaining and enhancing the "New Oriental" brand is critical to maintaining their competitive advantage. New Oriental has offered a diverse set of programs, services to target client which consist of students from different age groups and other adults throughout many areas in China. With the continuing to grow in size, expand program and service offerings and extend the geographic reach, the market awareness of New Oriental Group will be higher and higher.

High qualified faculty

New Oriental Group owned a plenty of dedicated and capable faculty, and also paid great attention and financial support to hire, train and retain qualified teachers. And always try to maintain consistent teaching quality through their school network and brand.

The teachers are critical to maintaining the quality of their programs, services, and maintaining their brand and reputation. The attractive enterprise culture and treatment helped New Oriental Group attracted lots of qualified teachers which have a professional knowledge background of the subject areas and also have an ability to delivering innovative and inspirational speech during the class. This kind of teacher are just a limited number in China and that is why New Oriental Group keep the competitive advantage with other competitors.

Product segmentation

New Oriental Group offered a diverse set of programs, services which covered different segmentation market and meet different demand. Compared with other competitor, the New Oriental Group has the most comprehensive services and plentiful choices which can meet different requirement about course period, course length, course times, location and tuition fee.

Size

With the abundant financial support from investors, New Oriental has expanded constantly, it has set a lot of branch campus not only in major cities but also in some town in order to attract more students. By In the end of May 31, 2010, it had approximately 1,807,000 student enrollments, including approximately 1,038,000 student enrollments in their language training programs and approximately 769,000 student enrollments in their test preparation courses. New Oriental Group also established a strategic partnership with some well-known publishing agencies sand some examination committee such like UCLES (University of Cambridge Local Examinations Syndicate) to reach win-win.

4.2 Weaknesses

Tuition fee

One of factors to the success of New Oriental Group is there are a large number of student enrollments and the amount of course fees that the students are willing to pay. In other word, continuing to attract students to enroll in courses is critical to the continued success and growth of business. Therefore, tuition fee must be taken into account. Fortunately, the tuition fee for New Oriental Group's course is a little bit higher than other competitors, and New Oriental Group often received feedback from students which complained the high price for their course. If New Oriental Group cannot continuing to attract students to enroll in their courses without a significant decrease in course fees, the revenue may decline and clients may lost. Therefore, it would be better for New Oriental Group to reduce the tuition fee by developing new programs and enhancing existing programs that would be useful to respond to changes in market trends and student demands. (New Oriental Group 2014 annual report)

Unbalanced profit model

As things are at the moment, the brand extension for New Oriental is not successful. As I mentioned in Product and Service chapter, New Oriental operate business in several field include language training, test preparation, online-education, consulting and publishing industry. But accounting to the last five years' annual report, the revenue from language training, test preparation takes up over 85% in the whole revenue, that mean other businesses just take less than 15%, especially for the online-education, which treated as the next operation increasing point, just get 5% percentage in total revenue. It is necessary for New Oriental to adjust their development objectives and strategies to meet the trend of market change and demand.

Advertising

New Oriental rarely do advertisement for brand, just disseminate their programs and services by handing out leaflets and brochures as their major publicity. New Oriental is only carried out in the visual shape recognition, no brand recognition system concepts, enterprises recognition system concepts , this kind of corporate behavior is very inconsistent as a listed company.

Recruitment problem

New Oriental Group has to continue to expand and add teachers to meet the growing student enrollments. And they also need provide lasting training to teachers so that they can handle with the changes in student demands. But with the rising student enrollment, the more branch campus, and the more demand for qualified teacher, new Oriental Group may not be able to hire, train and retain enough qualified teachers and make sure they are in each branch campus in different geographic locations. Shortages of qualified teachers or decreases in the quality of courses may lead New Oriental Group lost their loyalty clients and potential clients.

Trademarks

The trademarks and trade name of New Oriental might been used by third parties for other branded programs, services and products which unrelated to New Oriental Group. Unfortunately, preventing trademark and trade name infringement is difficult in China, (Baidu 2015) it may cost a lot of time and budget because of the lengthy legal procedure.

4.3 Opportunities

With high-speed development of economy and external trade in China nowadays, higher requirements of language skills have been made for employees and it covered almost all field, and this situation stimulate the market for language training. New Oriental Group may continue to develop and enhance their brand recognition by emphasizing quality and building trust with students and parents. And New Oriental could also enlarge the co-operation with those examination committees or draw more investment to enhance business field.

4.4 Threats

New Oriental Group have increased the number of their branch campus in China from three in 2001 to 48 by the end of May 2010, the number of learning centers in China is increased from 23 in 2001 to 319 by the end of May 2010. New Oriental Group has expand their operations in amount of geographic locations in China. If New Oriental Group fail to successfully execute the growth strategies, they may not continue to attract students' enrollment for their courses without a significant decrease in tuition fees. Therefore, the big challenge for them is how to manage the expansion of branch campus' network effectively and efficiently. To manage and support the growth, New Oriental Group need continue to improve the existing program, administrative systems and financial and risk controls. And keep recruiting, training and retaining qualified teachers.

In addition, it quite hard for New Oriental Group to identify which cities has the sufficient growth potential to set new branch campus. Some cities in China have developed and obtained expansion for several decades while others are still at an early stage of urbanization. In developed cities, it may be difficult to operate business because of intense competition.

The student enrollments may also decrease due to intense competition. Some competitors may have more resources than New Oriental Group and devote greater resources to developed testing materials, admissions standards and new technologies. Meanwhile, the threat is not only from the strong competitor, smaller sized competitors which focus on targeted markets may also be a challenge, because they can respond more promptly to changes to meet students' demand than New Oriental Group. In one word, if New Oriental Group cannot maintain competitive position and respond to competitive pressures effectively, they would lose market share and profitability may be also affected.

5 RESEARCH IMPLEMENTATION AND THE RESEARCH RESULTS

5.1 Implementation of the Research

In order to collect the data about current marketing performance of New Oriental Group Inc. and receive some opinions from their employee's point of views, there were two methods, qualitative and quantitative methods, which have been used in this research.

The qualitative method often focuses on the small sample by investigating the detail about why and how, rather than what, when, where questions of the decision making, and aims to gather the deep understandings and reasons of the decisions or the human behaviors (Wikipedia 2014). The qualitative research technique in this thesis was an interview with Ms. Qiao, who is a manager in marketing department in New Oriental Group. She answered eight questions which were designed by the interviewer.

The quantitative method usually refers to the empirical investigation of social phenomena by statistical, mathematical or numerical data or computational techniques. Therefore, this method requires the large sample, and the researcher asks a specific, narrow question and collects a numerical data from participants to answer the question. (Wikipedia 2014.) Therefore, the form of quantitative research used in this thesis was the questionnaire. In this research, a questionnaire was designed and delivered to seven QQ groups (the average numbers of people in each is around 50) by QQ (a social networking software).

The quantitative research was delivered around the end of March in 2015. The questionnaire was respond, by the 15th of April. The sum of valid responses was 95. As for the interview, it was completed on 27th of March by video chat.

5.2 Analysis of the Research Results

5.2.1 Analysis of the survey results

N=number of responses

n=number of respondents

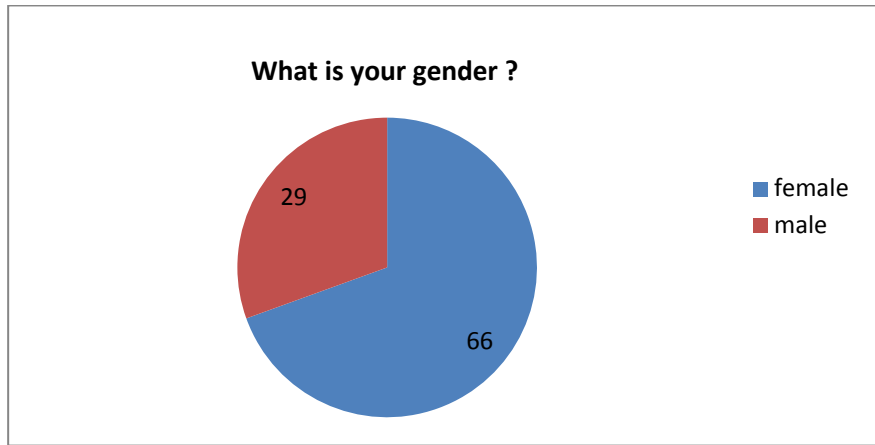


FIGURE 1. What is your gender? (n=95)

The first question was "What is your gender?" There were 66 women who participated, which accounts for 65 percent of the respondents, and 29 male respondents who answered to the questionnaire.

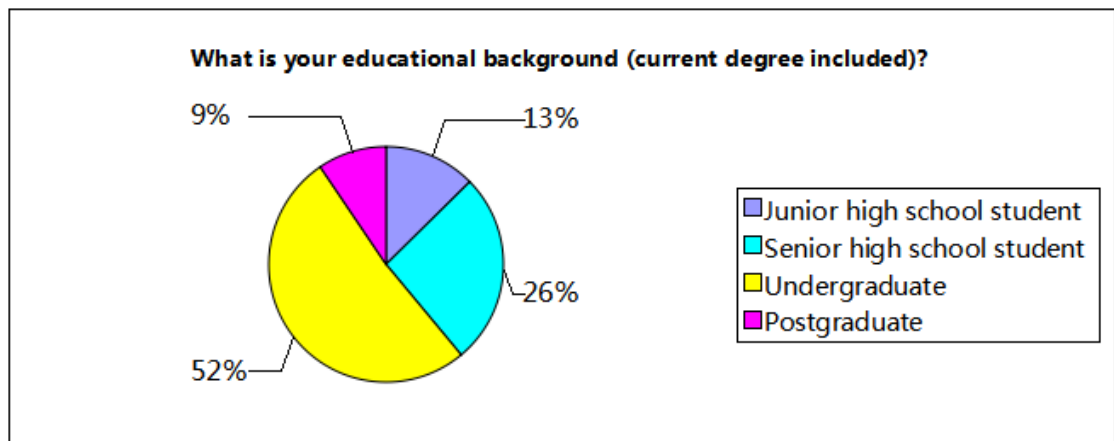


FIGURE 2. What is your educational background (current degree included)? (n=95)

The second question was "What is your educational background (current degree included)?" Figure 4 demonstrates that the main group of respondents are university students which take up half or the total number of respondents. The second biggest group is senior high school students which take around a quarter. It is quite easy to understand this result because compared with junior high school students and senior high school students, university students have more time and willingness to respond this kind of social questionnaire. However, this structure of respondents is a little bit unbalanced and may influence the result of the whole research by showing more customer behavior concerning university students.

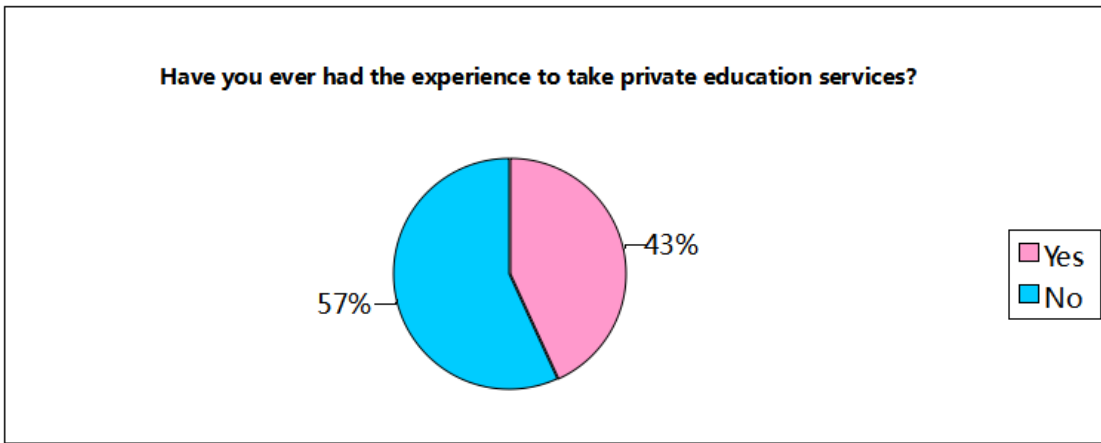


FIGURE 3. Have you ever had the experience to take private education services? (n=95)

Figure 3 demonstrates the result of the third question: Have you ever had the experience to take private education services? Nearly 60% of respondents express that they have this kind of experience. It seems that the percentage is not too high, but can still prove that a private education service is quite popular among students because from every five students have three of them buy the services according to this research. It may be helpful for this research to provide more useful data.

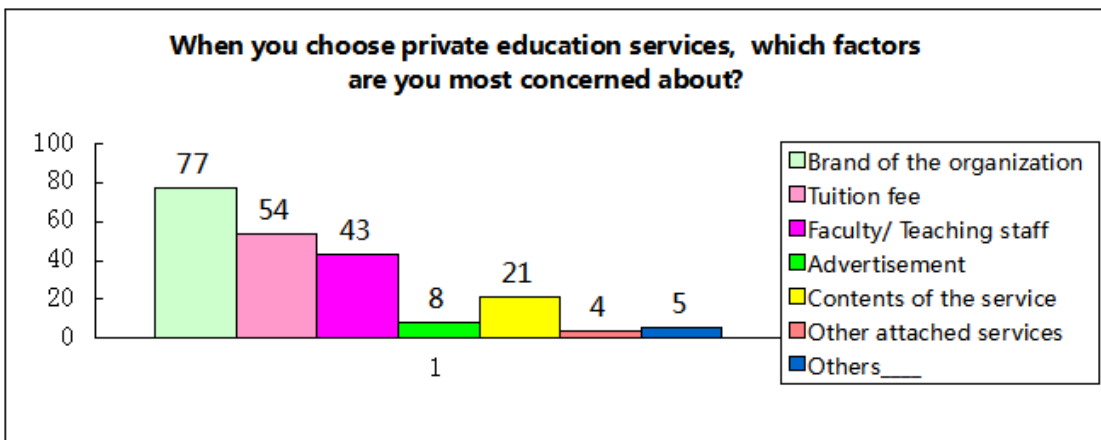


FIGURE 4. When you choose private education services, which factors are you most concerned about? (N=212)

The fourth question was “When you choose private education services, which factors are you most concerned about?” and Figure 6 shows that the most important factor for respondents is the brand of the company. This result reveals that the brand building is quite important for those companies in private education market because that represents the quality of the service and it need to be paid a lot of attention and financial support. The cost is also important for respondents. Nearly half of the respondents choose this factors that shows a purchasing behavior for investment in

education. People are more in pursuit of cost performance rather than pursuit of quality and do not care about the price. This data might be inspirational for marketing department when making promotion.

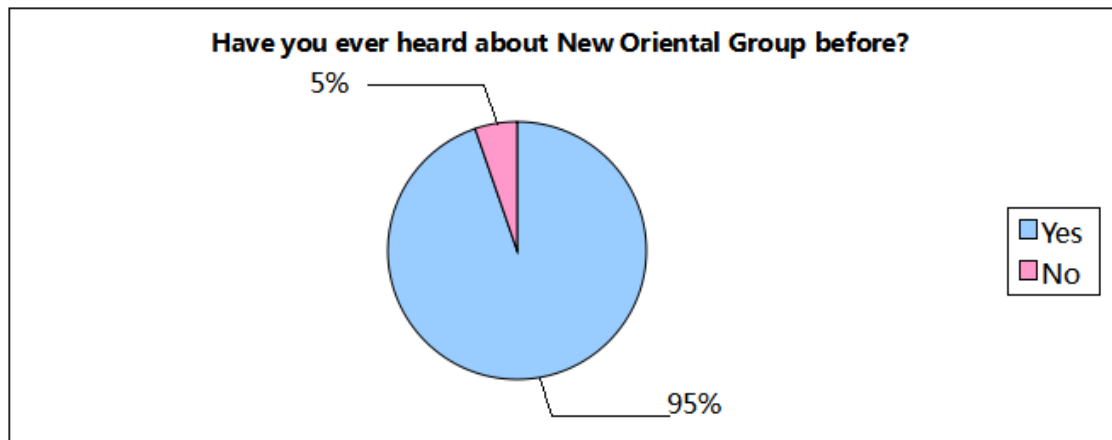


FIGURE 5. Have you ever heard about New Oriental Group before? (n=95)

The thrust of the fifth question is to observe the New Oriental Group's visibility. The results show that 95 % of the respondents had heard about this brand. That means New Oriental Group did well in the awareness stage of engagement, and owned a large sum of potential customer.

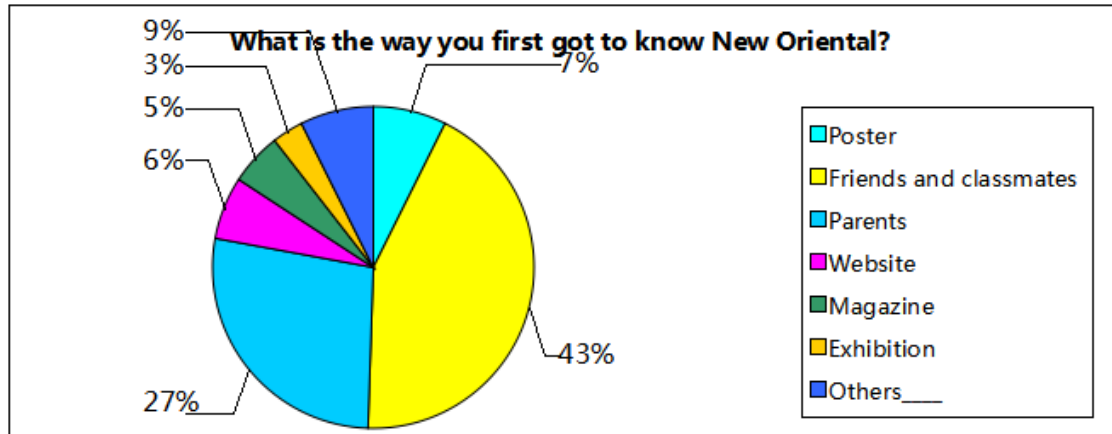


FIGURE 6. What is the way you first got to know New Oriental? (n=95)

The sixth question "What is the way you first got to know New Oriental?" was to find the most effective advertising tools for New Oriental Group. From the result, we can find that the recommendation from friends and classmates is the most effective tool to expand the welcome which takes up 43%, and a poster is also a good way to advertise. The target customer can get some objective details about the course from a poster, while get some specific feeling and experience is got from friends and classmates. New Oriental Group may pay attention to these two advertising tools and combine them to reach a better effect.

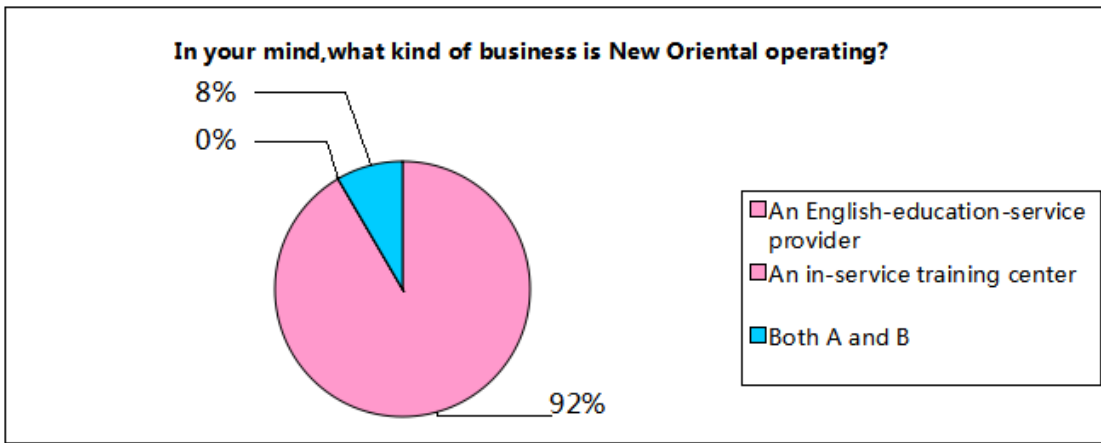


FIGURE 7. What kind of business is New Oriental operating? (n=95)

The seventh question is “In your mind, what kind of business is New Oriental operating?” Surprisingly no respondents treat New Oriental Group as an in-service training center. Almost every respondent think the New Oriental Group is an English-education service provider. This result shows that the brand positioning for New Oriental Group is quite successful because of the distinctive feature of the brand. But in other words, it would be hard for New Oriental Group to change the brand image.

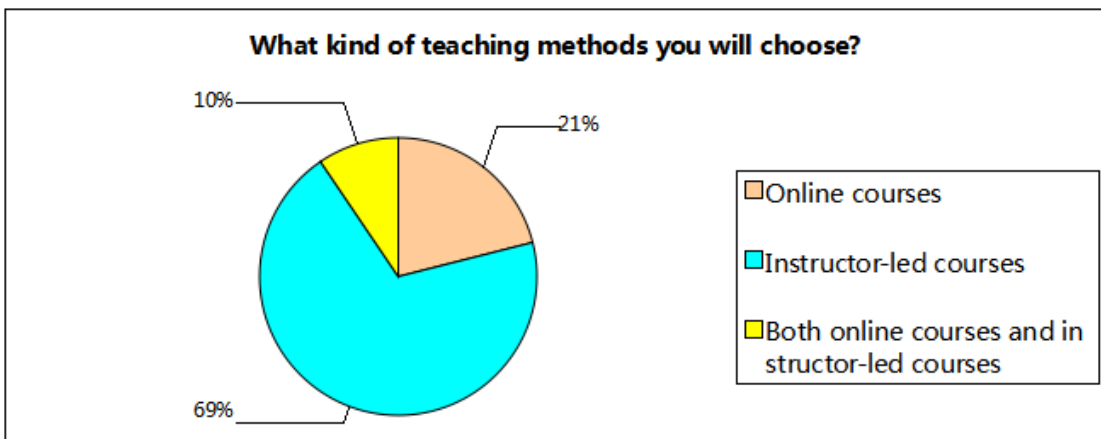


FIGURE 8. What kind of teaching methods you will choose? (n=95)

The Figure 8 shows the result for the eighth question: “What kind of teaching methods you will choose?” The result showed that nearly 70% of the respondents think the instructors-led course is better than an online course for them, while just 21% of the respondents think the online course was accepted. That shows an important information: the acceptance of online courses by students is not high. The respondents are more inclined to choose the traditional teaching methods. This result may have a reference value if New Oriental Group wants to develop online courses as their development strategy. They need to carefully think about the possibility.

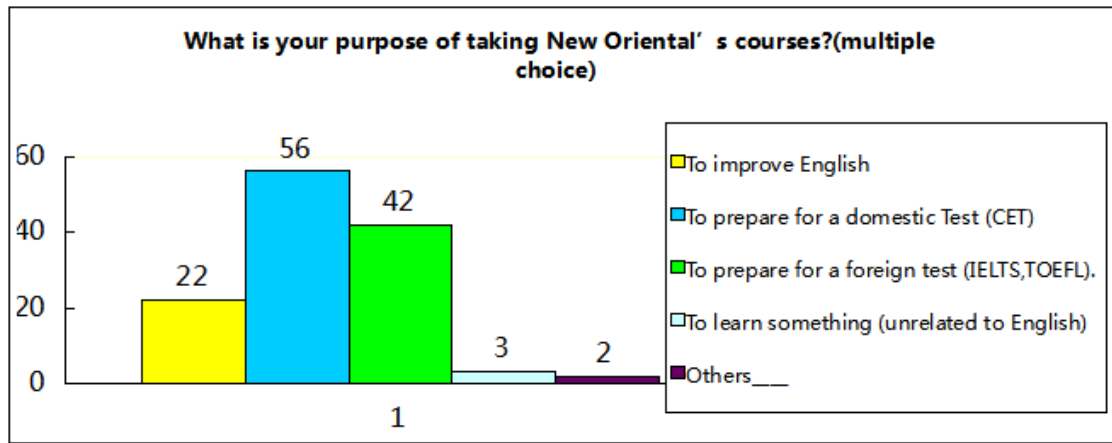


FIGURE 9. What is your purpose of taking New Oriental's courses? (n=125)

Question 9 is the discussion about what is the most common reason for respondents to take language training in New Oriental Group. Figure 11 shows that to prepare for a domestic English language test and foreign test are the top two reasons for respondents, while only 22 respondents just wanted to improve English but not related to test preparation. This result has a significant meaning. It reveals that most students would not purchase the training services just to simply improve their English skills. In fact, most of respondents choose training because of the need to pass the language test. New Oriental Group could consider to put their high-quality resources into such classes to reach better teaching quality and provide more courses to obtain more market share and profits.

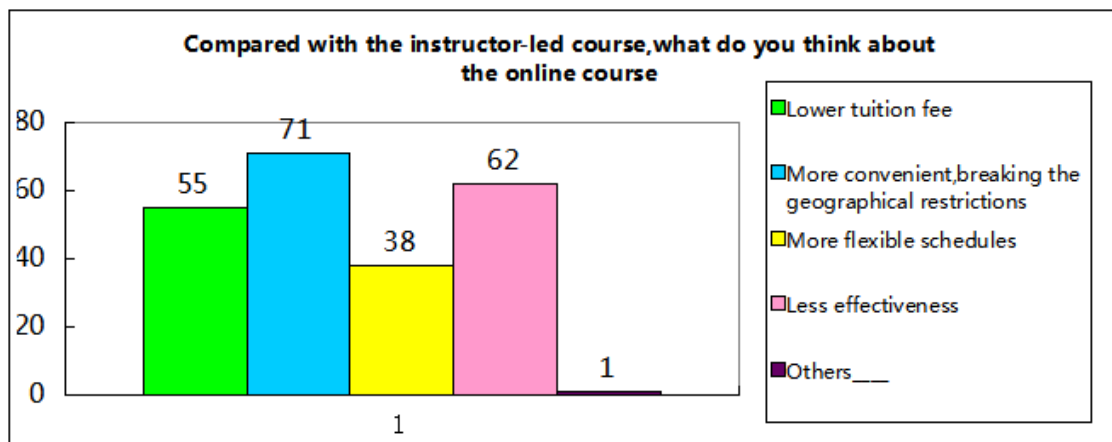


FIGURE 10. Compared with the instructor-led course, what do you think about the online course (multiple choice) (N=277)

As we can see from the data in the figure, the merits of online-courses have been widely recognized by respondents. 55 respondents favored its low tuition price and 71 respondents think the online-course could avoid the geographical limitations and be more convenient. At the same time, respondents are also fully aware of its

shortcomings. Over half of the respondents think online-courses have low efficiency, which also indirectly explains why respondents do not want to select the online-course option in the eighth question. In one word, the online-course has its great advantage, however, as its development potential is quite limited unless solving some issues such like student interaction. New Oriental Group might still rely on the traditional teaching method nowadays and wait the technological development of remote technologies.

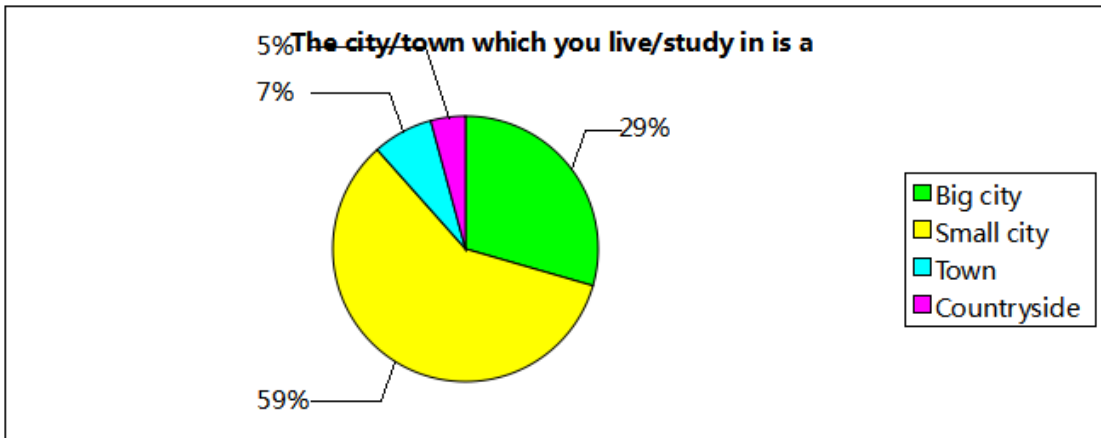


FIGURE 11. The city/town which you live/study in is a (n=95)

This question collected the data about respondents' geographical distribution. From the pie chart in Figure 13, we can easily find that nearly 60% of respondents are from a small city while 29% respondents are from a big city, respondents from town and countryside take up the rest 12%. It seems that the distribution is unbalanced, but actually it meets the Chinese urbanization situation because the urbanization rate in China is 54.44 % (Baidu 2015). Therefore, this result is quite acceptable.

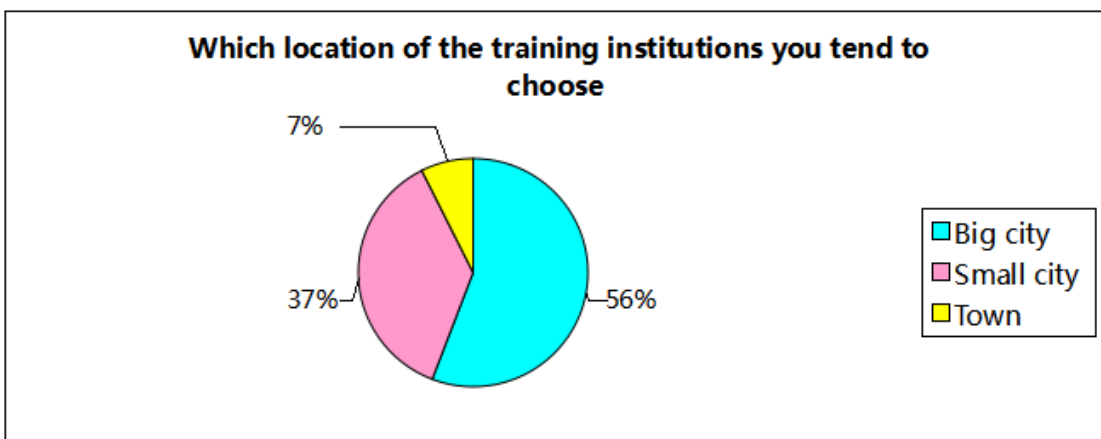


FIGURE 12. Which location of the training institutions you tend to choose (n=95)

It is easy to see that over half of the respondents choose a big city as their ideal place to take a language course, while respondents who want to go to a small city or

town take up 37%, and 7% respectively. It is easy to understand this result, because big cities are more likely to obtain high-quality resources, such as good teachers, advanced equipment and convenient transportation. However, the cost of tuition is expensive because of the high level of consumption in big cities. Big cities are only few. Many students from other areas need to address accommodation problems, which also indirectly raises the cost. This leads some of respondents to pursue cost-effective choice of small cities by New Oriental Group.

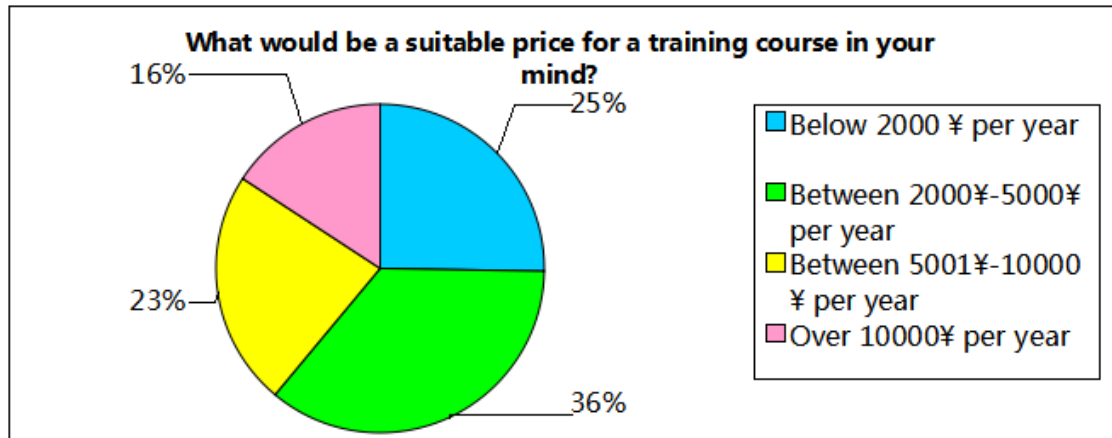


FIGURE 13. What would be a suitable price for a training course in your mind? (n=95)

And the exchange rate between RMB and Dollar is: 1 Dollar : 6.4 RMB

The thirteenth question was “What would be a suitable price for a training course in your mind?” In the introduction chapter, the common prices of tuition have been listed and 2000¥ is around one course's tuition fee in general. In 2014, the per capital income in China is 4270 \$ (Wikipedia 2014). Therefore, 2000¥ (around 350 \$) is a suitable price to test the line that respondents are willing to pay. From this pie chart, we can find that a quarter of respondents is willing to pay under 2000 per course. Actually, it does not mean they think 1000¥ or even less is OK. It more likely means they do not want to spend money on education investment. The most common choice which is favored by 36% is between 2000¥-5000¥. This figure is also accord was with the average capital income in China. Those who are willing to spend over 10000¥ per year on studies, may have rigid demand such as passing the test so the price is not important for them. It also shows that the course for preparation for a test is a business-field which can obtain a large number of profit.

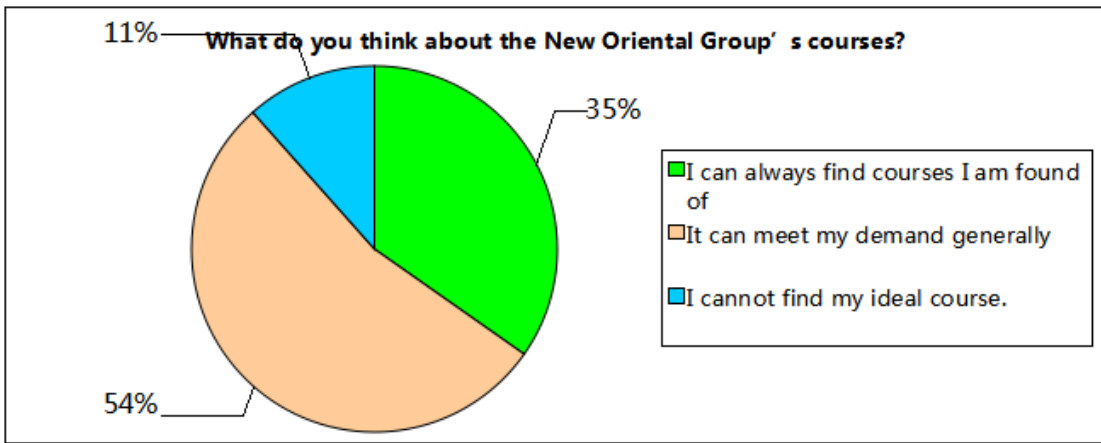


FIGURE 14. What do you think about the New Oriental Group's courses? (n=95)

From the chart in Figure 14 we can see that over half of the respondents think the new Oriental Group's course can meet their demand in general, while 35% of respondents think they can always meet their demand. It seems great, but maybe the real reason is that they just have few experiences to purchase a course so that their demand can easily be met. As for the rest 11% of respondents, they think they cannot find their ideal course. The reason might be various: the course length, period, location, price, it may be hard to meet those factors at the same time. Therefore, it can be said that: they have special requirements or they do not have a clear purpose or objective when choosing course.

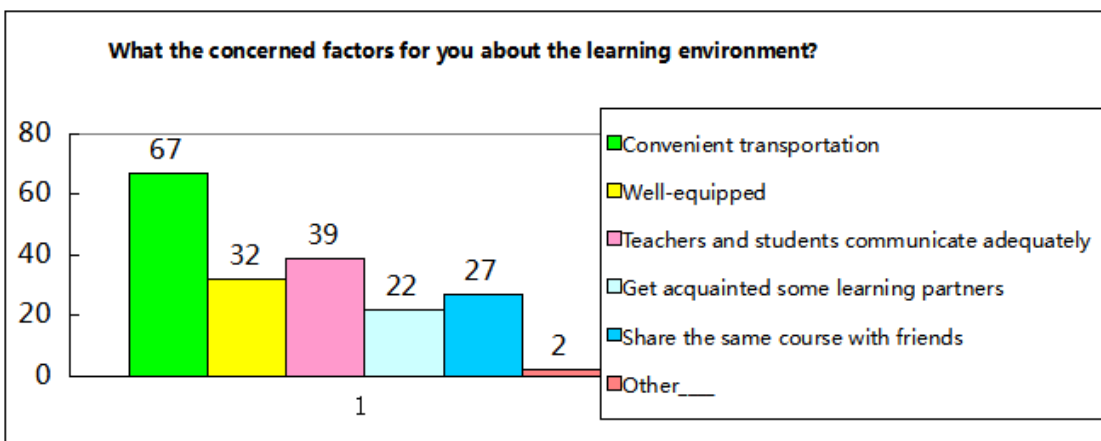


FIGURE 15. What are the concerned factors for you about the learning environment? (Multiple choice) (n=187)

This Figure 15 shows the factors about the learning environment that matter to respondents, and the most of the respondents treat the transportation as the most important issue. It shows the significant importance of the site selection. The New Oriental Group's school locations could better cover as big area as possible, location

near the subway or bus station should also be taken into account. The other four options take up 32%, 39%, 22% and 27%. They seem quite similar with each other. Maybe that means the advanced equipment and good learning atmosphere are sufficient conditions but not so necessary conditions.

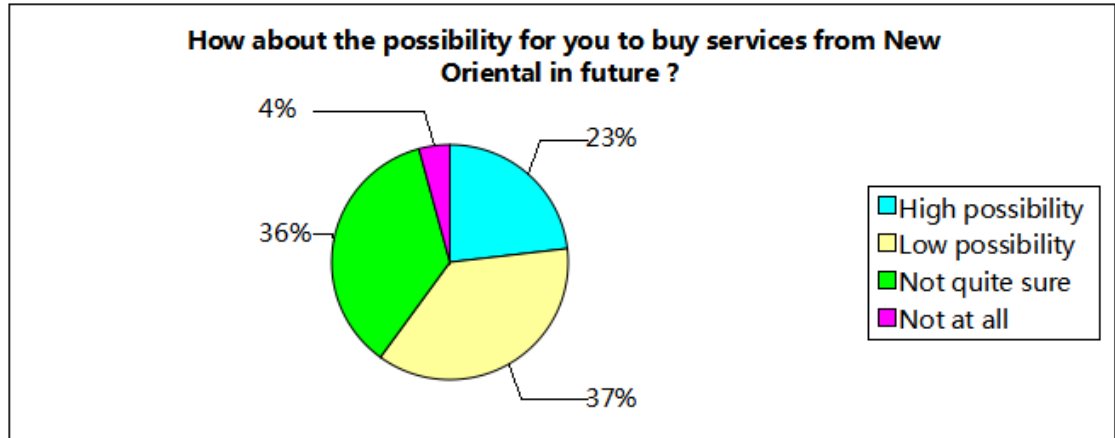


FIGURE 16. How about the possibility for you to buy services from New Oriental in the future? (n=95)

From the Figure 16, we can see that 36 % and 37 % of respondents think to have a low possibility or not quite sure to have a possibility to purchase course services at all from New Oriental Group. For those kind of respondents, it does not mean that New Oriental's brand cannot attract them, they might just not have obvious needs for language training in short-terms. Those respondents, which takes up 23% and 4%, have a clear decision about the need to take the language training or not. This result may be acceptable because over a quarter respondents have a clear demand for language training and this figure is quite familiar with the market share of New Oriental Group in private education services market, the Group may try to find out how to rise the demand by various marketing tools. And another clear recognition for the Group need to be determined is that: it seems there are still a large number of potential customers in market, but never try to obtain and remain them all, it is impossible. Considering that the New Oriental Group has already owned the largest market share in private education services market, pay more attention on keeping customer loyalty may be a more pragmatic choice for the Group.

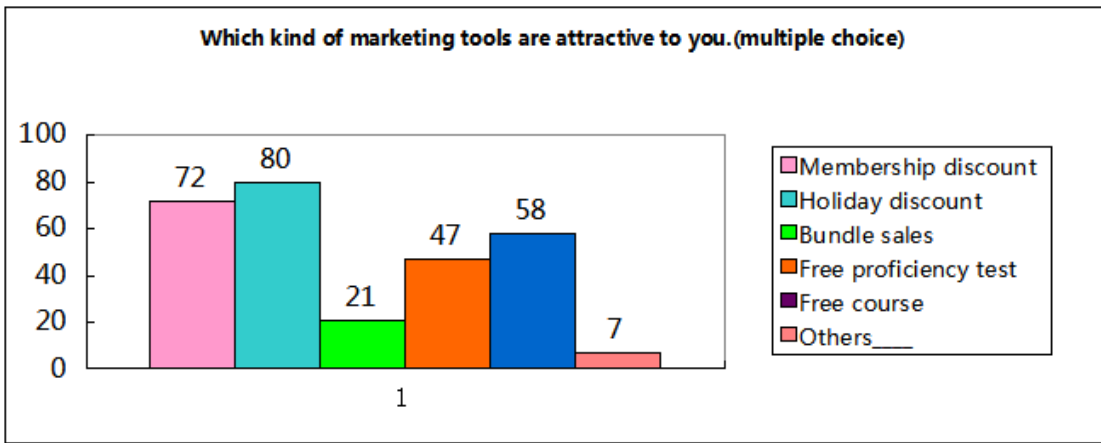


FIGURE 17 Which kind of marketing tools are attractive to you.(multiple choice) (N=285)

The last question is which kind of marketing tools are attractive to you. (Multiple choice). It is a quite important question in this survey because it can reveal what kind of marketing tool is the most efficient one. According to the results, the cash discount is undoubtedly the most attractive marketing tool. 80 respondents show their interest in the holiday discount. Meanwhile, only 21 respondents think the bundle sales is attractive, it may be the bundle sales can only attract some customers with specific needs and that will lead the target customers to be quite narrower, and two popular courses are not so necessary to make to the bundle sales. Free testing is also very attractive and 47 respondents favored it. This marketing tools could let buyers have a feeling of saving money. Overall, the immediate cash discount can attract a large number of potential customers in a short time, while the free tests will help to develop customer loyalty. Membership cards could be able to help develop long-term buying behavior.

5.2.2 Analysis of the interview results

The interview was done on 27th of March. The interviewer is the author of this thesis report and the interviewee is the marketing manager in New Oriental Group and her responsibility is handle the marketing in HeFei area, China. She is also a IELTS teacher in New Oriental Group's branch campus which is sited in HeFei, China.

The number of questions for this interview was eight, and each of them was answered in a detailed way by Miss Qiao.

1. Do you have a daily work plan and do you keep a record of visits and calls of your clients?

According to Miss Qiao, her working plans are mostly made weekly, covering the assignments for employees from different departments, surveillance on the process of other employees and review reports like market analyses and clients' feedback. In addition, she is a teacher herself, so she has to do some class preparations. But contact with clients rely more on teachers than managers and the main approach to collect feedback from clients is not via telephone or interviews but from after-class talks between the teacher and clients. Both teachers and students should give an after-class feedback in order to satisfy the needs of students with better teaching strategies.

2. How often do your staff report about the work results to you?

According to Miss Qiao's introduction, the mechanism stipulates that subordinates should report their work progress and problems weekly and, for special programs, team leaders can report their progress at any time they like. Therefore, the flexibility of mechanism can be ensured, which decreases workload, increases work efficiency and keeps a quick reaction capability for dealing with urgent situations at the same time.

3. Do you have the detailed information about your customers? How do you obtain it and how often you update them?

For the first question, Miss Qiao's explanation was that the majority of students are college students in Hefei on the basis of her working experiences and observations. Compared with high school students, their academic stress and burden for homework are relatively smaller. Thus, they have more time and financial support for advanced English training courses.

At the same time, they are required with higher English abilities, which stimulate enormous business opportunities as well. Moreover, they tend to choose courses aiming at certain examinations but not those are merely beneficial to the improvement of English abilities like reading or writing. They also prefer high-intensive courses lasting for only a short period rather than those regular courses lasting longer. Although the prices for these two types are almost equivalent, the high-intensive courses are more efficient. Fee and convenience are two most concerned factors.

As for how to acquire information about clients, Miss Qiao says that it can be acquired from relevant reports provided by colleagues; on the other hand, it can be generalized from her own experience.

4. Does it need the co-operation with other departments during some marketing plan's implementation? And what are the difficulties?

Miss Qiao expresses that generally speaking, only when it refers to budget part of the marketing plan, they will contact the treasure department and only when it refers to recruiting and assessment of workers they will contact the human resources department. Under the usual circumstances, the only problem concerns the effectiveness and promptness of communication.

5. Could you list some marketing tools to attract the potential customer? And which is the most effective way?

In Miss Qiao's point of view, providing discounts for summer courses and group prices are all attractive marketing tools because compared with advertisements which will take into effect relatively slow, discounts for tuition fee are more likely to attract potential clients faster. Advertisements may help target clients know and get familiar with the brand. It barely helps to intrigue their desire to purchase a course, while discounts can help a lot on the contrary. However, they should pay attention to the degree and frequency of discounts since although it can attract more clients, it will occupy more resources at the same time. Without sufficient teaching resources, too many clients may bring about the decline of teaching quality, which will be definitely detrimental to the long-term development.

6. Are you familiar with the competitors' conditions? Do the competitors affect the company marketing strategies? Why (or why not)?

According to Miss Qiao's introduction, among competitors of New Oriental, there are Global Education and New channel which specifically aim at IELTS examination, Education First (EF) which specializes in advanced workplace English training sector and a great number of small training institutions. The market shares of Global Education were higher than that of New Oriental at a time since they invest too much in advertisement and also claim extremely high request for teachers. Therefore it is the most competitive rival of New Oriental in terms of training courses for IELTS examination. EF, on the other hand, develops workplace English training courses aiming at elites with high salaries. These people are actually well-educated. EF gathers them together to study in a unique atmosphere and build up a good relationship among its clients, which makes EF more attractive for elites. For those small institutions, they are attractive to secondary school and high school students because of its low tuition fee and flexibility. These competitors will undoubtedly exert influence on the market strategies of New Oriental, such as price war and fierce competition over advertisement, especially in segmentation marketing of IELTS and

TOFEL because of its generous profits. Therefore, all these training institutions invest a lot in recruiting excellent talents and advertisements.

7. What do you think about the current market situation of the company? What are the strengths and weaknesses of your company?

Miss Qiao said that the current market is a fierce competition and the market size is still developing. New Oriental, as the leader in this marketing, need to deal with various challenges from competitors. At the same time, they also need to consider the next strategic step of the development goals. As for the strengths, Miss Qiao thinks that the huge size and the famous brand image of New Oriental Group are the best advantages in the competition because they cannot be copied. The huge size could be helpful to face the risk. However, the huge size is also a weakness for New Oriental group, because it is not flexible to deal with the market change and the operation costs and depreciation expenses are too much. The second weakness is the unbalanced distribution of operating business field. If one of the popular program failed, it would be hard for New Oriental Group to restore itself.

8. Any comments for current and future marketing strategies?

As a member of New Oriental Group, Miss Qiao holds a positive attitude to the prospects for development of new Oriental Group. She thought that private education industry still has a huge market potential, and this industry output would increase persistently with the economic development, while many competitors could promote the product development and promote the upgrading of the overall level of private education. At the same time, she believed that just using a variety of marketing tools to attract customers was not enough. New Oriental Group should continue to increase employees ' benefits and well-being to keep those staff with ability, because in private education industry, talented teachers are the unique core feature of competitiveness.

6 MARKETING DEVELOPMENT SUGGESTIONS

Based on analyses and researches earlier, the author provides some comments from the perspectives of business operations, product development, promotion and market development.

6.1 Suggestion for business operating

1. Cutting down costs

No matter what kind of training courses are English training or IT training or CPA training--they always relate to the management of teachers, students and classrooms. Therefore, increasing the types of training courses will not result in an increase of management expense, which on the contrary will reduce the unit cost.

2. Leveling out seasonal fluctuations of operating profit

Two or three months before examinations is the climax of operating profits, while during the examination period, the operating profits are experiencing a slowdown. Nonetheless, when training courses cover various types of examinations, the fluctuation will level out.

3. Cutting down costs for popularization and sales

Training courses are relevant to each other with shared clients, channels, infrastructure and other factors. Therefore, when salesmen provide more course plans to clients, the selling costs can be reduced. Sharing can produce economies of scale and as a result it will enjoy greater competitive edge compared with other competitors

4. Developing distance education.

The application of Internet and multi-media in education brings us benefits as follows:

First of all, it can effectively break the limitation of time and space between teachers and students. Due to lack of faculty and restrictions of place and time, many students have to skip some of their training courses. However, the application of new technologies can solve this problem. Making good training courses free of the restrictions of time place increases clients in the end. In addition, the application of new technologies also provides a new method to satisfy standard market needs.

6.2 Suggestions for product development

1. Product seriation

New Oriental Group should pay more attention to their product seriation and dig up the potential of clients. The concept of product seriation is easy to understand : One core teaching topic (IELTS, GAMT, etc.) with various courses which have different level of price, length, locations, degree of difficulty and other factors that can cover different segmentation market and meet the clients' demand as much as possible. Meanwhile, it is high time that New Oriental Group should promote more star services to develop their own unique core competencies.

2. Innovation of the product concept

Brand culture is the cornerstone of a brand. New Oriental Group has endeavored to create "New Oriental Spirit, which has exerted long lasting influence on the Group and its employees. The Group highlights that to further satisfy the needs of clients during teaching and services and to achieve product innovations is of utmost importance.

6.3 Suggestions for promotion and market development

1. Promotion strategy

Promotion strategy refers to conveying product information to consumers, intriguing their attention and interests and inspiring their purchasing desire through all kinds of promotion methods such as salesmen, advertisement, public relations and sales promotions and therefore enlarge sales volume.

In order to foster and consolidate the image of New Oriental Group, the Group should continue to increase investments in product promotion. However, the buildingup of a brand does not rely on excessive advertisements but on the improvements of teaching quality and services. Therefore, high quality and best services provided to clients are the foundation to secure the survival and sustainable development of a company.

New Oriental should seize every opportunity to demonstrate it to its potential clients, popularize its brand and corporate image in order to bring about a virtuous cycle effect and consolidate the corporate image.

New Oriental should draw on its advantages as well to stimulate development into a higher level by participating in activities like formulating industry standards.

New Oriental should continue to improve marketing strategies through distribution channels to resolve the long-lasting problems about its marketing capability.

2. Market development strategies

During the process of expansion, it is vital that New Oriental Group should be cautious for choosing a right development direction and partners. The following should take into account.

- 1). To accelerate the pace of increase chain institutions in the whole nation. To pick some regions as key regions and exert influence on surrounding areas.
- 2). To draw up acquisition plans and achieve expansion in a short time.
- 3). To look for competent domestic or foreign partners to offset weaknesses of each other and therefore obtain new technology to develop more distinctive products.

7 CONCLUSION

As a top private training institution, New Oriental has started its business since two decades ago by providing English training courses to students who intended to study abroad. New Oriental is the initiator in private training sector in China. Before New Oriental, there was not any training institution which could offer comprehensive courses to help students pass foreign examinations. The ability to discover the unsatisfied yet potential needs and creatively improve its service is the first step for New Oriental to take the leading role in the private training sector in China.

New Oriental was originally famous for its effective and efficient courses aiming at foreign examinations. TOEFL and GRE training courses have become the specialty of New Oriental. Their courses are characterized by comprehensive training system aiming at imparting examination techniques, humorous and enthusiastic teaching style and the accurate understanding towards oriental and western values, which are vital factors for the success of New Oriental.

In the past two decades, on the basis of English training courses, New Oriental explores new training fields such as courses aiming at domestic and foreign examinations, primary education, distance education and publication, which means that New Oriental can provide more services than ever before. Therefore, with the increasing expansion of private training services supplied by New Oriental, it has exerted greater impact on training services of fundamental English education, minority languages and English education for young learners. New Oriental has expanded its business from English training to training of all subjects. It is apparent that the Group has developed various training sectors with English training courses as its core competence. When a certain sector encounters a crisis in a certain market, there is always another sector which can satisfy the need of this market. This kind of development module is similar to the core competence of phonology of Canon Corporation, from which products such as copying machine and camera derive afterwards. Therefore, the core of New Oriental lies in its core competence which derives other various services later. In a sense, New Oriental has formed a virtuous cycle. There are a massive amount of loyal clients who are willing to pay for a course after another.

Nowadays, New Oriental faces not only challenges but also opportunities. By challenges, it is meant that there are threats brought by the adjustments of government policies and fierce competitions with other training institutions. On the

other hand, by opportunities, it means that the overall economy is booming and the market for training institutions will expand in a long term, which will undoubtedly promote its development. New Oriental can develop in market-oriented model, which means attracting a large sum of investment, achieving diversified operation and sustainable development by drawing on brand advantage, industry advantage and resource advantage and achieving a balanced development among various field based on language training services. At the same time, New Oriental should exploit its advantage to the full on the basis of overcoming internal weaknesses, develop customized products that can satisfy personal needs and expand enrollments on the basis of retain as many regular clients as possible. Only in this way can the Group seize opportunities, achieve strategic goals and further make stable development and progress.

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APPENDICES

Appendix 1

Questionnaire Survey about New Oriental Group

The purpose of this questionnaire is to have a better overall understanding about the current market situation within New Oriental Group and to help the company to have a better marketing strategy in the future.

The results will be dealt in a statistical way so that no personal answers will be presented.

Answer the questions by ticking the options based on your opinions and real information.

Thank you for your participation!

1. What is your gender?

Male

Female

2. What is your educational background (current degree included)?

Junior high school student

Senior high school student

Undergraduate

Postgraduate

3. Have you ever had the experience to take private education services?

Yes

No

4. When you choose private education services, which factor are you most concerned about?(multiple choice)

Brand of the organization

Tuition fee

Faculty/ Teaching staff

Advertisement

Contents of the service

Other attached services

Others_____

5. Have you ever heard about New Oriental Group before?

Yes

No

6. What is the way you first got to know New Oriental?

Poster

Friends and classmates

Parents

Website

Magazine

Exhibition

Others_____

7. In your mind, what kind of business is New Oriental operating?

An English-education-service provider

An in-service training center

Both A and B

8. What kind of teaching methods you will choose?

Online courses

Instructor-led courses

Both online courses and instructor-led courses

9. What is your purpose of taking New Oriental's courses? (Multiple choice)

To improve English

To prepare for a domestic Test (CET)

To prepare for a foreign test (IELTS,TOEFL).

To learn something (unrelated to English)

Others_____

10. Compared with the instructor-led course, what do you think about the online course? (multiple choice)

Lower tuition fee

- More convenient, breaking the geographical restrictions
- More flexible schedules
- Less effectiveness
- Others_____

11. The city/town which you live/study in is a

- Big city
- Small city
- Town
- Countryside

12. Which location of the training institutions you tend to choose

- Big city
- Small city
- Town

13. What would be a suitable price for a training course in your mind?

- Below 2000 ¥ per year
- Between 2000¥-5000¥ per year
- Between 5001¥-10000¥ per year
- Over 10000¥ per year

14. What do you think about the New Oriental Group's courses?

- I can always find courses I am found of

It can meet my demand generally

I cannot find my ideal course.

15. What the concerned factors for you about the learning environment? (multiple choice)

Convenient transportation

Well-equipped

Teachers and students communicate adequately

Get acquainted some learning partners

Share the same course with friends

Other _____

16. How about the possibility for you to buy services from New Oriental in future?

High possibility

Low possibility

Not quite sure

Not at all

17. Which kind of marketing tools are attractive to you? (Multiple choice)

Membership discount

Holiday discount

Bundle sales

Free proficiency test

Free course

Others_____

Interview Questions for New Oriental Manager

1. Do you have a daily work plan and do you keep a record of visits and calls of your clients?

2. How often your staff reports about the work results to you?

3. Do you have the detailed information about your customers? How do you obtain it and how often you update them?

4. Does it need the co-operation with other departments during some marketing plan's implementation? And what are the difficulties?

5. Could you list some marketing tools to attract the potential customer? And which is the most effective way?

6. Are you familiar with the competitors' conditions? Do the competitors affect the company marketing strategies? Why (or why not)?

7. What do you think about the current market situation of the company? What are the strengths and weakness of your company?

8. Any comments for current and future marketing strategies?

Thank you very much for your co-operation!