



Exploring marketing possibilities for online Chinese teaching in  
Finland and Sweden  
Case: China Training

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## ABSTRACT

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<p>The topic of this research is exploring marketing possibilities. The first objective of the research is to analyze the online Chinese teaching market in Finland and Sweden for the case company. Another objective is to explore the marketing possibilities in Finland and Sweden. The third objective is to find out the methods to promote the case company. The requirements from customers are investigated. In addition, suggestions are given to the case company through the form of a marketing mix analysis. This research was commissioned by the owner of China Training.</p> <p>I studied literature on marketing, market analysis, marketing mix, and aspects of SWOT analysis for the theoretical discussions of this Thesis work. At the same time, the basic theories of online language teaching are referred to in this research. The sources are collected for finding out what kind of market the case company is facing and how the case company could market the online Chinese courses in Finland and Sweden.</p> <p>Qualitative and quantitative research methods are utilized in this single-case study. The research is based on literature, previous research and my work experience as a trainee in the case company. In order to get relevant information about the marketing field, I interviewed the owner of the case company and the general manager of the cooperating Chinese language school. Moreover, a questionnaire survey was conducted to find out people's attitudes towards online Chinese learning.</p> <p>With the help of the theoretical discussion and empirical analysis, I reached the objective of my research. The market situation in Finland and Sweden is analyzed. Valuable suggestions are provided to the case company.</p>	
Keywords:	Online teaching, Chinese language, Marketing mix, SWOT analysis, China Training.

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## 1 INTRODUCTION

This research focuses on exploring marketing possibilities for an emerging Chinese language teaching company. This chapter begins with the discussion of background and motivation of the research, followed by discussing the background information of the case company and the research, objectives and research questions. The thesis structure is presented as the concluding subchapter of the introduction.

### 1.1 Background and motivation

Marketing has become a tremendous part of every business. Without a proper marketing strategy, the business may go to wrong directions and cause the business to be terminated. If the company knows the market well enough, it would have more opportunities to develop its products and services and could be able to fulfill customer needs.

In recent years, the world economy has been booming and China has played an important role in global economic growth. The Chinese economy has grown around three times of the global average since China's 1970's economic reforms (Wearden 2010). Companies worldwide have set their sights on China and the Chinese market. According to Bloomberg Rankings, Mandarin Chinese is also a worldwide language in addition to English (2011 cited in Lauerman 2011). In South East Asia, some businesses are in a considerable need of Chinese language speakers (Pak 2012). This is a special advantage to the people who are studying Chinese for business to get business partners' favor (Harris 2012).

Apart from business reasons, the arising awareness of Chinese culture and the large amount of Chinese immigrants cause people around the world to get interested into China and the Chinese language. According to Adams (2005), schools in the United States provide more Chinese courses than before. Therefore, the requirement of Chinese language competence

is increasing. Chinese language schools have been opened around the world to meet people's rising demand for learning Chinese. However, since this kind of Chinese language schools are typically located in major cities and require face to face interaction, people are looking for efficient and effective ways to learn Chinese. The requirements of flexible timetables make online Chinese language classes possible.

In the summer of 2012, I had an opportunity to do my practical training in the company called China Training in Finland where plenty of knowledge and information about online language teaching were gained. As the name of the case company China Training indicates, the courses provided in this company are Chinese language. Since it is an emerging company, it only has a few customers at present. The owner of the company suggested me to do this research and find out what kind of market the company is facing and what the company can do in the future to get more customers and start to make a profit. With great interests in language teaching during the years of studies and the experience of being a substitute language teacher in a Chinese college during summer 2011, I took this task.

## 1.2 Case company introduction

The case company is called China Training, which is Kiina Valmennus in Finnish and it is located in Keminmaa, Finland. Their website is accessible at <http://www.chinatraining.eu/>. The company provides online Chinese lessons worldwide. The online Chinese lessons are provided by Efficient Tuition Language School, a distance education language school located in Wuhan, China.

China Training was founded in 2012, and the form of it is that of a sole proprietorship. The owner Mr. Kyösti Vaara is the only employee, in addition to which the company employs trainees from Kemi-Tornio University of Applied Sciences. Since it was founded only a year ago and all the business is being processed online, there is no office located anywhere

yet. Therefore, all the work within this company is distributed and submitted through the Internet. Apart from the online email communication, the owner and trainees meet regularly to deliver fresh ideas and working processes. Since the number of customer is not high, the profit of the company is less. Before the year 2012 when the first Chinese trainee entered the company, the owner dealt with most of the business issues by himself. With the help of Chinese trainees, the company can contact the Chinese partner in China more efficiently.

Despite the fact that the company was only founded in 2012, the story of its establishing is rather long. In 2006, the owner Kyösti Vaara clicked on the site of Chinesehour.com which is the Website of Efficient Tuition Language School, and he became interest in it. It is an online language school which teaches Mandarin Chinese, Cantonese Chinese and English online. It is located in China and has branches in Australia and the United Kingdom. When he realized the booming economy of China, he started to consider learning Chinese. The courses provided by the Efficient Tuition Language School are not similar to other ordinary online school's courses, which are recorded videos, but they are taught online by Chinese teachers who are living in China. Kyösti Vaara took some lessons and came to the conclusion that teaching Chinese online is a good business idea and became interested in becoming a partner of Efficient Tuition Language School and organizing the lessons to Finland and Europe.

In 2012, Kyösti Vaara also cooperated with students of Kemi-Tornio University of Applied Sciences for expanding the business in Finland. The company has also been in contact with an agency operating in Helsinki and a business partner in South America. Even though the courses are provided by Efficient Tuition Language School, the company has specially designed courses which are suitable for the European Credit Transfer system. Since all the courses are taught online, there are no textbooks. All the material that is used in the lessons is up-to-date and interactive.



### 1.3 Objectives and research questions

One of the objectives of the research is to analyze the Finnish and Swedish online Chinese teaching market for the case company. The case company has just emerged and is interested in finding out the market situation of Finland and Sweden to create opportunities of operating successfully in Europe. The second objective is to explore the marketing possibilities. Once the Finnish and Swedish market is analyzed, and the research is conducted among potential customers, the customers' needs are investigated. The third objective of the research is to discover the methods to promote the case company. The requirements from potential customers are investigated, and suggestions are given through the form of a marketing mix analysis.

Based on the above objectives of this research, the following research questions are addressed:

1. How does the market analysis benefit the case company? How can the potential market be identified?

To answer these questions, relevant literature and recent research discussing market analysis and Chinese language teaching are drawn from. It is a way of providing secondary information of the key factors of core knowledge of the market. The concept of market analysis contributes to finding tools for analyzing the Finnish and Swedish market. In other words, this research question partly facilitates the achievement of the first objective of analyzing the Finnish and Swedish market for the case company. In addition, the market analysis provides knowledge about the trends that customers are interested in. This knowledge could benefit the case company in attracting customers. Apart from that, two interviews and one questionnaire survey are conducted as an empirical study for answering the question above.

2. How does the marketing mix help promote the case company in the Finnish and Swedish market?

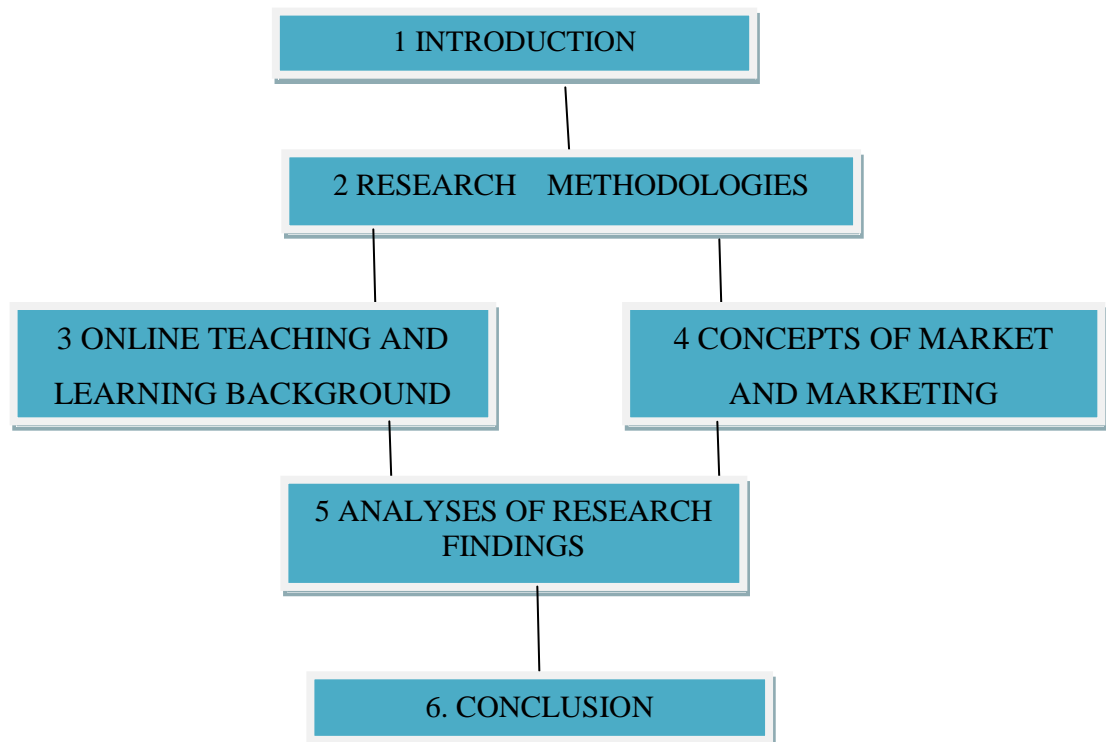
To answer this question, two sub-questions are developed and are shown as below:

- 1) How can the company build up its image?
- 2) What are suggestions for the current and the future marketing plan of China Training?

The answers to the first research question contribute to answering the second research question. The second research question aims at finding suitable elements in exploring marketing possibilities for the case company by studying the Finnish and Swedish markets. Market analysis helps in knowing the Finnish and Swedish markets and making a proper marketing mix suggestion for the company. Based on the theoretical knowledge of marketing theories and empirical findings, the suggestions are made to assist the case company in exploring the marketing possibility of online Chinese language teaching. The first sub-question provides information about which elements can be utilized in the marketing mix for the build company image. The second sub-question is the guideline for this research. These questions are concluded from both theoretical and empirical data.

#### 1.4 Thesis structure

The figure 1 shows the Thesis structure. It presents the layout of the thesis. The structure is clearly presented by the chart.



**Figure 1.** Thesis structure

As is shown in Figure1, this thesis work is divided into six chapters. In Chapter 2, the research process and research methodologies are discussed along with the limitations of the research. Background information concerning online teaching is provided in Chapter 3 to show the situation of online language in Finland and Sweden. Chapter 4 is the discussion of the relevant marketing theories and presents marketing tools which are utilized in the research. In Chapter 5, the findings of the research are presented. The concluding chapter provides the conclusions of the research and makes suggestions for future researches.

## 2 RESEARCH METHODOLOGIES

The research methods and techniques which are utilized to for answering the research questions are discussed in this chapter. It is consisted of research process, research methods and techniques. The last subchapter discusses the limitations of this research.

### 2.1 Research process

As was discussed previously, I have an experience of being a trainee in the case company. Therefore, I have gained enough background knowledge of the company. At the same time, I am aware of the problems existing in the company. The research plan was agreed with the owner of China Training in March, 2013 and signed in October 2013. At first the plan and objectives were made to design a strategic marketing plan for the case company in the Nordic countries. However, since the case company is at emerging stage with less profit, its objectives are not making a marketing plan in the Nordic countries for now. Through further discussions with the owner of the case company and my supervisor, agreement was made on the final research plan of doing research on exploring the marketing possibilities and the destination areas are narrowed down to Finland and Sweden.

This research is developed as a qualitative research. The empirical parts of the research consist of two in-depth interviews and one questionnaire survey. Basic knowledge from literature related to the core concepts about market analysis and marketing mix are studied. On the basis of the knowledge acquired from the literature, analyses of the in-depth interviews with Kyösti Vaara and Max Xu were conducted, and it is followed by the analysis of an online questionnaire based on a Webropol survey at [www.webropol.com](http://www.webropol.com). It is a site which can be utilized for conducting surveys and gathering data. At the same time, the reports from the surveys can be derived as Microsoft Office documents. The online form of questionnaire makes it possible for respondents to get access to the questionnaire

online. The questionnaire was sent to the individuals who are working for a company which have a business relationship with China and to students who are studying Chinese already in Finland and Sweden through email and Facebook. The teachers from Confucius Institute helped in distributing the questionnaire to the Chinese courses learners. A 2-weeks timeframe was provided for the respondents to reply the questionnaire. The information obtained from the interviews and the questionnaire provided information concerning what kind of situation the company is facing and how it markets at the moment. The questionnaire is only designed in English despite the fact that the mother tongue of the target group is not English. The reason for the use of the English language in the questionnaire is the fact that the online courses are taught in English, basic understanding of English from the students is required.

## 2.2 Research methods and techniques

Both qualitative and quantitative research methods are used in the research. For reaching the objectives of the case company, the method of a single case study is utilized. As Yin (2009, 18) explains, “case study is an empirical inquiry which examines a contemporary phenomenon in detail and within its real-life context.” Ghauri (2004, 109) also defines case study as the process of learning the case and the product of learning.

Interviews and relevant literature review are the qualitative data sources in the research. Daniels and Cannice (2004, 185) state “interview is a kind of study that data and findings are based on direct research-to-respondent conversations in person or by phone.” As Ghauri and Grønhaug (2005, 131) state, interviews demand real integration between the interviewer and the interviewees, therefore it is necessary for the interviewer to know the interviewees’ background, values and expectations. Since I know the owner of the case company and the general manager of the cooperated language school from June 2012, I have enough background information knowledge of the interviewees. Both interviews were conducted in English in order to avoid the deviation of translation.

The literature review should contain the key concepts, conclusions, theories and arguments based on one's research area and the process how the literature relate to one's own study (Eriksson & Kovalainen 2008, 47). For completing the research, I rely on the books and published journal articles are the source of concepts of market analysis and marketing mix, alongside with the articles discussing online language learning.

“A questionnaire is a collection of questions on a particular topic which are drawn up by the researcher and the questions should be phrased and put in an appropriate order to acquire useful and meaningful data from targeted respondents” (Stokes 2011, 104). The questionnaire is designed based on my research objectives and the knowledge I gained from literature. The questionnaire has both closed-response questions and open-ended questions. The responses to the questionnaire provide the quantitative data for the research. In order to get useful data, the questionnaire was distributed to potential customers in educational institutions, companies which do business with China through email and Facebook in Finland and Sweden. In research, the ethical issues should be taken into account (Eriksson & Kovalainen 2008, 62) therefore the information collected from the questionnaire is only used for assisting my thesis research work and would not be used for other purpose. This information is also delivered to the respondents. If the information is misused, the opportunities for future research will be blemished (Zalan & Lewis. 2004).

### 2.3 Data collection and analysis

The data collected are analyzed by different kinds of methods depending on its type. For answering research question 1, SWOT analysis is conducted according to the knowledge gathered from interviews, literature and questionnaire answers to achieve the objective of analyzing the Finnish and Swedish online Chinese teaching market and exploring the marketing possibilities for the case company. For research question 2, a marketing mix analysis is developed from the knowledge of literature and interviews to fulfill the objective of discovering the methods to promote the case company and to create awareness about the case company in the Finnish and Swedish markets. The result shows how

potential customers' opinions are and what the company can do to adapt to the market in Finland and Sweden. At the same time, figures and tables are applied for illustration of the findings.

#### 2.4 Limitations of research

Since the questionnaire is distributed online, there are the possibilities that the target groups do not check emails from strangers and reduces the response rate. At the same time, due to the geographical obstacle, the questionnaires are only sent to the Finnish and Swedish who are living in major cities in Finland and Sweden. It is possible that there are potential effective respondents who are living in small towns that are not easy to reach.

The published resources concerning online Chinese language teaching is limited therefore it has to rely on the information from the Internet. However, most of the recourses are about other language online teaching. Since the Chinese language has its own typing system and its own writing methods, the experiences about teaching other types of languages online could be slightly different from the ones of Chinese.

### 3 ONLINE TEACHING AND LEARNING BACKGROUND

The concepts from literature and Internet sources in the related study of online teaching and studying is presented in this chapter. At the same time, language aspects are discussed further. The next subchapters are the discussions of the online language teaching market in Finland and Sweden. By comparing and contrasting, the similarities and differences of the two neighboring countries' online language, especially Chinese business market will be illustrated.

#### 3.1 General background of online teaching and learning

The history of online teaching can be dated back to 1960's in the University of Illinois, a classroom system which are based on linked computer terminals was originated (Wooley 1994). As time goes by, improved ways for online education have been developed. When the Internet has become widely used not only among professional institutions but also in everyone's life, the online learning and teaching has reach to a new area. In developed areas, the usage rate of computer is higher. As the new technology has been developed, the smart phones and tablets also have the function of connecting the Internet. For online teaching and study the basic knowledge of how to operate a computer system is necessary. Even a great number of software can be utilized as a tool to assist learning, without the interaction between teachers and students the process of learning is only unilaterally study. The online learning discussed in this thesis is only referred to the process of teachers and students with interaction.

As Burd and Buchanan (2004) states: "Online learning is most successful when individuals are enthusiastic about teaching and learning in this medium and willing to take risks to learn to communicate effectively employing the available technology". Therefore, online teaching has its pros and cons. Zhang and Perris (2004) states the advantages of online



learning is the flexible nature of the medium, sharing and interactivity. It is also mentioned that some students' preferences for learning with print materials and/or in a face-to-face environment may indicate the inadequacy of online teaching (Zhang & Perris 2004).

Since wide usage of computer, distance learning has become more common than before. It provides learners interaction with each other even they are in different geographical locations. Therefore, the online interaction is being introduced as a flexible model of learning for campus based learners. In this kind of learning environment, the students and teachers should keep active communication. Therefore, the teachers are playing an important role in the online teaching and studying process. It is essential for the teachers to learn how to teach online. (Wilson & Stacey 2004.) Hence, teacher's qualification in online teaching is one significant aspect to be taken into account. As mentioned by Clary (2013), everyone is able to be a teacher online if he or she would like to. Therefore, the qualities of teachers are hard to define. In the case company, the courses are provided by the corporate Chinese language school. The language school ensures that the teachers are qualified and provide efficient classes.

According to Lee (2012), the use of online courses and web-based communication has been growing in colleges and universities. Usually college level students have the knowledge of operating a computer and are able to use online learning system. However, as the time is changing fast, even virtual high schools are encouraged and supported by the United States' government (Zucker & Kozma 2003).

The advantages of online teaching can be concluded as flexible and convenient, time and money saving. However there are barriers to online teaching and learning. One of the reasons is that teachers and students are not in the same space. It is also hard to get a degree from online courses. Another reason is that online teaching requires more time for

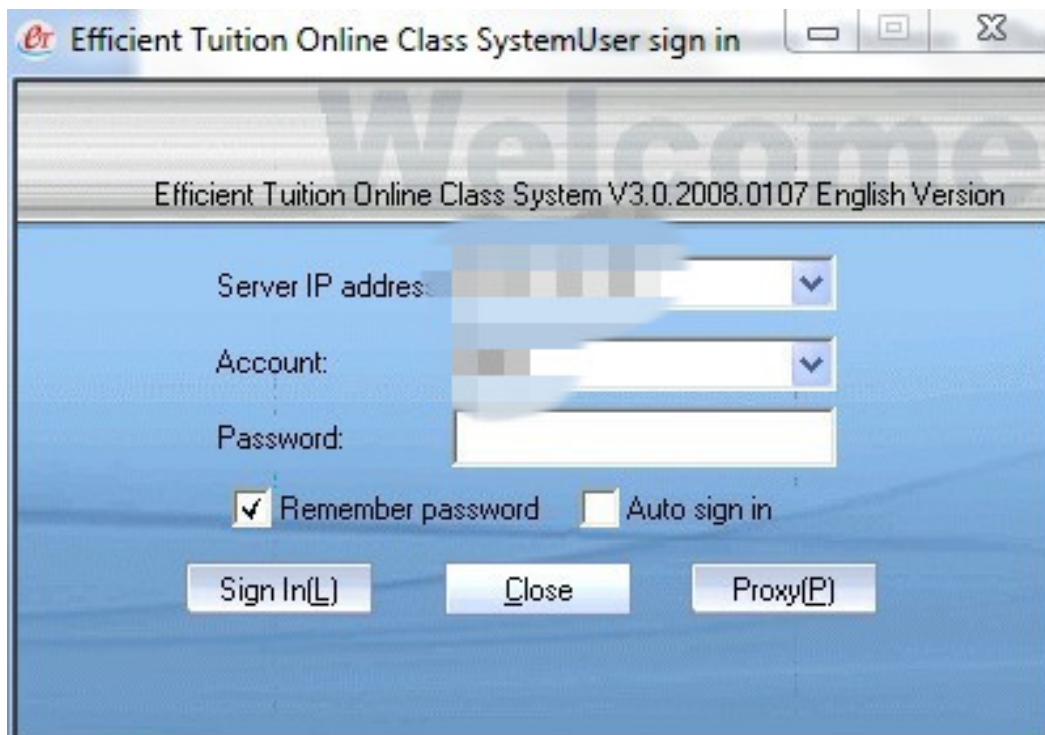
preparation. The teaching process is also bonded to the operation of the software utilized in teaching. (Berge 1998.)

### 3.2 Online language teaching and learning

Among the online courses, the language courses are different from other courses. Language courses require much more interaction than ordinary courses. It is nearly impossible to handle a language without speaking and listening. At the same time, the teachers who teach in face-to-face school need to gain different skills to teach. Hence, teachers' qualification is more important than the ordinary online courses in online language course.

The language teaching is a giant business around the world. Berlitz, the biggest language teaching company has online language teaching department (Economist 2013). Apart from it, there are numerous online language courses provider on the Internet such as <http://www.myngle.com/>, <http://www.verbalplanet.com>. These sites provide various language courses online. Private teachers can be hired from these kinds of companies. Students and teachers can interactive with each other. In China, the online teaching has been booming within the last 10 years. However, most of the well-known online schools provide various kinds of recorded courses. The reason for their success could be the promotion methods and brand effect, such as New Oriental which have brands all over China at the same time it has the online language courses provided (New Oriental 2009). Another example is Huijiang.com which is widely known as a comprehensive online forum. However, since the number of user grow the company started to provide online language courses, especially English courses to users with user bonus. Both the 2 companies have their own online teaching software. Hence the software is one of the most important elements for online language teaching.

For learning Chinese online, multiple ways are found. In the United States of America, Online learning programs is developed to be the focused on one-one-one learning by a Chinese language school. The software is called iVuChinese. Students can work with their native-speaking teachers to design their own curriculum and learn at their own pace. Teachers link online learning tools and documents, guides student's learning process, corrects pronunciation and assists with reading and writing. (Doran 2011.) At the University of Illinois, a comprehensive way of teaching business Chinese online is being developed in the language learning laboratory. It is consisted of 2 parts: A Business Chinese Workbook which offers step by step language instruction and focused on exercises and grammar while the other part is called Simulation and it provide real-world situations for problem solving by using language. The two different part of the software have assisted student to learn business Chinese. (Zhang 2002.)



**Figure 2.** ET classroom log in

The case company is using the Efficient Tuition Online Class System which is short as ET classroom system and is provided by the Chinese corporate language school. As shown in Figure 2, the user only need to have a server IP address, an account and password to log in the software. By using this platform, students and teacher are able to interact with each other. There are possibilities of talking and seeing other students if the students are taking the course within small groups. By using this system, teachers are able to present PowerPoint slides, videos and other types of multimedia. This platform also has the function of writing Pinyin-the Chinese phonetic system as well as the writing Chinese character function.

### 3.3 Current situation of online language teaching in Finland

In Finland, everybody has got the opportunity to get higher education. According to global league table published by education firm Pearson, the Finnish education quality ranking the first place all over the world (Coughlan 2012). In upper secondary distance learning system, language courses are provided. In the universities, there is Open University education to promote educational and regional equality. In the University of Applied Sciences, there is one online system called VirtuaaliAMK. Students studying at a Finnish university of applied sciences have a number of courses to choose from the system. Apart from the sites, students can use software like iLinc to get online courses from different university of applied sciences. One example of it is in Kemi-Tornio University of Applied Science. The iLinc system has been used for online language teaching for a long time.

Even Finland is far away from China there is one Confucius Institute in Helsinki University where people can learn Chinese language and Chinese culture. In the area of online Chinese learning, there is one company called GBTIMES, Ltd. in Tampere Finland. GBTIMES is a full media company which introduces China to the world and vice versa. It is consisted of a network of radio and partner TV stations across Europe, the Middle East and Africa. The website gbtimes.com is also published in 11 languages. In May, 2013 the

company started to cooperate with China Confucius Institute on the Air and established the first Confucius Classroom on the Air in Finland. (PR Newswire Association 2013.)

#### 3.4 Current situation of online language teaching in Sweden

In Sweden, there are many sites and organizations providing online Swedish courses. Examples can be found as Swedishmadeeasy.com, Svenskatimmen, International Swedish university programs and the Swedish Institute. Courses provided are mostly basic everyday Swedish and conducted by communication software such as Skype and MSN. (Studyinsweden 2013.)

Although Sweden is next to Finland, the situation of online Chinese language learning is different. Sweden is one of the first countries which established diplomatic relations with China. The first Confucius institution in Europe was established in 2005 in Stockholm, Sweden (Stockholm University 2013). In addition, there are similar institutions in Luleå University of Technology, Karlstad University and Blekinge Institute of Technology. Swedish education minister once mentioned that, within 10 years all schoolchildren could be taught some Chinese (Taylor, 2011). However, none of the Institutions have provide online Chinese course yet.

There is one site [www.theswedishteacher.com](http://www.theswedishteacher.com) that provides Swedish language course through Skype. However, there is not much information about online Chinese situation on the Internet in Sweden. One of the reasons could be that there are numerous Chinese schools in major cities of Sweden comparing to Finland which make Chinese courses are easy to access. Another reason is that the Chinese course is already required in schools and the need from individuals decreases. At the same time, online language courses can be ordered from any countries. Hence, customers are able to choose from other countries' provider.

## 4 CONCEPTS OF MARKET AND MARKETING

The theoretical foundation concerning market and marketing which are related to my research objectives are discussed in this chapter to assist my research. The theories of market analysis and marketing are introduced to present a general overview of my research. In addition, the theory of SWOT analysis is presented to provide the basic understanding of the analysis tool. Lastly, the marketing mix theory is introduced for achieving the objectives of this thesis.

### 4.1 Market analysis

As Aaker and McLoughlin (2010, 60) states, the market analysis builds on the customer and competitor analyses. The first objective of a market analysis is to determine market attractiveness to current and potential participants. The other objective of market analysis is to understand the dynamics of a market. (Aaker & McLoughlin 2010, 60.) Usually the analysis includes the following aspects: “emerging submarkets, actual and potential market and submarket size, market and sub market growth, market and submarket profitability, cost structure, distribution systems, trends and developments and key success factors” as stated by Aaker and McLoughlin (2010, 60).

For analyzing a market, it is essential for the management group to detect and understand emerging submarkets and to identify the attractions to the firm. It is also important to know the market size. The growth rate of the market should be noticed, and the driving forces should be identified. It is also important to analysis the factors why one industry is profitable, how strong is the competition and how powerful the customer and suppliers are. “An understanding of the cost structure of a market can provide insights into the present and future key success factors”. The distribution channels are an important factor to be considered in the market analysis. At the same time, knowing the market trends in one business and identifying the key success factors in the market are also necessary. (Aaker & McLoughlin 2010, 61-73.) However, since the case company is at its emerging stage and the

product it provides, i.e. the service-online Chinese courses, it is not possible to analysis all the dimensions above.

## 4.2 Marketing

The concept of marketing has been discussed by numerous authors in different books and reports. According to Kotler and Armstrong (1996, 6), marketing is social and managerial process which individuals and groups create and exchange products and value with others according to their requirement. The UK's Chartered Institute of Marketing defines Marketing as: "Marketing is the management process responsible for identifying, anticipating, and satisfying customer requirement profitably." The American Marketing Association's definition for Marketing is "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organizational objectives" Therefore the definition provided both show that marketing is a management process, it is providing the customer what they need and identifies and anticipates customer requirements and meet those requirements profitably, offers and exchange ideas, goods, and services. The pricing, promotion and distribution of ideas, goods and services and relationship are also parts of marketing. (Brassington & Pettitt 2007, 3.)



**Figure 3.** Core marketing concepts (Kotler & Wong & Saunders & Armstrong 2005, 6)

Figure 3 above shows how the terms which are utilized to explain the definition of marketing are linked internally: needs, wants and demands, product and services, value, satisfaction and quality, exchange, transactions and relationships and markets. Needs, wants and demands are the basic concept of marketing. Human needs are the basic physical need while wants means the needs are shaped by culture and individual personality. However, this makes demands based on people's ability to pay for satisfaction. Products and services are the marketing offer to meet a need or want. The customer value means the difference between the cost and gain of a product. Customer satisfaction, however, depends on if expectations are met from buyers. Exchange and transaction's meaning sounds familiar since the objects are both been given to the other party. However, the transaction needs the agreement of conditions of time and place. Relationship here means the relationship marketing which is the process of building and improves the relationship with customers and other stakeholders. Market means the collection of buyers of a product or a service. (Kotler & Wong & Saunders & Armstrong 2005, 6-11.)



### 4.3 SWOT analysis

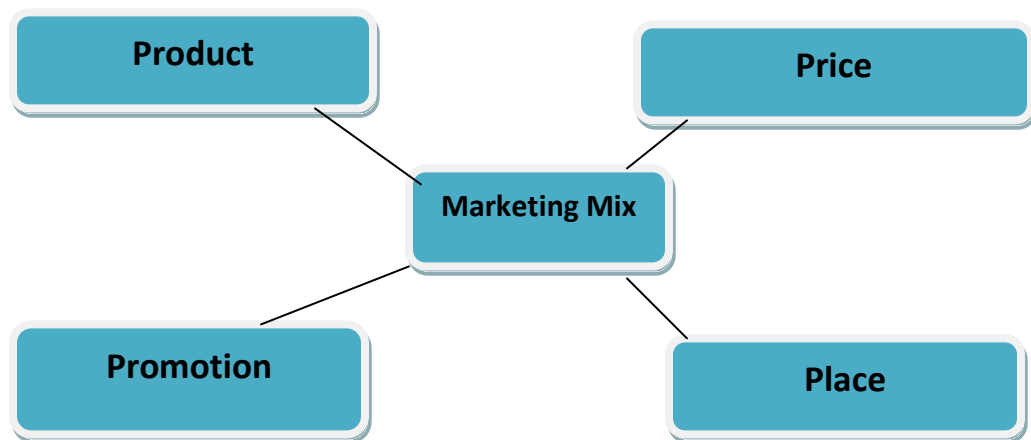
SWOT analysis is usually used for analyzing the market from both internal and external aspects. Kotler (2000, 76) defines SWOT analysis as the tool of evaluating a company's strength, weakness, opportunity and threat. Opportunity analysis and threat analysis belong to the external environment analysis. Therefore, a marketing opportunity means buyer's needs and the company can gain profit while an environmental threat is a challenge caused by unfavorable trend. Strength and weakness analysis are internal environmental analysis. The internal analysis is various from different aspects. (Kotler 2000, 76-79.) The SWOT analysis has been utilized widely in the business world. Even the frame of it is simple it could be applied to a complex situation.

The advantage of SWOT analysis can be concluded as follow: Both favorable and unfavorable internal and external issues can be listed for planners to understand the strength and weakness to recognize opportunities and threats. It can be utilized to different situations. However, the disadvantages and limitations of SWOT analysis also exist. Strengths may become a weakness if it is not maintained. Opportunities taken by a competitor may become threats. (Helms & Rodríguez & Ríos & Hargrave 2011.)

Due to the reason that the traditional SWOT analysis fails to meet the demand, the TOWS was introduced by Wehrich. The same inputs of threats, opportunities weakness and strengths are adopted. In the TOWS analysis, the components are consisted of strengths-opportunities, strengths-threats, weaknesses-opportunities and weakness-threats. (Gilligan & Wilson 2003, 100.) Thereby, the internal and external elements of the company could be analyzed.

#### 4.4 Marketing mix

Kotler, Wong, Saunders and Armstrong (2005, 34) define marketing mix as a marketing tool which company react to the target market. It is consisted of product, price, place and promotion. Therefore, the concept of the marketing mix is known as 4P's as shown in Figure 4. (Kotler & Wong & Saunders & Armstrong 2005, 34.)



**Figure 4.** Elements of the marketing mix

The Product refers to the good or service that the company provides to the target market to satisfy a want or need. In a border definition, products include not only tangible goods but also “physical objectives, services, persons, places, organizations, ideas or mixes of these entities”. At the same time, services are products which are consisted of activities, benefits or satisfaction that are for sale. (Kotler & Wong & Saunders & Armstrong 2005, 539.)

Price refers to the amount of money which customers pay to get the product or service. It can be also explained as the values that consumers exchange for the benefit of obtaining the product or service. It used to be the main factor that affects buyers' choice. In the

marketing mix, price is the only element produces revenue while other elements present costs. (Kotler & Wong & Saunders & Armstrong 2005, 665.)

Promotion is the activities which companies make to encourage customers to purchase the products. Companies need to communicate with customers and potential customers. Companies' communication mix is called promotion mix. It is consisted of advertising, sales promotion and public relations. Companies use the promotion mix to follow its advertising and marketing objectives. (Kotler & Wong & Saunders & Armstrong 2005, 719.)

Place means the place where the products are available for the customers (Kotler & Wong & Saunders & Armstrong 2005, 34). At the same time, the means to distribute products to that place should be appropriate and convenient for customers. Place also refers to the methods of displaying products to customers. (Chartered Institute of Marketing, 2009.)

However, criticism has pointed out that the terms fail to show the importance of building and maintaining a long-term relationship with customers. Some authors suggested a modification of the 4Ps framework to get the broader complexity definition in relationship marketing. Booms and Bitner propose that the expanded marketing mix include the elements of People, Process and Physical Evidence. (Clark 2000, 210.) People here refer to the employees. Since they are the persons who contact customers, both before and after purchasing, it is necessary to keep them trained properly. The Process and Physical Evidence would be utilized in service industries. However, for products they are worthy to be considered too. Process refers to the process of giving a service. Waiting time, information and help from staff the elements that belong to process. If this aspect could be used wisely, the process could be a good source of competitive advantage. Physical evidence presents what the customers going to purchase. Customers could not experience

the service before purchasing. However customers could get the information from people who experience this service before. (Chartered Institute of Marketing, 2009.)

## 5 ANALYSES OF RESEARCH FINDINGS AND SUGGESTIONS

The results of the questionnaire survey and the interviews are analyzed here to identify the potential market possibilities for online Chinese teaching in Finland and Sweden. In addition, the SWOT analysis with the suggestions for marketing mix for the case company is presented. Lastly, the final subchapter is the summary of the findings and suggestions from the analysis of data collection.

### 5.1 Analysis of interviews

For the qualitative data analysis of the research, two different interviews were conducted with the owner of the case company Mr. Kyösti Vaara and the general manager of the cooperated Chinese language school Mr. Max Xu respectively. The interview with Kyösti Vaara was conducted through a phone call on 3 November, 2013 and the interview with Max Xu was conducted with Chinese online chatting software QQ on 5 November, 2013. The motives of the two interviews were to receive information about the case company and the scope of online Chinese teaching business. The interview questions with the answers given by the interviewees are provided in Appendix 2 and Appendix 3.

The first interview was conducted with the owner of the case company Kyösti Vaara. The research focused on developing the case company by effective ways of marketing. Therefore, the interviews were focused on marketing activities and the company's operation for their development. According to Vaara (2013), China and Europe have good connections and the numbers of people who are interested in learning Chinese language are increasing. This reason motivated him to establish an online Chinese language teaching company in Europe. As the company is small, and it is at an emerging stage, only few

people know about the company and its services. Therefore, the company requires more financial support for the marketing process for promoting the company. For the marketing activities of the company, promotional activities via social media such as Facebook are used to promote the company. (Vaara 2013.) Additionally, since the company has not gained any profits at that time, social media such as Twitter and Instagram will be used in the future for promoting the company and attracting the customers to the company (Vaara 2013). On the other hand, the traditional Chinese language schools that teach face to face to the people create competition for the company for its operation according to Vaara (2013). Vaara (2013) would like to find partners in investing to his business to help the company to progress. The company does not have money to hire professional marketing talents lead to the company lacks marketing skills which creates obstacles in the company's operation. However, Vaara (2013) is confident of the success of the business and receiving customers slowly and gradually.

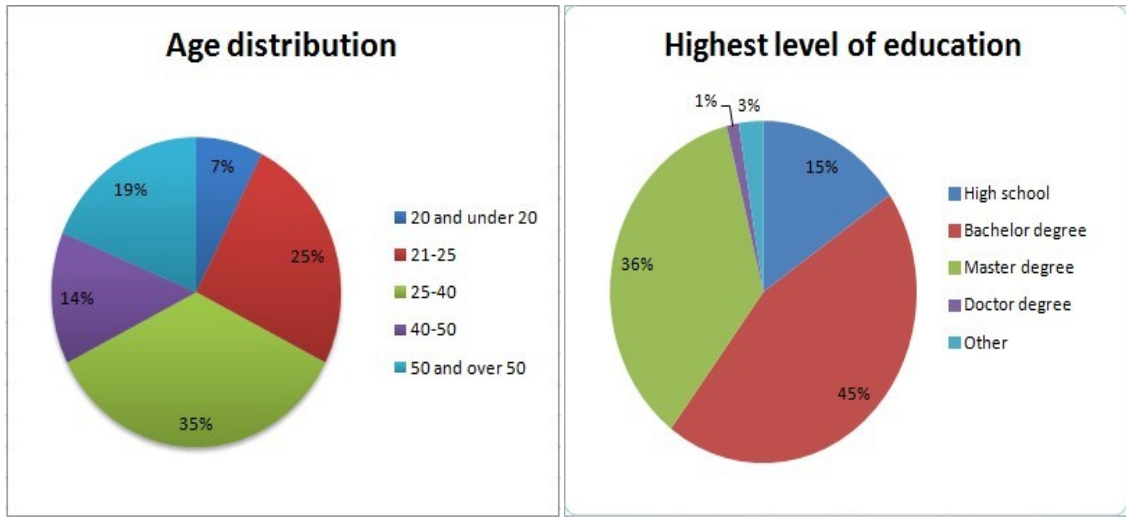
The second interview was conducted with the general manager of Efficient Tuition Language School, Max Xu. The interview with Max Xu indicates the essentials of information about Chinese tutoring outside of China. Suggested by Xu (2013), the Chinese language online services should be introduced to the Finnish local families and schools for enhancing the co-operations between the government and the company. Further, Xu (2013) suggested that marketing in schools, local families and institutions by the case company should be done efficiently to attract the learners in Finland compared to other European countries. The marketing procedures to promote the company should not only be the online promotion. The company should distribute leaflets including their services, present a demo of their facilities to local schools and people to reach out to potential customers. (Xu 2013.) As was discussed previously, marketing activities were mainly focused on in the interviews, therefore to alert the people about the existence of the company, marketing and promotion of the company is very important. Xu (2013) also mentioned that Efficient Tuition Language School is able to provide different kinds of customized online Chinese courses for the case company.

The information gained from the two interviews was different. Since Vaara is standing in the position of the owner of the case company, he has an in-depth understanding of the problems which the case company is facing. Meanwhile, Xu is the general manager who has longer experiences in the online teaching field. He has pointed out that only online advertisement is not enough, and there should be more interaction between companies and local schools, and families. However these activities require financial support, which the case company is lacking.

## 5.2 Analysis of questionnaires

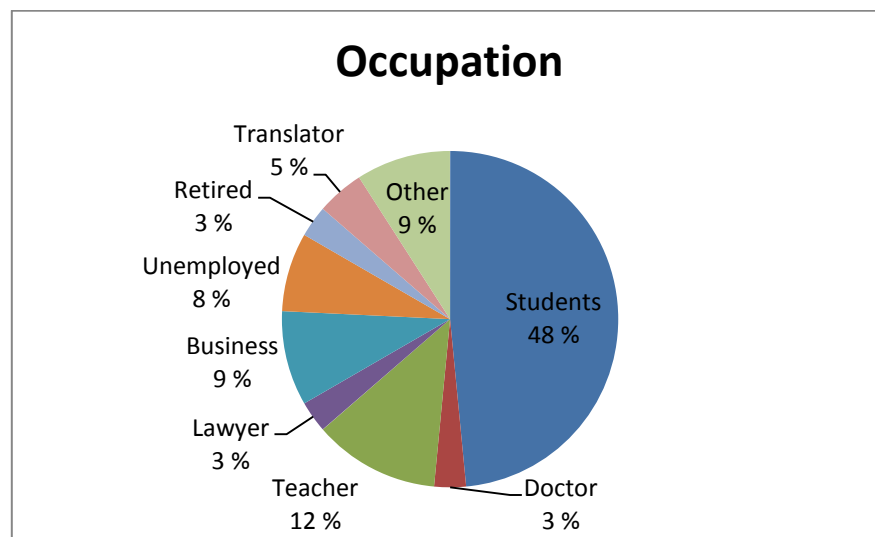
As was discussed previously in Chapter 2, a questionnaire survey was conducted among the students in addition to businessmen who do business with China. The questionnaire was sent by emails and Facebook. With the help of Confucius Institution's teacher from Finland and Sweden, 80 respondents gave their responses in the two weeks of online questionnaire survey.

A total of 53 of the respondents are from Finland, and 27 of them are from Sweden. One of the respondents did not provide the gender information, which means that 43% of the respondents were males and 57% were females. It shows that the females' proportion is higher than that of the males' in this questionnaire survey. The following figure represents the respondents' age and education level in pie charts. The figure shows that the majority of the respondents belong to the age group of 25-40 years of age, followed by the age group of 21-25 years of age. They respectively occupy 35% and 25% of the total number of the respondents. The high respondent rates from these two age groups show individuals who are university students or staffs along with middle-age people are the persons who expressed their attitude towards online Chinese learning.



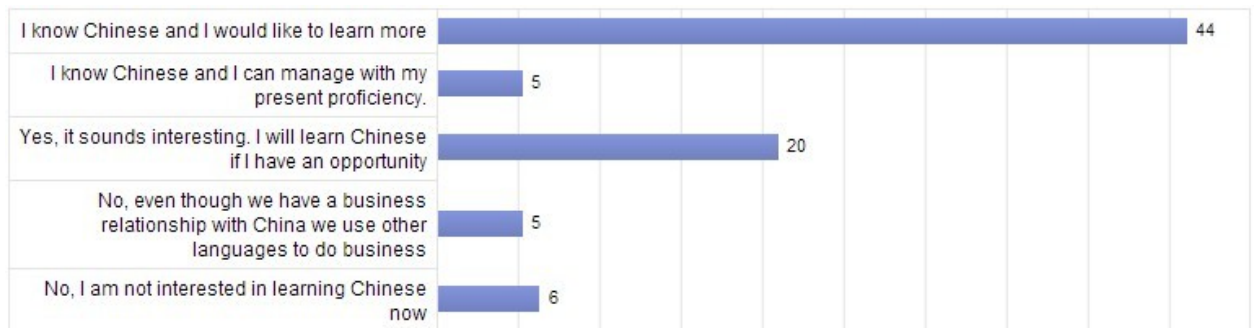
**Figure 5.** Age distribution and level of education of the respondents

A total of 68 out of the 80 respondents gave information concerning their occupation in the questionnaire, 32 of which are students followed by teachers and businessmen which account for 8 and 6 respectively. Figure 6 below illustrate that the students and teachers are the main respondents.



**Figure 6.** Occupation of the respondents

The respondents' attitudes towards Chinese learning are quite positive. One of the reasons for the positive attitude is the fact that a part of the respondents are students of the Confucius Institution which means that they have the intention to learn Chinese. Their opinion values a lot since they are learners and the potential customers in the future. About 62% of the respondents are able to speak Chinese while 25% of the respondents are willing to learn Chinese. Only 13% respondents state that they do not plan to learn Chinese.

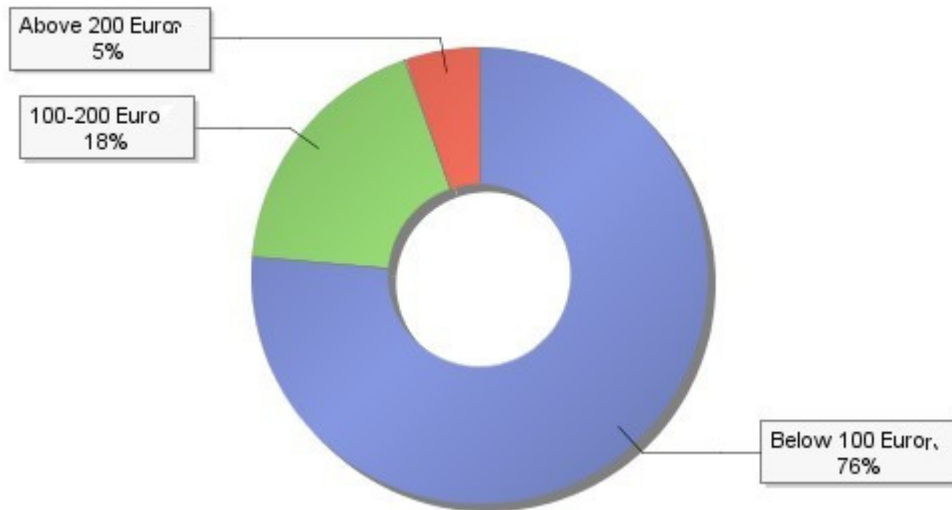


**Figure 7.** Number of respondents and their interests towards Chinese learning

A total of 33 of the respondents have taken online lessons, whereas 46 of them have not. One of the respondents did not provide his or her opinion. From these 45 answers of the respondents, the conclusion that only 20% of respondents have no preferences on online lessons can be drawn. A total of 14% respondents prefer online learning while 44% of them hold a negative viewpoint towards online learning. However, 42% of the respondents do not distinguish many differences between the two different types of classes. When being asked about the benefit of online learning, the most favored answer is the flexible choice of study time. The recordable price and conveniences of taking courses at home are also chosen to be the benefit of online learning. A total of 79% of the respondents are willing to take online lessons. For them, favorable price for online Chinese course is below 100 Euro for 10 lessons. Regarding course prices, a total of 76% of the respondents prefer the lower price while 18% of the respondents are willing to pay 100- 200 Euro for the Chinese learning. The remaining 5% of the respondents are willing to pay the price above 200 Euro.



It can be assumed that the price of the online Chinese course should have its price advantage. The data discussed above is shown in Figure 8.



**Figure 8.** The price respondents are willing to pay for online Chinese courses

The last question in the questionnaire survey is an open question to investigate the respondents' opinion about online Chinese lessons. Opinions were given by 33 out of the 80 respondents. Some of the respondents wrote a long text and provided useful opinion. The main ideas from the suggestions, however is more or less the same. Most of the respondents emphasize the quality of the teaching and make it as a part of their suggestions. The main ideas from the suggestions are as shown in Table 1.

**Table 1.** Suggestions from respondents

1. The price should be affordable.
2. The courses should be the beginner level.
3. The courses should be designed differently for businessmen and students
4. The courses should be updated with current Chinese situation.
5. Material for the courses is important.
6. Human interaction should be paid more attention, and integration with other learner is necessary.
7. The course should focus on pronunciation and Pinyin, the Chinese official phonetic system.
8. Teachers' job should be more focused on correcting and guiding.
9. The way of writing and typing Chinese characters should be taught.
10. Apart from oral words, literary languages should be taught in higher level.
11. Improving speaking skills should be the most important thing.
12. The quality of the online courses should be as good as face to face courses.
13. The online course should be fun to keep students focused.

The suggestions from respondents are different. From business point of view, customer's need should be met. However, the suggestions made to the products need to be forwarded to the Chinese partner. Hence, the price could be the aspect that the case company takes into account. It should be affordable as well as profitable.

### 5.3 SWOT analysis

As an emerging company, the strong points are not easy to define. However, the location is one of strength for the case company. Since the case company is located in Finland and if the customers are from the Nordic countries they tend to take the course provided by a local

provider when they can get access to the brochures about this kind of service. Based on the questionnaire survey, the potential need for Chinese language courses exist. If the promotion is efficient and effective enough, the business would be successful.

However, weaknesses of the case company are easier to detect. First of all, based on the interview information of Vaara (2013), the company has only one long-term employee which is the owner himself. Lack of Chinese employees becomes a barrier of the business. Apart from that, since the company is new with few customers, it is hard to build up reputation to attract more customers. However without customers there would be no funds to do advertisements. If this situation continues, it will be a problem for the company in the near future. In addition, the courses are all provided by the Chinese partner, which in fact weaken the controlling power of the case company. At the same time, the website of the case company does not look professional enough, therefore it lacks the competitiveness.

One of the opportunities the case company is facing is the increasing awareness of Chinese culture and Chinese business possibilities in Finland and Sweden. In addition, as discussed in Chapter 3, the Swedish government is trying to make all Swedish students to learn Chinese. The cooperating possibilities with primary schools and middle schools increase abundantly. At the same time, the Confucius Institutes in both Finland and Sweden are willing to try online teaching. Therefore, the possibilities are widening.

The biggest threat is competition. In Chapter 3, one competitor is discussed. The GBTIMES Finland branch provides the same service as the case company. At the same time, advertisements of Chinese language courses are all over the Internet. If the case company would like to stand out, the service provided must be differentiated. The competition also exists in some free online Chinese language tutorial videos. The competitiveness of those programs is that they are free of charge.

**Table 2.** TOWS analysis of case company

	Strengths	Weaknesses
Opportunities	<p>SO</p> <p>Company locates in Finland and next to Sweden.</p> <p>The Swedish government promotes Chinese language study.</p>	<p>WO</p> <p>Case company need to hire a Chinese speaking employee to overcome the weakness and catch the opportunities.</p> <p>Location.</p>
Threats	<p>ST</p> <p>Since the need of online Chinese course exists. It is necessary to attract customer from face-to-face school.</p>	<p>WT</p> <p>Improve the website and do better advertisement than competitor.</p>

The above table presents the TOWS analysis of the case company. The company location can be a weakness due to the reason that customers may prefer China mainland's company which they may show more interests in. The face-to-face language schools could be potential competitors as well as cooperators. It is depended on how the case company will deal with this relationship. Since the company's business is based on the Internet, a high quality website is required. However, currently the website does not look professional as some of the other similar websites.

#### 5.4 Suggestions for marketing mix

Currently the case company does not design the product. Based on my experience as a trainee in the case company, the courses can be customized if there is need from the

customers. However, since the Chinese partner is more experienced in this area, follow their curriculum could be the best choice.

The prices for the courses are provided in the website. However, they are not clearly and detailed enough. The current discount is 75% of the original price for the first class. There should be segmentation for different types of customers and price can differ between different segments of customers. The brand image should be built to make customers aware of the company's existence.

Since the service is delivered by the Internet, the software used is of very much importance. When the operating system is not Windows, Skype is utilized. However, design of the ET classroom is not up-to-date. Even though the services provided are high-quality, customers would like to have an improved version of the visual experience. In addition, the classroom system could be extended to be used on pad devices and smart phones.

The promotion process of the case company needs to be enhanced. Increased financial support will help the company to broadcast advertisements in broader platforms, such as Google.com. The promotion should rely on a wide variety of options in addition to the Internet. It would be beneficial to the company if the company has used radio and brochures to advertise the services.

For the people's section, the lack of marketing and Chinese speaking employees is the main problem. If the owner could hire a Chinese speaking talent to work as a paid employee, it would widely benefit the case company. In addition, hiring marketing talents would improve the publicity of the case company.

In the Physical Evidence section, the present of the service is needed. The case company could show the feedback from customer on the internet to attract people's attention. Another suggestion here is to put the Chinese teachers' pictures on the company's website. Therefore the customer would have the choices from different teachers.

If one customer would like to take the courses he or she can have free trials first and make a decision of purchasing the service or not on the basis of the trials. Since there are not many customers yet, the process of delivery the product is fast once a new customer appears. The suggestions given here is to provide customized service to different customers. It is important that they get sufficient information individually.

### 5.5 Summary and discussion

The research outcomes are presented and analyzed in this chapter. The statistics from the questionnaire survey that the market for the online Chinese market exists in both Finland and Sweden. From the interviews, the methods to promote the company are shown from the answers from interviewees. In addition to it, suggestions are made in the marketing mix in sub chapter 5.4.

The SWOT analysis presents the situation the company is facing. There are slight differences between Finnish and Swedish market. In the marketing mix analysis, suggestions indicate the issues which the case company could take into account. The image of the case company could be build by improving the website's quality. The courses could be different from competitors to attract more potential customers' attention. Since the case company has few customers, more advertisements should be made to promote the company.

## 6 CONCLUSIONS

This is the final chapter that presents the conclusions of the research of exploring marketing possibilities for online Chinese teaching in Finland and Sweden. The objectives of the research are to analyze the online Chinese teaching market for the case company and to explore the marketing possibilities in Finland and Sweden. For reaching these objectives, relevant literature was reviewed and discussed. Moreover, empirical studies were conducted to utilize theories into practice. Two research questions were brought up by the research questions. Additionally, suggestions for future research are presented.

### 6.1 Discussions and conclusions

During the research, the online teaching, especially online language teaching was studied to understand the situation and background of the business situation. The online Chinese language teaching and learning circumstances are the main source of secondary data. Even the two countries are domestically next to each other, there are some differences between them. The basic marketing ideas are the same however differs slightly in the target market. The online teaching is not the same as other types of teaching.

The first research question is about the benefits the case company will get from the market analysis and methods that potential market be identified. In Chapter 3, the situation of online language teaching of Finland and Sweden are analyzed and in Chapter 4 the theoretical background about market analysis is given. In Chapter 5, the market analysis is presented, and it shows the market that the company is facing. By understanding the market situation, the company will benefit from the market analysis. From the questionnaire survey, the respondents' requirements towards online Chinese learning are analyzed. At the same time, it shows the criterion what the potential market is most probably is. Alongside with the interview conducted with cooperated Chinese language school general manager, the suggestions about how to identify potential market are also analyzed. With the help of SWOT analysis of the case company, the objective of analyzing the Finnish and Swedish online Chinese teaching market for the case company is reached.

The second research question is about how does the marketing mix help promote the case company in the Finnish and Swedish market? Two sub-questions are developed. The first one is how can the company build up its image? The second one is what are the suggestions for the current and the coming future marketing plan of China training? In Chapter 4, the marketing mix theory is explained to present the theoretical background. In Chapter 5, the suggestions are made in the marketing mix categories. For reaching the customers, if the case company could effectively utilize the suggestion made in every aspect of the marketing mix, the possibilities of reaching the company's perspective are enlarged. The answers to the sub-questions were addressed from the explanation in the marketing mix.

It is expected that the outcome of this research will be able to help the case company to achieve the goal of doing effective marketing activities and getting customers gradually. As discussed in the research, the market of online Chinese teaching exists and it is full of marketing possibilities. The case company will gain if its marketing activities go on well.

## 6.2 Suggestions for future research

In this bachelor thesis work, the research work is only focused on exploring the marketing possibilities with the limited time and resources. When the case company has gained a profit and would like to enlarge the business scale, the strategic marketing plan could be developed for the growing of the company.

Financial analysis is one of the most important aspects of the company's fundamental. The company's brand images building, however, could be another suggestion for future research. The reason for it is that there are quite a number of companies which are providing similar Chinese courses. Building brand image will lead to find ways to improve the customer's loyalty and make the business into a long-term project.



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## APPENDICES

## QUESTIONNAIRE

Appendix 1

1(3)

Dear respondents,

This survey is conducted to collect information of people's opinion about teaching Chinese language online in Finland and Sweden. The information collected will only be used for my bachelor's thesis work so the questionnaire will be treated confidential and anonymously. Your participation will be appreciated. Please, fill in this questionnaire by indicating the most appropriate choice from your point of view. Thank you for your cooperation.

Yours faithfully,

1. Where do you live?

A. Finland    B. Sweden

2. What is your gender?

A. Male    B. Female

3. What age group do you belong to?

A. 20 and under 20

B. 21-25

C. 25-40

D. 40-50

E. 50 and over 50

4. What is your occupation? \_\_\_\_\_

5. What is your highest level of education?

A. High school

B. Bachelor degree

C. Master degree

D. Doctor degree

E. Other

6. Have you ever considered learning Chinese?

A. I know Chinese and I would like to learn more

B. I know Chinese and I can manage with my present proficiency.

C. Yes, it sounds interesting. I will learn Chinese if I have an opportunity

D. No, even though we have business relationship with China we use other languages to do business

E. No, I am not interested in learning Chinese now

7. Have you ever taken online lessons? (If yes, please proceed to questions 8, 9 and 10. If No, please proceed to questions 11.

A. Yes

B. No

8. Do you prefer online learning to face-to-face classes?

A. Yes

B. No



9. What do you think of online learning when comparing it to learning in ordinary classrooms?

- A. Online learning is better
- B. Online learning is worse
- C. No differences between the two

10. What kind of benefits do you think there are in online learning? (Multiple choices)

- A. Cheaper
- B. Higher efficiency
- C. Flexible choice of study time
- D. No need to get out of the room
- E. Other ; please specify

11. If you had an opportunity to try out online lessons, would you take the opportunity?

- A. Yes
- B. No

12. How much would you be ready to pay for an online course in Chinese with the extent of 10 hours of teaching? (The exchange rate: 1 Euro  $\approx$  9 Kronor)

- A. Below 100 Euro
- B. 100-200 Euro
- C. Above 200 Euro

13. What suggestions would you like to put forward for online Chinese language teaching?

Interview with Kyösti Vaara, the owner of China Training, was conducted on 3<sup>rd</sup> November in 2013.

1. What motivates you to open up the online Chinese teaching business? Please discuss any related experiences you have in this field of business.

I am very interested in E-learning solutions. When I used to work in Kemi-Tornio University of Applied Sciences I used those E-learning systems to teach some courses. I am experienced in this field. The reason why I choose Chinese is that in my opinion Chinese language can be very interesting. It is a very good language since there are so many connections between China and Europe. China is becoming a very important country of the world. So the number of people who are willing to learn Chinese is increasing. I only have the experience of using online system as a teacher in school but not in business world.

2. When was China Training registered as a company?

It was registered as a company in May 2012 when the first Chinese intern started her training period.

3. In your opinion, what kinds of competitive advantages the company have? And what are your competitive disadvantages?

An advantage is that I have cooperated with the Chinese partner for a long time. I know them around 2005 and I can rely on them.

Disadvantage: It is a small company and do not have so many possibilities. It is also require more financial support to run business. Big companies have more opportunities.

4. What are the possible problems the company is facing in marketing and other aspects, as a new company?

The company is small and new.

The company is lack of money in marketing process.

5. Who are your competitors?

The main competitors are the traditional Chinese language schools which teach face to face. People hold the view that that kind of school is business and like to be in the same place with the teacher. There are not so many other online language schools. Our service is good because the partner is a big language school with enough teachers to fulfill many customers' needs.

6. Has China Training gained profit so far?

Not yet.

7. What do you think of the social networking use in the marketing? E.g Facebook and twitter?

Social networking is the best way to promote. We have a facebook page already. We will make twitter and instagram later. We will use more ways of promoting.

8. What kind of feedback have you received from the potential customers? How did you find them?

We send email and make phone calls to potential customers. Most of them have positive attitude towards this kind of service but they do not show so much interests in this kind of learning system.

9. What kind of marketing activities have you used to promote your company? Would you please describe them?

Social network, internet and phone calls. I have also tried to find partners who would like to invest in the business. First we should have customers then we will have the possibilities to have the investment for marketing.

10. What problems and obstacles do you see in your company's operation at the moment?

We are lack of money and lack of marketing skills. Also we do not have money for hiring professional marketing talents. For now the company only has Chinese trainees but we are willing to cooperate with Chinese speaking trainees.

11. What kind of future do you see in the online Chinese courses provided by your company?

We will find solution for the problems we are facing. Even it will be a slow process but little by little we will get customers. I am confident in the business.

## Appendix 3

1(2)

Interview with Max Xu, the general manager of Chinesehour, was conducted on 5<sup>th</sup> November in 2013.

1. What kind of expectations do you have for the Finnish company (China training)?

A: The local company should introduce Chinese online service to local families and schools and enhance co-operations between you and governmental or institutional organizations.

2. What experience would you like to share for the benefit of the Finnish company?

A: Finland does not have as many adult learners compared to other European countries. Our suggestion is to be more focused on marketing at local families, schools or institutions.

3. What kind of help are you willing to offer to China Training?

A: Chinesehour offers better access to Chinese learning at home basis. At Chinesehour, all learners, no matter you are test -oriented or business-oriented or you are just learning out of interests, can find the customized solution most suitable to their needs. Our skilled teachers with rich experience will assist learners to achieve their goals at a reasonable rate.

4. Do you have any suggestions to the Finnish company regarding their marketing and other aspects?

A: The local company has advantages to reach out to more potential clients. Therefore the online marketing should not be the only option. You should try distributing leaflets or presenting a demo to local schools, institutions or communities.