

Global Marketing
(Spring 2012)
Professor Young-Ryeol Park

EnglishCentral
Research Project

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Overview and Contents

EnglishCentral runs a subscription-based website that helps students improve their English speaking skills.

In this paper I will review EnglishCentral's global marketing strategy. To better understand EnglishCentral's marketing strategy, I will begin by describing the English education market in some detail. I will then describe the company, its product, and its global strategy. As the company has entered several countries around the world, I will provide an analysis of how they've localized their strategy in the Korean market. I will end with an analysis of their strategy and recommendations.

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A Note on Sources

Where appropriate, I will footnote sources. However, this paper will have relatively few footnotes.

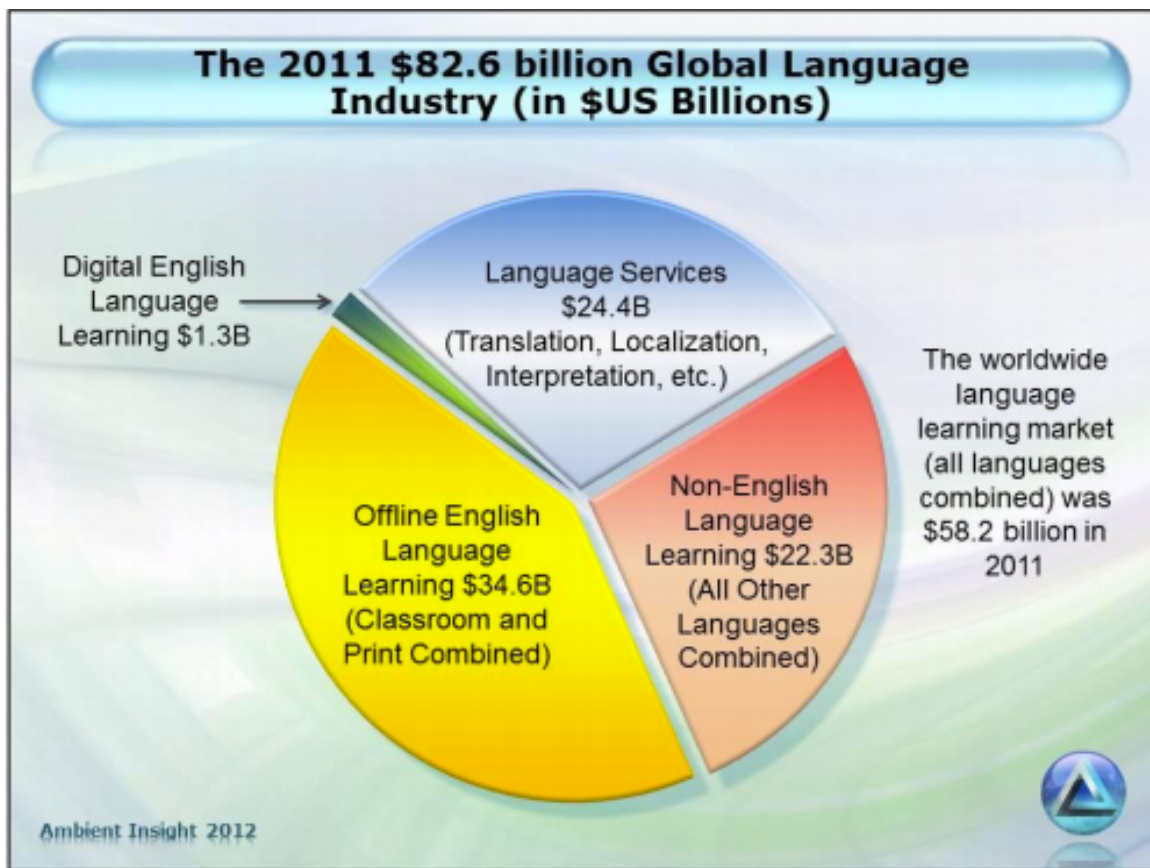
For much of the information, I conducted three in depth interviews with members of EnglishCentral's Korea team: Aaron Jolly (Director for EnglishCentral Korea), Dio Chang (Marketing Director for EnglishCentral Korea), and Suyeong Yi (Business Development Director for EnglishCentral Korea). They provided much insight that is used throughout the paper.

I also draw on my personal knowledge. As a teacher and manager, I've worked in the English education market for eight years (three years in Russia, three years in America, and two years in Korea).

The English Education Market

Market Description

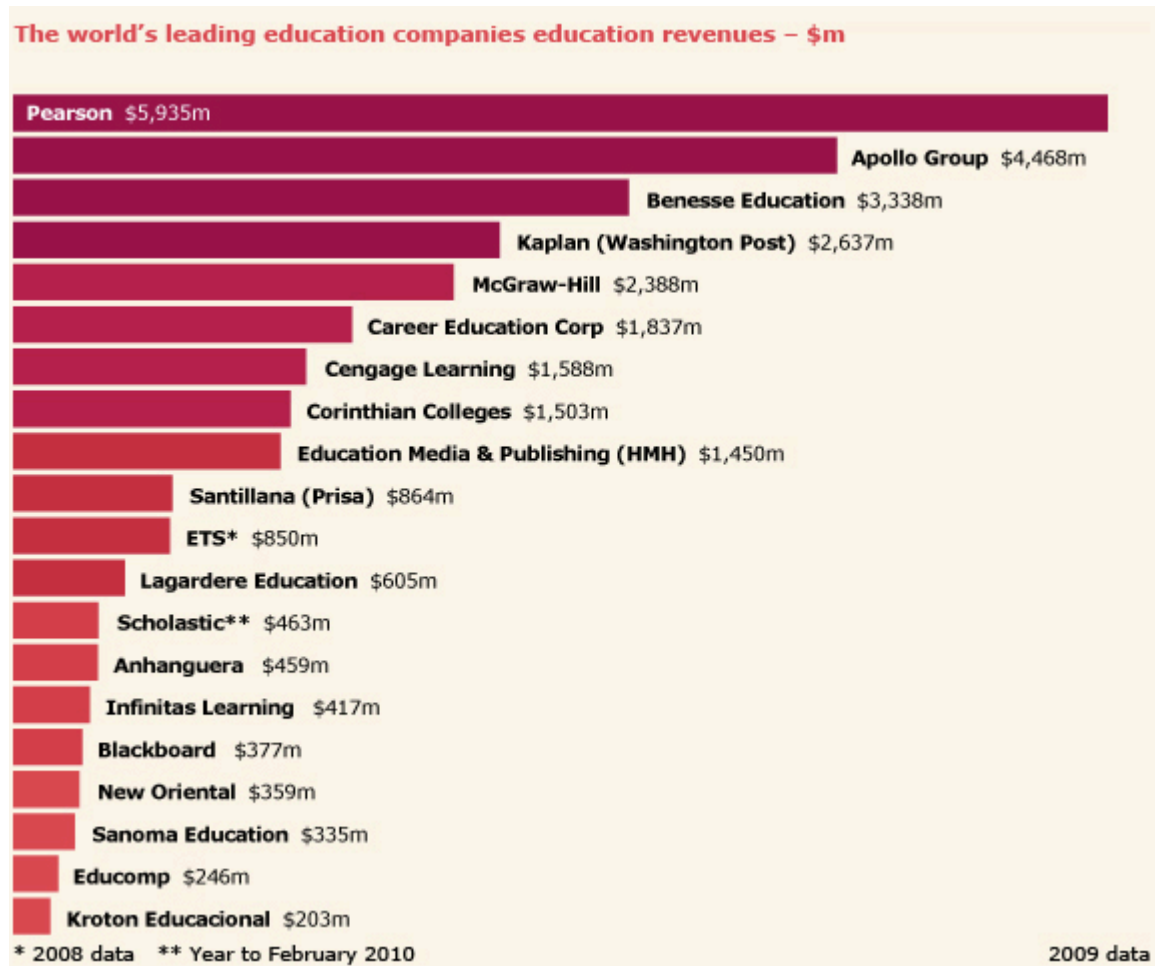
Size: The world English education market is quite large. The chart below shows the total language industry. Totaling the Digital English Language Learning and Offline English Language Learning parts, we see that the total market size is \$35.9 billion.



Competitors and Products: There are thousands of competitors in the global market. The market includes publishers, universities, academies (on and offline), test providers, websites, and mobile apps. Most of the competitors provide more than one product and the largest provide thousands of products. These include mobile apps (alone and with value added services), classes (on and offline), private teachers, telephone English, textbooks, and websites.

Looking at the chart on the next page, we can see the top education companies in the world. They are all invested in English education, though some to a lesser extent. (Neither Career Education Corp, nor Apollo Group are notable for their investment in English language education. Apollo Group runs “The University of Phoenix”, America’s largest online university.)

Others, however, are very notable. Pearson, known best as a publisher, is involved in every aspect of English Education. They recently acquired Wall Street Institute (an international chain of English academies) for \$92 million in cash.¹ Benesse Education runs Berlitz, amongst other things, the top provider of corporate English language learning.



(Chart taken from Pearson's 2010 annual report)

The chart, interestingly, does not include EF English First (on and offline teaching, annual revenues around \$700 million) or Rosetta Stone (language learning software, upwards of \$250 million in revenue).²

Consumer Behavior Analysis

Methods of Studying and Products: Students study alone or in a group. They study with or without a teacher at home, in coffee shops and libraries, at their school, university, academy, or office. They use products that include textbooks, software, ecourses, websites, mobile apps, podcasts, and telephone English. All of

¹ "Pearson Buys Wall Street Institute from Carlyle Group for \$92 Million." *Proactiveinvestors*. 29 July 2010. Web. 23 Apr. 2012. <<http://www.proactiveinvestors.com/companies/news/7259/pearson-buys-wall-street-institute-from-carlyle-group-for-92-million-7259.html>>.

² Mitra, Sramana. "The Knock-On Effect of Global English." *Forbes*. Forbes Magazine, 23 Apr. 2010. Web. 23 Apr. 2012. <<http://www.forbes.com/2010/04/22/careers-web-software-intelligent-technology-english.html>>.

the products (including teachers) vary in price from free to thousands of dollars. Periods of study range from 10-minute phone English sessions to years of daily study.

Key Values: Consumers value many things when choosing how to study English. These include quality of education, organized/logical program, convenience, economic benefits, speed of learning, having fun, motivating material, and improvement in specific areas (listening, speaking, reading, writing, grammar).

Trends: We can note consumer trends in Learning/Teaching Techniques, Academies, and Use of Technology.

Regarding **Learning/Teaching Techniques**, learners and teachers around the world have largely embraced Communicative Learning. This is especially true amongst teachers trained during the past 20 years. Communicative Learning just means that the best way to learn a language is to use the language. So, if you want to learn to speak, you should speak as much as possible. It is contrasted with the method where students largely memorize vocabulary and grammar outside of the classroom and listen to the teacher lecture inside the classroom.

There is also a trend away from deductive and towards inductive learning. Inductive learning encourages students to figure out language rules by examining real language. It is contrasted by deductive learning where a teacher or book spends a lot of time explaining the language before the student has structured practice.

Regarding **Academies**, it is worth noting that private companies have been rising steadily for over 100 years. These days, millions of students around the world learn English both in their school or university and at an academy. The academies generally have one or more native speaker.

Additionally, students travel to study at academies in native English speaking countries (the U.S., the U.K., Ireland, Australia, and New Zealand) and near native English speaking countries (Malta, the Philippines). (That students demand native speakers in their academies or travel abroad is in part due to the impact of the above communicative learning trend.) Overall, however, travel abroad to study English is declining.³

The Use of Technology is arguably the most important consumer trend. The environmental analysis below will focus on further technology drivers, but here I simply note that consumers are demanding greater use of technology as they become comfortable with it, see its benefits, and incorporate it into all facets of their lives.

Segmentation

Segments: The consumer segments based on avenue are: Self Study, Private Tutor, Academies, PreK-12, Higher Education, Government, and Corporate.

³ <http://www.britishcouncil.org/learning-research-english-next.pdf>

The consumer segments based on materials are: Classroom, Print, Digital

Digital English Language Learning Segments will be shown to be important below. They are: Self-paced eLearning, Digital Referenceware (eTextbooks), Collaboration-based Learning, Mobile Learning apps, and Mobile Learning VAS (Value Added Service).

Mobile Learning VAS is particularly notable as a new, rare product type. They are supported by telecom companies and add value to standard voice and messaging services.

Demographics: Nearly 2 billion people around the world are studying English.⁴ With such a large number, we can say that the market includes people from every culture and age group. Generally speaking, younger learners are more likely to learn English and PreK-12 schools and universities often demand that students learn English. This is not to discount, however, adults learning English. Many adults continue to learn English at their jobs or on their own. Regarding income, the middle and upper classes are more likely to be able to afford to pay to learn, but the world's poor who, nevertheless, often learn at school or using other free/cheap materials.

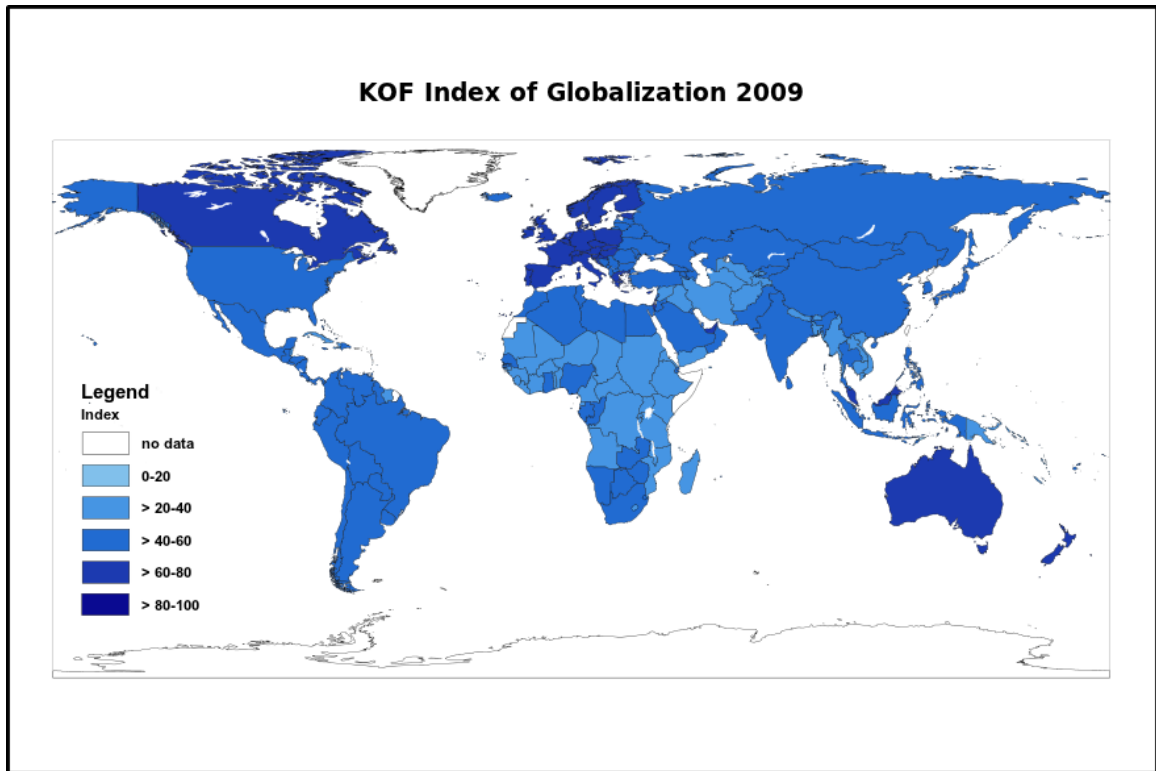
Lifestyle and Interests: With such a large group of learners, lifestyle and interests are incredibly various. Many students learn simply because their schools require them to. Still, we can highlight those with a global lifestyle (international travelers and business people) and global interests (travel, international business, new cultures, international pop music, Hollywood movies, international relations, and the USA).

Environmental Analysis

Overall: Overall the world is highly globalized. As English is the language of the global world, this is a big positive for the industry.⁵ The map below creates an overall rating based on economic, social, and political variables.

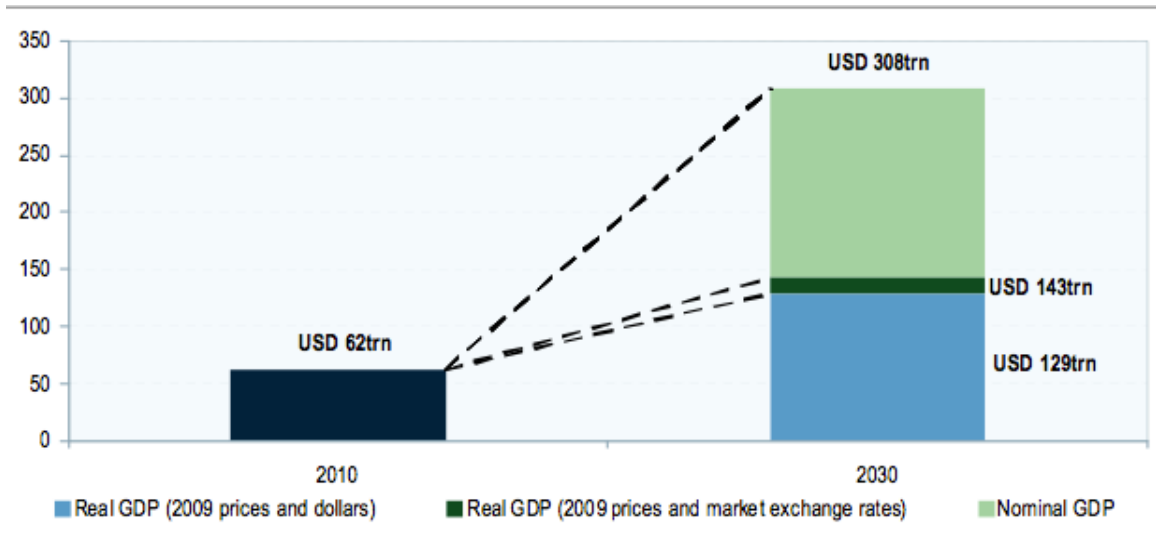
⁴ <http://www.britishcouncil.org/learning-research-english-next.pdf>

⁵ <http://globalization.kof.ethz.ch/map/> (Animated map showing 1970-2009 available at the site.)



Economic: Looking at the big picture, the world's economy is on pace to grow dramatically in the next two decades.

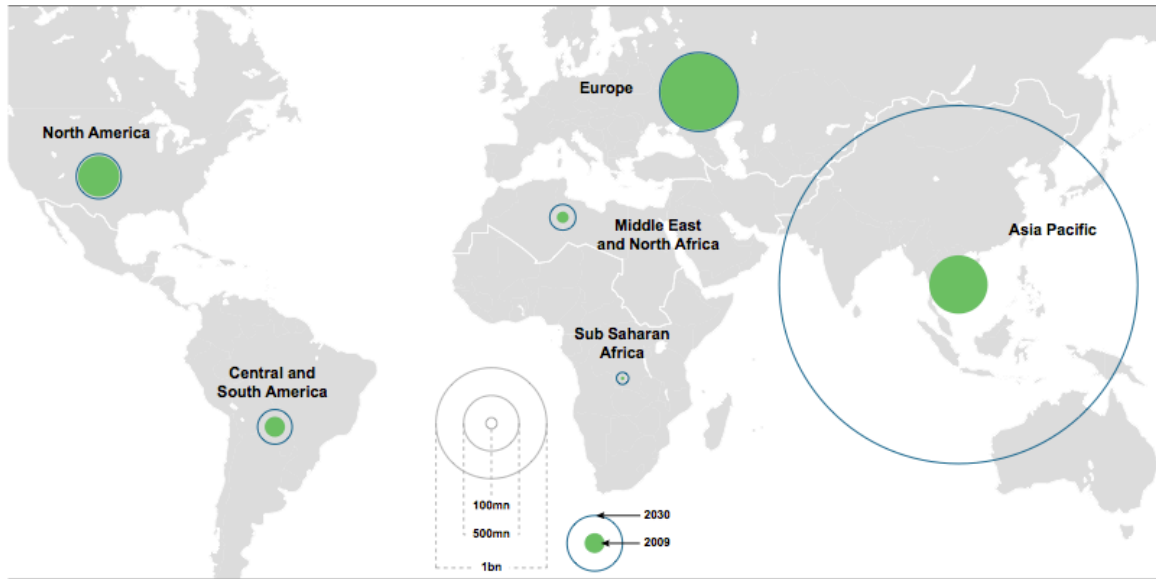
Size of World Economy in 2010 and 2030



(Chart taken from Standard Charter's 2010 SuperCycle Report. IMF data.)

Additionally, the middle classes are projected to grow dramatically, primarily due to growth in Asia.

Global Middle Class 2010 and 2030



(Chart taken from Standard Charter's 2010 SuperCycle Report. OECD data.)

Legal: Several governments around the world are mandating either that K-12 students study English or study it at younger ages. In Japan, for example, students must now study English in primary school. Turkey—in a current four-year, billion dollar initiative—is recruiting 40,000 native English speakers.

Social: Social pressures to learn English are huge. Popular world music is played on the radio, in clubs, etc. in every nation. Hollywood movies are in English, but shown around the world (with subtitles or dubbing).

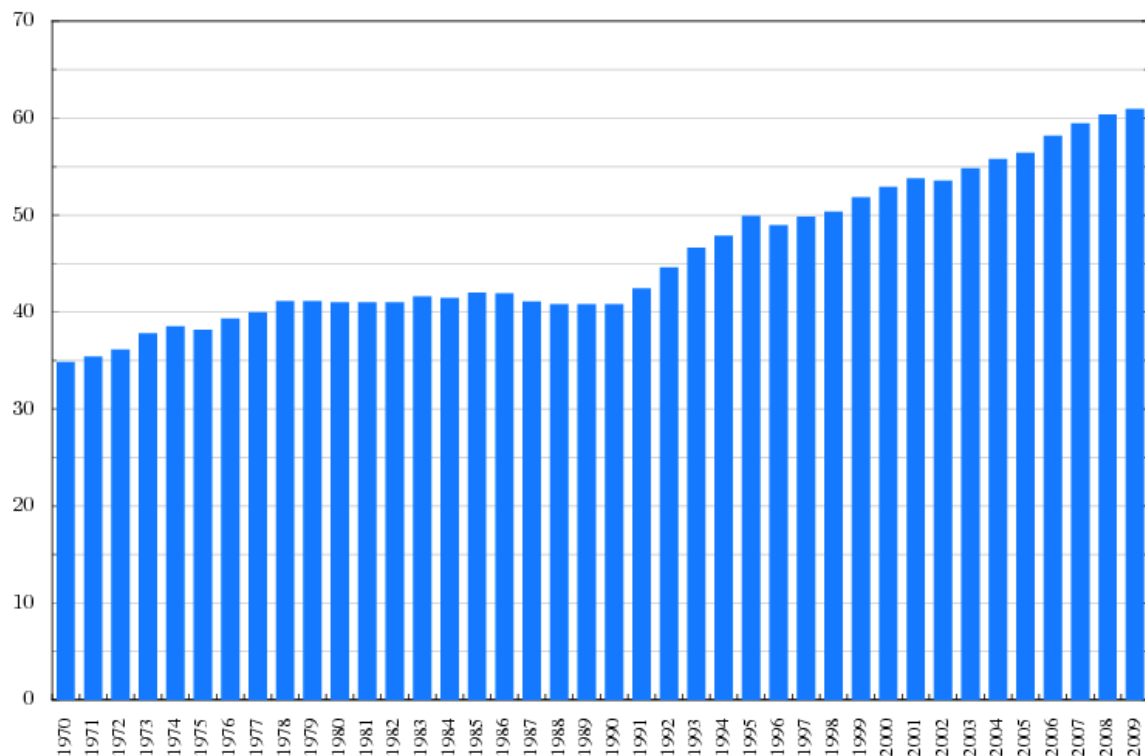
When traveling, it's safe to assume that most any hotel in the world has staff on hand that speaks English. Menus, displays in museums, etc. are commonly available in English.

For university students, especially in the sciences, they are often required to use English textbooks. Many of the top universities in the world are in America. Thus, students who wish to study at a top university should become proficient in English.

Finally, English is the default language for international business. Though business people may learn the native language, if they focus heavily on one other country (or a group of countries that share a language such as much of South America), those who deal with multiple countries depend on English.

Political: In general, political factors are moving the world closer together. As countries become more globally integrated, they use English to converse with the variety of nationalities they encounter. The following graph shows world political globalization from 1970-2009 as defined by embassies, membership in international organizations, participation in U.N. Security Council missions, and international treaties.

Political Globalization - World



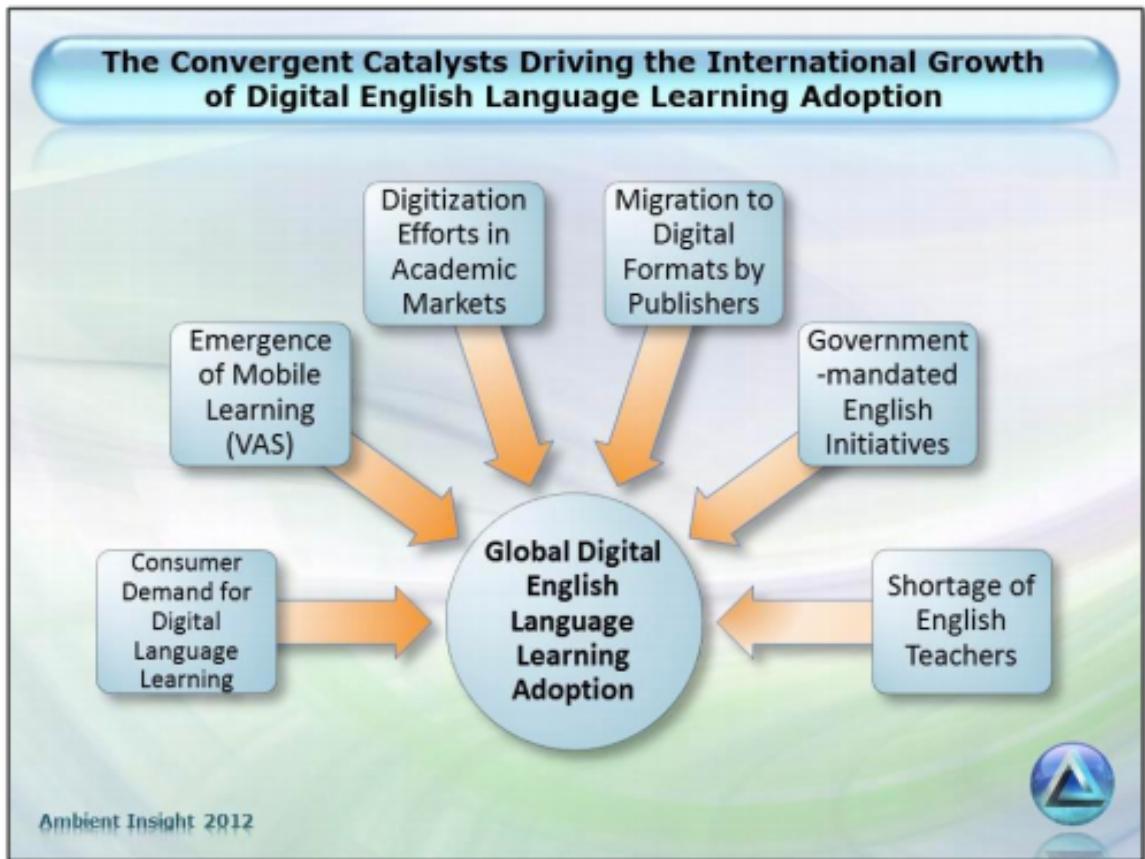
(Chart from KOF Index of Globalization)

Technological: The technology environment is changing business generally in many ways. For instance, traditional entry strategy questions can be made moot by technology when customers can access your website and make purchases from anywhere in the world.

More to the point, the technological environment is changing English language learning around the world. As students switch from traditional “book and classroom” methods to digital methods of learning, the market as a whole is predicted to shrink by 5% (\$35.9 billion to \$34.2 billion). Digital methods will cannibalize traditional methods and make it cheaper to learn English overall. However, by 2016 digital English language learning products will go from 3.7% of the market (\$1.31 billion) to 7.3% of the market (\$2.5 billion). So, we can see an opportunity to grow in this specific segment.⁶

Here, we can the drivers behind the shift to digital learning.

⁶ <http://www.ambientinsight.com/Resources/Documents/AmbientInsight-2011-2016-Worldwide-Digital-English-Language-Learning-Market-Overview.pdf>



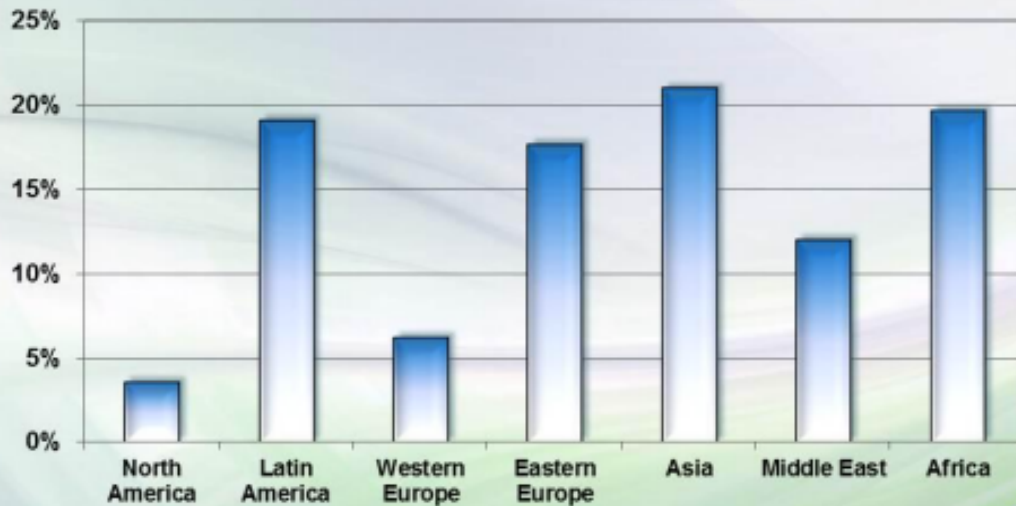
Digitization efforts around the world are a key trend as they effect PreK-12 education. For instance, by 2015 South Korea and Turkey will be 100% digital in schools.

In the chart below, we see growth occurring around the world. North America will remain the largest market despite experiencing relatively low growth.

2011-2016 Worldwide Digital English Language Learning Five-year Growth Rates by Region

Across All Product Types

2011-2016 Growth Rates by Region



Ambient Insight 2012



In 2011 the top buyers (in order) were the U.S., South Korea, China, Japan, and Brazil. In 2016 the top buyers will be China, South Korea, the US, Brazil, Japan, Turkey, India, the Russian Federation, Spain, and Poland.

EnglishCentral Company Overview

Company Background

EnglishCentral's investors include Google Ventures, Atlas Venture, SK Telecom Ventures, and Stonebridge Capital. They have a world-class team with impressive backgrounds in technology (especially voice recognition software), start-ups, and pedagogy.

Product Description

The core product lets users of EnglishCentral's site improve their English speaking skills. Students watch English videos, then listen to a sentence or two at a time, and record themselves saying the small section. The software on the site indicates whether they said it correctly and points out errors in pronunciation, timing, and intonation.

Students can choose videos based on topic or level. The general topics are: Social English, Business English, Travel English, and Media English. More than 20 sub-topics exist, so students can watch exactly the videos that interest them the most.

After attempting to repeat lines in the video, the software explains in detail how to correct errors and diagnoses recurring problems. For errors, you can listen to just the word or phrase you said incorrectly, and how the native speaker said it. It also manages vocabulary learning, suggesting videos to learn words through repetition.

Users get scores for each video. They can work to improve their scores and progress through levels.

For teachers, the site allows them to use pre-made courses or curate their own courses for their students.

Product Pedagogy

A proper SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis will follow below, but it is well worth devoting a section to the strength, in truth brilliance, of the pedagogy behind the site.

Most students who try to improve their speaking focus on studying grammar and vocabulary on their own—silently. This method does much to improve their vocabulary and grammar knowledge, a degree less to improve their reading and writing, and even less to improve their speaking.

Some students will spend a lot of time listening to native English. This is a better method for improving speaking and is the main reason why going to an English speaking country helps so much. Just being around the language and listening is valuable.

The best way to improve one's speaking is to actually speak a lot. Speaking with a language partner (native or non-native speaker) is valuable.

It is my personal opinion that EnglishCentral's product is even better. To understand why, think for a second of a baby learning a language. When they come out of the womb, they already have intonation patterns that are unique to their mother tongue. More specifically, babies first learn prosody (word stress, timing, and intonation). Long before they start making specific sounds, prosody patterns take hold. Grammar and vocabulary are placed on top of these fundamentals patterns of a language.

This is all very technical sounding, but anyone who has become adept at speaking a foreign language is familiar with the feeling of it suddenly getting easier. Words seem to flow and analytical thoughts of grammar and translation disappear. Several things are going on, but one is that once the fundamental structure of speech (prosody) becomes familiar, everything is easier.

This is the reason why listening to a language a lot—even without understanding—is so valuable towards becoming a better speaker. The student is learning the fundamental structure (prosody). It's the reason why the lazy student who goes abroad often outpaces the diligent student who stays home.

However, only three ways exist to get a student to practice prosody in a dedicated way. The first is to simply explain the concept and encourage them to pay attention to it on their own. (But usually students aren't properly motivated as this is quite different from the ways of studying they're used to.) The second is for a dedicated teacher to point out errors. (But most teachers find it difficult to do this as they become too easily accustomed to the student's prosody patterns.) The final is certain exercises that are created to focus a student's attention. These are best, but generally needed a teacher to review carefully or were a student marking up a worksheet without actually speaking much.

EnglishCentral's product is unique in that now students can work on the most important aspect of improving their speech, on their own, using videos that interest and motivate them to work harder.

Creating the product was a technical challenge. The program should note errors in natural sounding language while allowing for variation in native speech. This is not an easy problem and the software is still improving. The innovation that made it possible was huge amounts of speech data. The program improves as more and more recordings are collected and analyzed.

Product Segment

EnglishCentral's occupies the digital segment. Within that category, they occupy both the Self-paced eLearning and Digital Referenceware (eTextbooks) segments.

Company Organization

The main office, top executives, and core developers are in Boston. Foreign Direct Investment took place in the form of marketing teams working in Turkey, Japan, and South Korea. Further developers work in the Philippines. The company also has partnerships with businesses in places such as Hong Kong.

Growth Strategy

English Central was founded in 2009. During their first three years, they focused on building a large base of users. This meant that the product was mostly given away for free and paying members gained limited benefits.







In 2012, with a base of 220,000 global members, they reduced dramatically the features non-paying members could access. They will now focus on increasing paying members

Global Marketing Mix

Much of EnglishCentral's marketing mix is localized to specific markets. Below, I will examine the marketing mix in Korea in more detail. The product, price, and some online promotional activities are global.

Product: The product, as outlined above, is the same around the globe. All students have access to the same videos, etc. Content is initially in English, but the site can be used in eight languages.

Price: The initial pricing was done with growth in mind (the product was basically free). The membership price now seems to still care a great deal for growth, but also skimming (profit) has also recently become more important. After the initial global price is set, it is converted into the local currency and then odd-even pricing is used to choose the final price. Here's what the pricing looks like in Korea.

Pricing Plans		Basic	Premium
		Free	₩12,000 per month ₩60,000 for 6 months ₩96,000 for 1 year
	Watch Videos Choose from thousands of fully transcribed videos covering a wide range of topics.	✓	✓
	Learn Words Master vocabulary with our unique video based learning system that remembers every time you watch, learn or speak a word and manages when you learn words for maximum retention.	✓	✓
	Speak Videos Record yourself speaking videos and compare yourself to native speakers. Earn Pronunciation Points as you go to compete with your friends and classmates.	✓ 2 videos per month	✓ UNLIMITED!
	Courses Follow our curated video courses covering topics such as Business, Travel, Media, Social, Test Preparation and more. There are FREE courses as well as PREMIUM courses for you to choose from.	✓ 6 starter courses	✓ UNLIMITED!
	Are you a teacher or administrator looking for volume pricing? Contact us for more information »		Register. It's Free! 

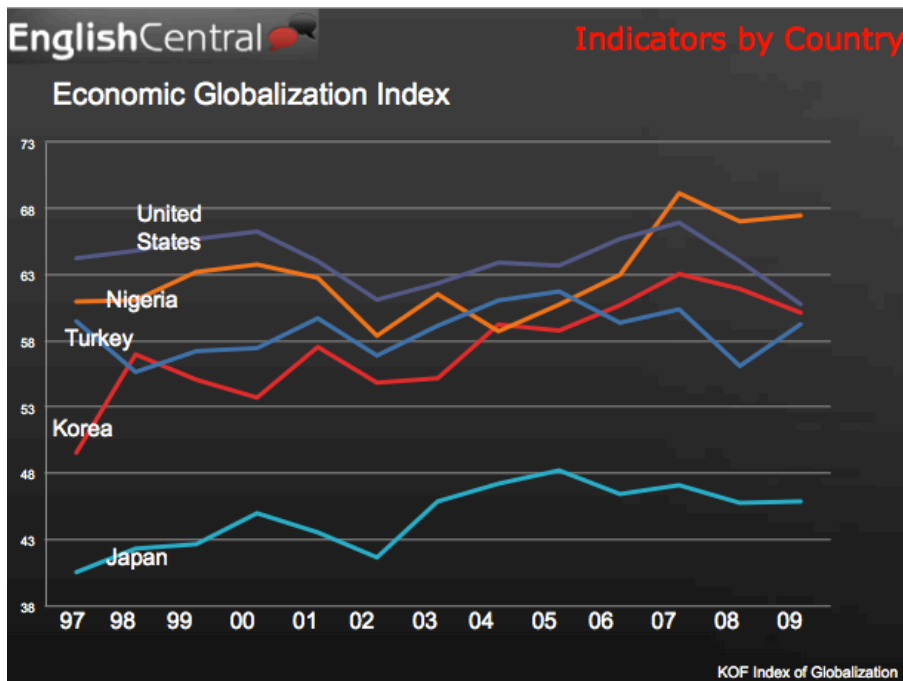
Online Promotion Activities: The website itself is the primary online promotional activity. One can find: product description, company description, testimonials, and get trial use. The email campaign alerts users of their current progress and reminds lax users of the service. The Facebook page and Twitter account alert

followers of new videos and other company announcements. The company blog discusses company announcements in more depth.

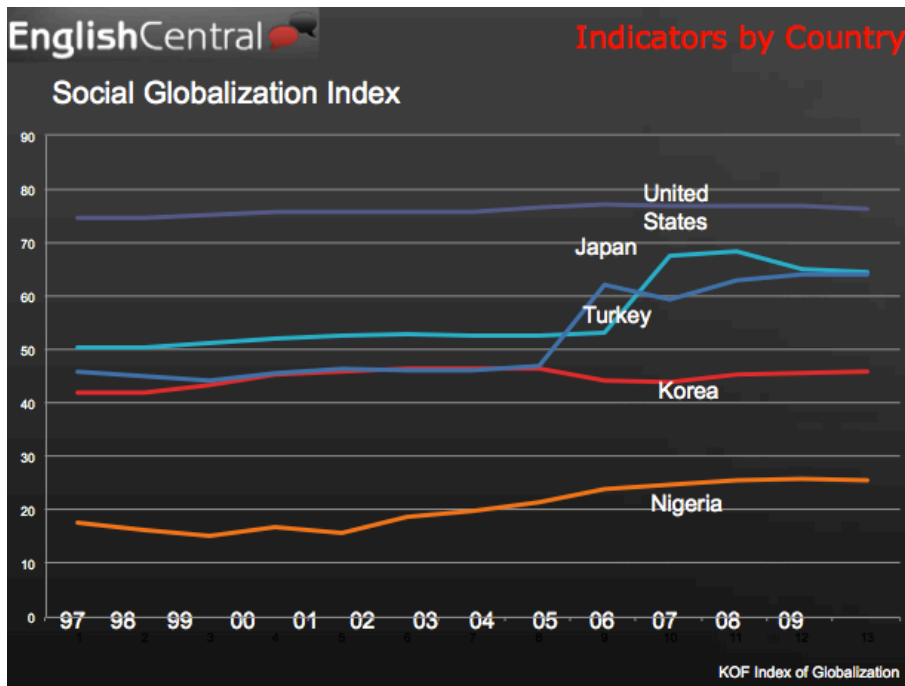
Foreign Market Entry Strategies

Based in Boston, USA, EnglishCentral has expanded using Foreign Direct Investment into Turkey, Japan, and Korea. They've also used local partnerships, including in Hong Kong. The rest of the world isn't invested in directly, but users in any country can use and pay for the service via the global version of the website.

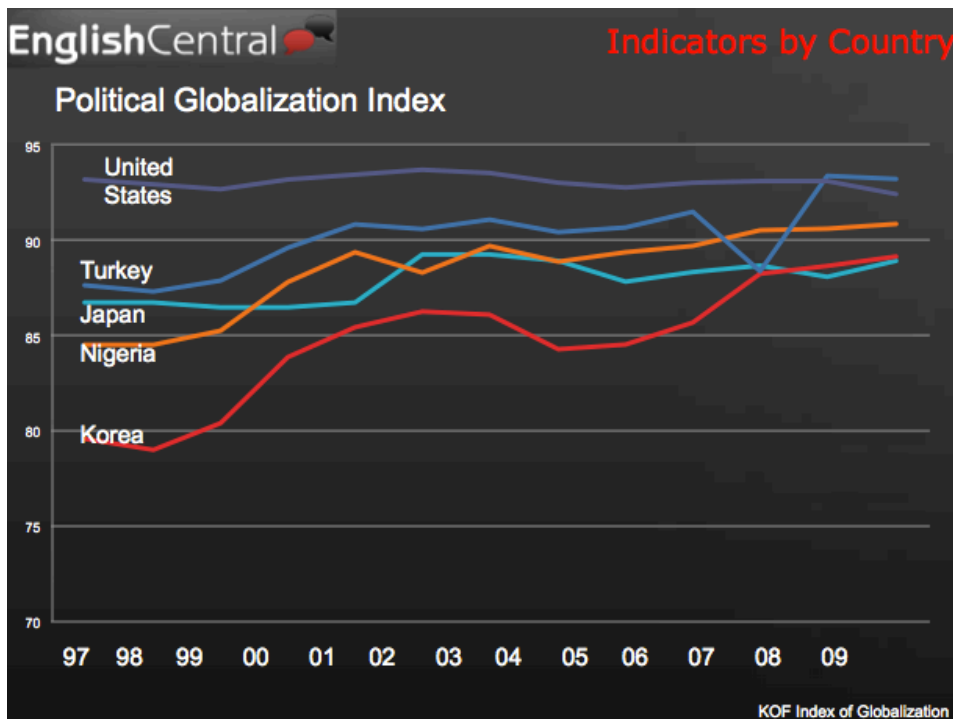
A broad comparative environmental analysis of the local markets EnglishCentral chose to enter through foreign direct investment is insightful. The following charts gauge globalization based on different conditions. The general point is that Turkey, Japan, and Korea are all attractive markets for EnglishCentral. The U.S. and Nigeria are included as benchmarks. (Comments follow each chart.)



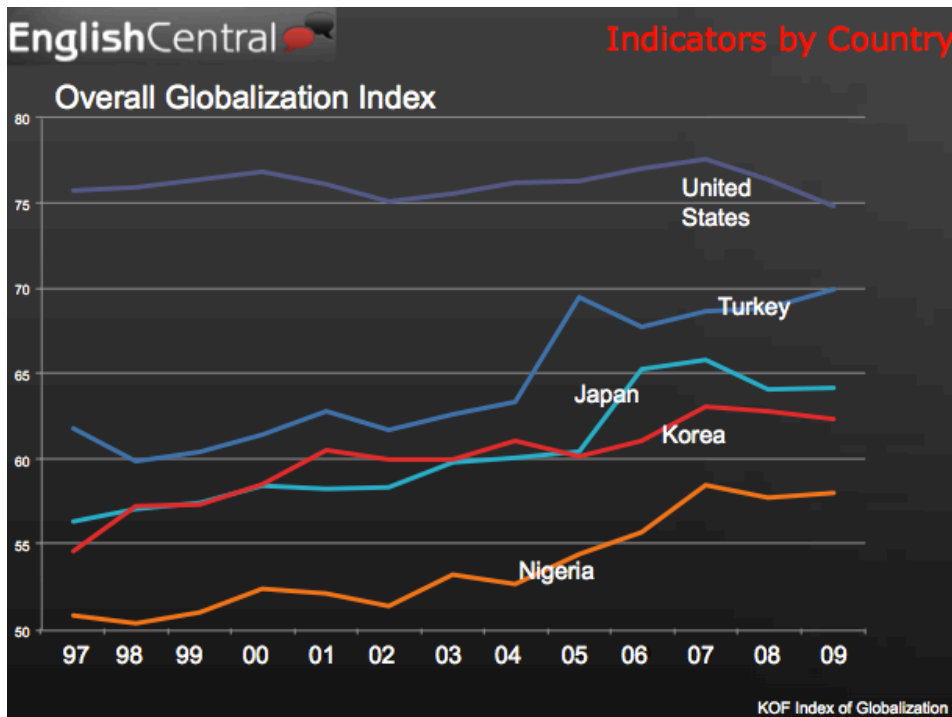
Japan is low because trade, foreign direct investment, and income payments to foreign nationals are all relatively low as a percentage of GDP, it means they aren't reliant on flows of money in and out of the country as much as other places.



Note the much larger range of the Y-axis. Korea ranks lower because of a low “data information flow” score and a low “cultural proximity” score. The scores, perhaps unfairly, includes the number of McDonalds and Ikea stores. They are also influenced by trade in books and foreign newspapers—indicating that Koreans apparently get less information from abroad. Korea is anecdotally known as being socially insular, but not more so than Japan.



All countries rank high due to membership in international organizations and many foreign embassies.



Overall, Turkey, Japan, and Korea all have relatively high scores.

Specific Economic Indicators in 2012

Indicator	Why?	Korea	Turkey	Japan
Balance of Trade	Linked with need for business English	Good	Bad	Medium
Business Confidence	Are businesses ready to spend?	Good	Good	Medium
Consumer Confidence	How about consumers?	Good	Good	Medium
GDP per Capita PPP	Do people have money?	Good	Medium	Good
Population	How many people now?	Good	Good	Good
Population Growth	How about the future?	Bad	Good	Bad

TradingEconomics.com

Based on economic data at TradingEconomics.com, I subjectively labeled the above indicators.

The final indicator that seems important is how much is spent on education.

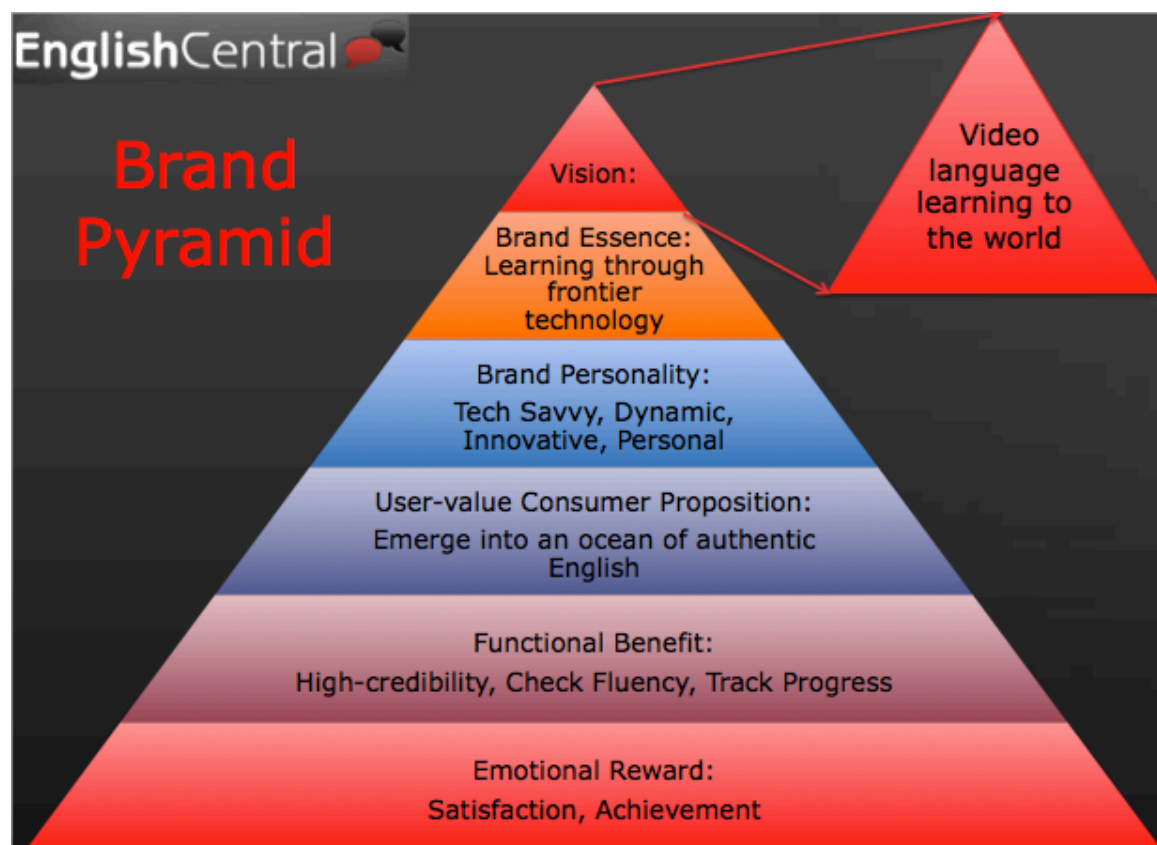
Government Spending on Education as a Percentage of GDP⁷

USA: 5.5% (Ranks 43rd in the world)
South Korea: 4.2% (Ranks 95th in the world)
Turkey: 2.9% (Ranks 136th in the world)
Japan: 3.5% (Ranks 117th in the world)

Local Marketing Campaigns

English Central is based in the USA, but has marketing teams in Turkey, Japan, and Korea. They localize efforts of the marketing mix relating to channels and promotion activities. They also localize targeting and positioning against local brands.

Brand Value Pyramid



(My interpretation based on interviews and the EnglishCentral website)

SWOT

⁷ CIA World Factbook (USA, South Korea, Japan 2007 Data; Turkey 2006 Data)

Strengths

- Personnel: EnglishCentral employs the top voice recognition people in the world. Moreover, the rest of the staff is experienced, global, and fast.
- Product: The product is unique in the market and the best digital platform for improving English speaking skills that has ever existed. Due to close connections with YouTube and technology knowhow, the product is only getting better.
- Customers: EnglishCentral has a strong base of university students and business partnerships to build upon.

Weaknesses

- Students need to be dedicated and work hard to improve
- Direct marketing to customers (B2C) is weak
- Brand recognition is low
- Internal knowledge of the market is weak and brand is not actively positioned
- Difficult for low-level students to use the platform
- Young learners are a huge part of the market, but untargeted
- Not a total solution to learning English (just speaking and vocabulary)

Opportunities

- Expand marketing to customers and businesses (especially with a social media campaign)
- Integrate with YouTube
- Expansion of content to suit young learners, lower levels, and skills beyond speaking
- Expand into mobile market with a smart phone application
- Expand into academy market with teacher-run classes

Threats

- Need to grow fast
- Technology copycats

EnglishCentral in Korea

Market Description

Size: I estimate the market size using a few methods. Data is a combination of interviews, OECD data, and Korea Statistics.⁸

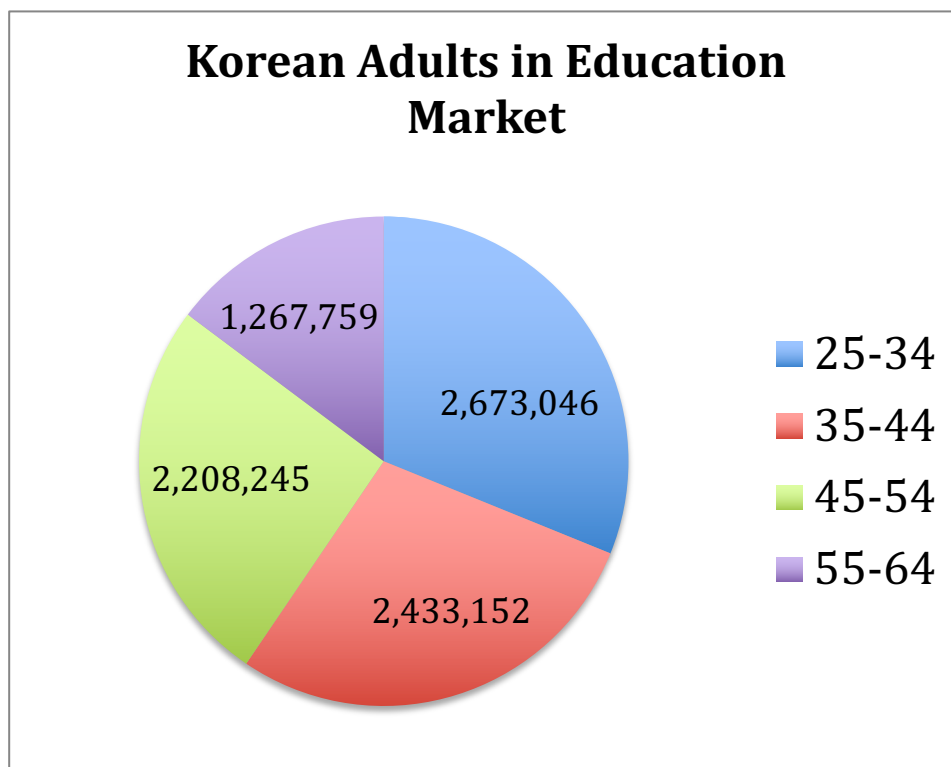
First, by one estimate, adult Koreans are “willing” to spend \$100/month on English education. There are 29.28 million Koreans aged 25-64. However, only 30% of adults participate in the education market. This would indicate Koreans are “willing” to spend \$10.5 billion per year on English education. (No doubt much too high, but still an interesting bench mark.)

Second, looking at students and focusing on just high school students (who are old enough to use the product), 34.8% of high school students have 78,000 won/month spent on their private English study. Korea has 1.962 million high school students. The total market is then \$580 million (639 billion won).

However, just 3% of the spending is on internet services. This means the Korean high school student market for internet English language learning is currently \$17.4 million (19.1 billion won).

⁸ <http://kostat.go.kr/>

A final way to approach the problem is to just to think of the number of adults studying anything by segment. It doesn't yield data on the English education market *per se*, but is insightful nonetheless.



See appendix for further Korean student data (in Korean language)

Competitors and Products:

The primary competitor is SpeakingMax. SpeakingMax has a website where students can speak and have their intonation checked. SpeakingMax reported having 34,000 current subscribers and their website indicates the most popular package is 312,000 won/month. Using these and reasonable assumptions about costs for employees, rent, utilities, etc., we can estimate SpeakingMax's 2012 net income at \$3.18 million.

Data								
34,000 Current Subscribers (called and asked, April 2012)								
312,000KRW Average Yearly Subscription Fee (Website indicates this is their "Best Seller")								
Everything else is a guess								
		Sales Forecast	2010	2011	2012	2013	2014	2015
		Subscribers	15111	22667	34000	51000	76500	114750
Exchange Rate: 1USD = 1100 KRW	1100	Revenue	\$4,286,061	\$6,429,091	\$9,643,636	\$14,465,455	\$21,698,182	\$32,547,273
		Revenue Reduction	\$3,214,545	\$0	\$0	\$0	\$0	\$0
		CoGS	\$0	\$0	\$0	\$0	\$0	\$0
		Gross profit	\$1,071,515	\$6,429,091	\$9,643,636	\$14,465,455	\$21,698,182	\$32,547,273
		Wages	\$606,061	\$909,091	\$1,363,636	\$2,045,455	\$3,068,182	\$4,602,273
		Marketing	\$642,909	\$964,364	\$1,446,545	\$2,169,818	\$3,254,727	\$4,882,091
		Depreciation	\$1,818	\$1,818	\$1,818	\$1,818	\$1,818	\$1,818
		Rent/Utilities	\$378,788	\$454,545	\$545,455	\$654,545	\$785,455	\$942,545
		Miscellaneous	\$642,909	\$964,364	\$1,446,545	\$2,169,818	\$3,254,727	\$4,882,091
		Operating Expense	\$2,272,485	\$3,294,182	\$4,804,000	\$7,041,455	\$10,364,909	\$15,310,818
		Operating profit	-\$1,200,970	\$3,134,909	\$4,839,636	\$7,424,000	\$11,333,273	\$17,236,455
Growth Rate (Employees)	50%	Operating margin	-89%	205%	199%	195%	191%	189%
Growth Rate (Subscribers)	50%	Tax	-\$410,732	\$1,072,139	\$1,655,156	\$2,539,008	\$3,875,979	\$5,894,867
Growth Rate (Rent/Utilities)	20%	Net income	-\$790,238	\$2,062,770	\$3,184,481	\$4,884,992	\$7,457,293	\$11,341,587
Average Subscription Fee/Year (won)	₩312,000							
Rate of Subscribers who Pay	100%							
Cost of Goods Sold Rate (CoGS)	0%							
Employees 2012	30							
Average Employee Cost (Wages, etc.) (won)	₩50,000,000							
Marketing as Percentage of Revenue	15%							
Initial Purchases in 2010 (won)	₩10,000,000							
Depreciation Period (years)	5							
Rent/Utilities (won/month) 2012	₩50,000,000							
Rent/Utilities (won/year) 2012	₩600,000,000							
Miscellaneous Spending as Percentage of Revenue	15%							
Tax Rate	34.20%							
			2010	2011	2012	2013	2014	2015
Revenue Reduction by Year		75%	0%	0%	0%	0%	0%	0%

Other competitors in the online segment include:

Tell Me More: Speech recognition software to improve pronunciation (but not targeted to Korean market).

YBM: Online versions of YBM's textbooks and special digital courses. Covers all English skills and levels.

Rosetta Stone: Digital software for learning a language. Covers all skills and levels.

MyLab: Pearson's online package essentially puts their textbooks online.

Consumer Behavior Analysis

Methods of Studying and Products: Outside of required English classes at school and university, the majority of Koreans prefer to study at academies. Data on where Korean elementary, middle, and high school students pay for private English education is insightful.

English education spending for Korean students by segment⁹

Academies: 43.4%
Testbook Visiting 16.6%
Group Tutoring 11.1%
One-on-one Tutoring 10.6%
Internet 3%

Note: Testbook visiting and Group Tutoring are more popular amongst elementary school students. One-on-one tutoring and Internet are more popular amongst high school students.

Popular academies include: YBM, Pagoda, Hackers, WSI, SDA, Wonderland (young learners), CheongDam Learning Institute.

The most popular products are textbooks. Many academies sell house materials (Pagoda, Hackers, etc.). At universities, books from the publishers Pearson, Oxford, and Cambridge are popular.

For online English learning, several competitors exist, but no one dominates the market. These include: SK learning platform, SpeakingMax, and most traditional publishers, who have put their content in an online format with minimal modifications.

Key Values: Amongst the many values identified in the world education market, we can note that educational, an organized program, price, and motivating materials are especially important in Korea.

Trends: Regarding Learning/Teaching techniques, the Korean exam for prospective public school English teachers is heavily influenced by communicative teaching techniques. The young generation of English teachers and following generations will further deepen this trend.

Academies are incredibly popular. 43% of primary, middle, and high school students attend an English academy.

The technology trend in Korea is quite strong. By 2015, the Korean government has mandated that schools be entirely digital (in other words, all the students will be using tablets and web resources all time).

Brand Recognition: *I've not included internal numbers here, but it's enough to say that both the number of passive and active users are relatively low compared to the total market size.*

Segmentation

Segments and Targeting: The key consumer segments for EnglishCentral in Korea based on avenue are: Higher Education and Corporate. Academies are also important.

⁹ <http://kostat.go.kr/>

The consumer segment based on materials is: Digital

Demographics: Looking at the demographics of the above segments, we can say that the corporate students will be 25-64 years old and affluent. The university students are 18-25 years old and academy students are 13-18. Both have money set aside or from their parents for modestly priced education spending.

Lifestyle and Interests: Corporate students are likely to be doing international business and travel. They are also often interested in international culture. Teenagers and university students are often interested in trendy movies and music. University students are excited to travel.

Environmental Analysis and Entry Strategy

Please see above section “Foreign Market Entry Strategies” in the EnglishCentral Company Overview section.

Marketing Mix

Beyond the global marketing mix, channels and promotion activities are localized.

Channels: EnglishCentral in Korea engages in B2B marketing by contacting companies through business networks and making direct pitches. They also do the same with universities. They seek to partner with local academies to get them to adopt the website and sell it their students as a middleman.

Finally, they make pitches to teachers at presentations and workshops, who then use the site with their students.

Promotion Activities: These include: conventions, seminars, brochures, giveaways of site memberships, and networking.

Positioning: Looking at the main online competitor, SpeakingMax, EnglishCentral positions themselves as more educational, more interesting, and cheaper. SpeakingMax is positioned solely for the Korean market. Their promotional materials are all in Korean and designed to match Korean tastes. (For example, the website appears cluttered and busy to the Western eye, but this is usual and attractive for Koreans.) Regarding points of parity, both record students and give them feedback to improve their speaking.

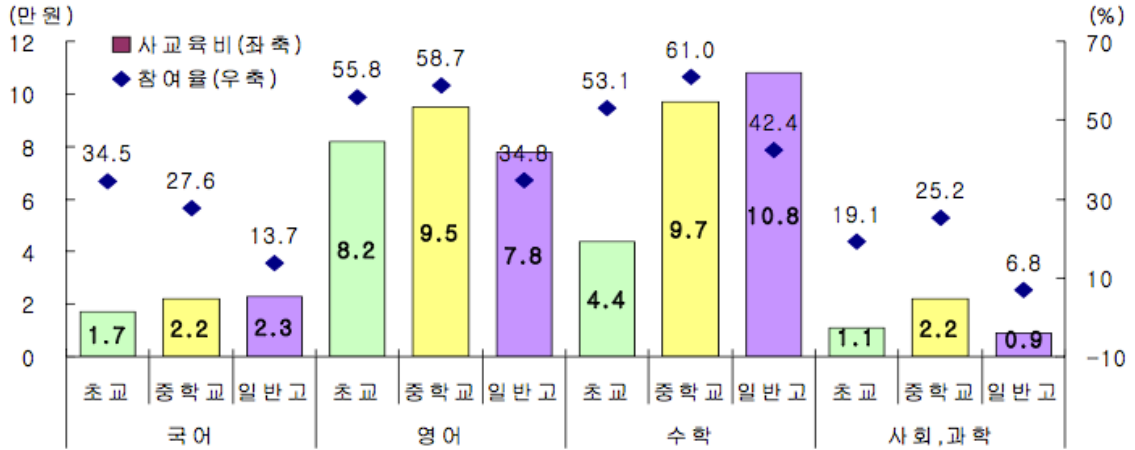
Recommendations

EnglishCentral has created an astoundingly valuable product. This is the main point. As with any great innovation, though, competitors will eventually catch up. To stay ahead, EnglishCentral should grow as fast as possible. Here are some humble recommendations.

- In marketing, find more ways to emphasize the educational value and make sure everyone in the company constantly includes them.
- Embrace the fact that it's hard. Turn the weakness into a strength. Build endurance/resolve/accomplishment into a key brand value (to go along with educational).
- Embrace the global lifestyle and interests of the users and include global interests in the key brand values.
- In order to raise active members and emphasize the brand elements, create a social media campaign that supports the key brand elements and builds a community. The idea is that members of a community will be more excited about the product. A social media campaign should include targeted advertising on Facebook and use daily posts including:
 - Pictures of the EnglishCentral team to make users feel close to the product by feeling close to the creators. (Personalize the brand.)
 - Rather than just posting new videos, post challenges. Ask users how well they did to give them a chance to show off.
 - Reward top users by recognizing them on the page.
 - Posts that emphasize the educational value.
 - Posts that emphasize the global lifestyle.
- Use surveys and data analysis software to figure out what's important to different segments in key markets. Build what is learned into the marketing mix.
- Pricing seems like it was aimed at the self-study segment, but other marketing mix elements are aimed at other segments. Resolve this contradiction.
- In Korea, don't worry about SpeakingMax. EnglishCentral is already clearly positioned better in all important areas. EnglishCentral just needs to market better, not change positions. Plus, both companies are stealing customers from academies, etc., not from each other. Their growth is actually good for EnglishCentral as it grows the digital segment.
- To grow the self-study segment, create events targeting them and cultivate media relationships. This, along with a social media campaign can build buzz.

Appendix

<그림 3> 일반교과 과목별 사교육비 및 참여율(2011년)



55.8% of elementary school students spend 82,000 won/month on private English study

58.7% of middle school students spend 95,000 won/month on private English study

34.8% of high school students spend 78,000 won/month on private English study

3.299 million total elementary school students (ages 6-12)

1.975 million total middle school students (ages 12-15)

1.962 million total high school students (ages 15-18)

<그림 10> 학년별 사교육비(2011년)

