



## An Application of Business Model Canvas for online Chinese Language Institutes in Thailand

Setthi-orn Ruenroeng<sup>1</sup>

<sup>1</sup>International Chinese College, Rangsit University, Pathum Thani, Thailand

### Abstract

This research used the business model canvas proposed by Osterwalder and Pigneur (2010) to explore the business model of online Chinese language institutions in Thailand. Through the use of nine facets of this business model, we conducted face-to-face in-depth interviews with five industry experts and came out the recommendations for business operation improvements. The four main areas of business operation of the online Chinese language institutions include How, What, Who, and Money. All these can be organized in the nine facets of the business model architecture, which are value proposition, key resources, key activities, key partners, customer segments, access, customer relationship, revenue source and cost structure. With the use of logical structure of business model canvas, we were able to integrate a complete and practical business model canvas for the current Thai online Chinese language institution operators and investors-to-be who are interested to initiate an online Chinese language institution business. This business model canvas could be an efficient and implementable business model for the operation of online Chinese language institutions.

**Keywords:** *Business model canvas, BMC, Online Chinese language institute*

### 1. Introduction

Chinese is estimated to be the three most spoken languages in the world including English and Spanish. Chinese (and all of its varieties such as Mandarin and Wu) is by far the most spoken language across the world with 1.28 billion speakers. That's approximately 16% of the world's population. Indeed, Mandarin is the most spoken with about 898 million speakers (McCarthy, 2018). Thailand and China have a long relationship since Chinese people migrated to Thailand, the learning of Chinese was begun.

Nowadays, there are many online courses, digital classrooms or Massive Open Online Courses (MOOCs). Those are the courses that can help general people to learn something everywhere and anytime with a reasonable price from the top colleges. This is the revolution of learning from a passive to an active classroom. The classroom is more interactive and also project-based which can respond to the target group who can adapt the lesson into real life. In the near future, they will be mass-customised; on the other hand, the lesson will be more adaptable and suitable to learners (Singh, 2016).

The Chinese online institutes expanded in Thailand rapidly. The business model and content is similar. The differences that can separate from each institute are the popularity and the teacher's reputation. Even though, some institutes made social media clips with high sharing numbers, it cannot get attention from real target groups or general people to take courses (Suchonvanich, 2018).

Therefore, the institutes did not pay attention to make people remarkable and refer to the brand when they wanted to take Chinese lesson. This is because the owners did not know how to manage or promote the business. The researcher found out that the Business Model Canvas could help these owners adapt and develop the institutes to be successful and well-known (Amarsy, 2015).

The online learning concept (Sudaw, 2014) told that online learning is based on the computer and Internet to transfer the lesson into a new form which is called e-learning. Online learning has many advantages for example the lesson is up-to-date and it is flexible for learners. At present, the Internet is easy to find and the learners can learn new lessons without limitation. They do not waste time staying at home or a real classroom to learn and it can save time from travelling.

The business model canvas has been designed in a fashion in which all the important factors which require keen attention are all presented in a single layout. A single layout is highly necessary before starting



up an entrepreneurial venture or devising a strategic plan as then all the key factors are given an optimum amount of attention and none are neglected (Osterwalder & Pigneur, 2010). This model has been found that 36% of using the canvas develops of an entirely new business and another 21% is used for developing new product and service within existing business model.

There are nine key blocks to develop a successful business model from using business model canvas as follows (Osterwalder & Pigneur, 2010);

1. Customer Segments – for whom the business is operating and creating value. A company can be targeting similar individuals or a group of different segments.
2. Value Propositions – identifying how the business is creating value for its customers and supplying them what they need/want.
3. Channels – how the business seeks out to reach its customer segments with the value propositions it has to offer.
4. Customer Relations – the measures which the business takes to maintain healthy relations with its customer segments.
5. Revenue Streams – after having supplied the customer segments with what it desires, the business looks forward to generating a profit from the healthy relationship.
6. Key Resources – the assets required by the business in order to supply the customer segments with the value proposition the business has established for.
7. Key Activities – the main elements which the company or business needs to focus upon in order to produce the value proposition for the customers.
8. Key Partnerships – identifying suppliers/partners which allow the business model to function and operate successfully.
9. Cost Structure – recording all the costs which the business model incurs in order to operate successfully.

The performance of an existing organization can easily be improved using the Business Model Canvas. All company aspects are made clear at a glance because of the visual aspect. By looking at the developments per category, an organization can fine-tune its value proposition and structurally improve its strategy. When setting up a new company a clear decision can be made in advance uses the Business Model Canvas (The Strategyzer, 2018).

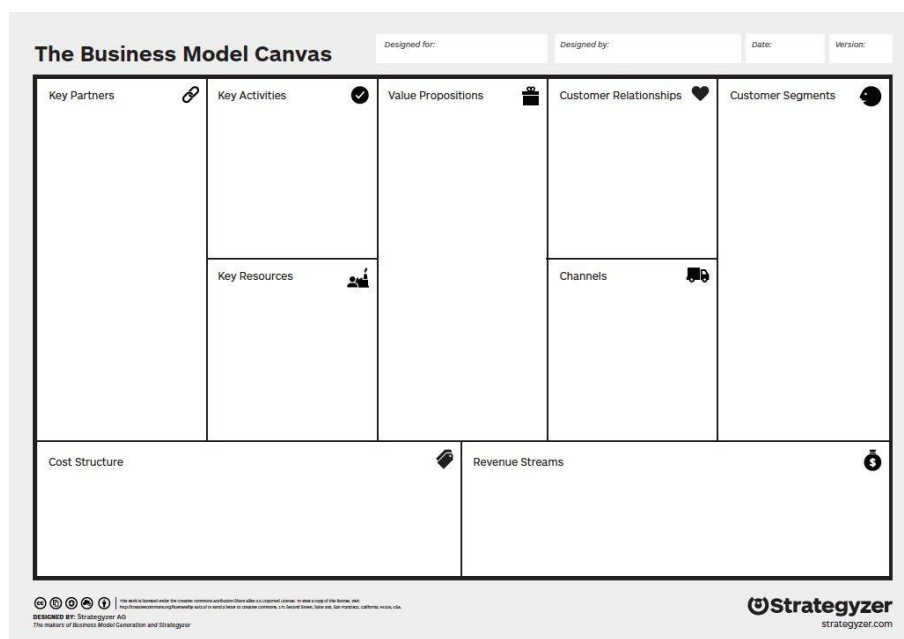


Figure 1 Business model canvas: nine business model building blocks



## 2. Objectives

1. To study the development of Chinese online institutes in Thailand and
2. To study about the adaptation of the Business Model Canvas in Chinese online institutes on Thailand

## 3. Materials and Methods

This section should provide enough details to allow full replication of the study by suitably skilled investigators. Protocols for new methods should be included, but well-established protocols may simply be referenced.

This research was qualitative research. The researcher decided to do in-depth interview and made the questionnaire by using the collecting data from review literature. The structured interview was used in this research. All the questions were the same and it was open-ended interview. The material for collecting from interview was adapted from building blocks from business model canvas.

According to Thailand Internet User Profile 2018 survey, it is found that Facebook is the top one social media in Thailand (Electronic Transactions Development Agency, 2018). Therefore, the researcher selected the interviewees of online Chinese institutes from Facebook key word search by searching for "learn Chinese online". Three online Chinese language institutes with more than 50,000 followers and two online Chinese language institutes with less followers were selected. The basic information of the interviewees are as follow.

**Table 1** The information of the interviewees

No.	Gender	Age	Facebook Page	Years	Education Background
A	F	31	Learn Chinese Online	8	Master of Arts in Teaching Chinese as a Foreign Language, Xiamen University, China
B	F	43	Chinese Expert	7	Bachelor's in Chinese Language, Jinan University, China
C	M	32	Pump Chinese	8	Master of Business Administration, Chulalongkorn University, Thailand
D	F	42	Zao An	15	Bachelor's in Chinese Business, National Taiwan Normal University, Taiwan
E	M	31	Click7Club	2	Bachelor of Arts (Business Chinese), Assumption University, Thailand

## 4. Results and Discussion

The researcher collected primary data from interviewing five online Chinese institute owners. The interview questions were corresponded with the nine-business model canvas and the results are as follows:

1. Customer Segments means the target group and the differences between the target groups.
2. Value proposition means the service offered to the online customers or how to respond or answer the problems for each target group.
3. Channel means how the customers know the institute, how to communicate with customers, which channels use to promote the institute.
4. Customer relationship means how the online customers need the institute owners to treat them, what kind of relationship that the owners try to keep, what is the cost that they usually use to promote, and which way is the best result.
5. Revenue Streams means the main income, where it came from, what kind of customers use to pay for the course.
6. Key Resource means the main services that the owners use, how to keep channels and customer relationships and what is the main source of income.
7. Key activity means promotion that can access to the target group, the main activity that can bring to the customers and how to keep them, and the main activity that can earn the major income to the institute.
8. Key partners means who are the owners' most important partnership or supplier, what did they gain from the partners' activities, and what did they do about the activities.



9. Cost structure means the main costs and the variable costs.

**Table 2** The collecting data from interviewing online Chinese institutes' owners by applying BMC to interview

	<b>Interviewer A (Teach Chinese Online)</b>	<b>Interviewer B (Chinese Expert)</b>	<b>Interviewer C (Pump Chinese)</b>	<b>Interviewer D (Zao An)</b>	<b>Interviewer E (Click7Club)</b>
<b>Customer Segment</b>	- Working women	- Working people - Far from home and the travelling is inconvenient	- They do not have time that match with the institute	- School students - College students - Working people - Businessman - Travelling is inconvenient	- School students - College students - Working people - General people who interested in learning by using promotion - Do not have specific free time
<b>Value Propositions</b>	- Basic Chinese - Chinese for interviewing	- Chinese Pinyin - HSK3 - Conversation	- HSK 3-6 - Chinese for tour guide	- HSK - PAT7.4 - Chinese for business - Conversation - Chinese for travelling - Chinese for massagers	- Daily Chinese - Conversation for beginner, intermediate, advance - Conversation for tour guide - Chinese for business - Chinese for cabin crew
<b>Channel</b>	- Facebook Page - Instagram - Line@	- Website - Facebook Page - Line@	- Facebook Page - Instagram - Line@ - Twitter	- Facebook Page - Word of mouth	- Facebook Page - Line@ - Word of mouth
<b>Customer Relationship</b>	- Line Chat - Homework	- Line Chat - FB Messenger - FB Live	- Line Chat - FB Messenger	- Line Chat - FB Messenger	- FB Closed Group - FB Messenger - Line Chat - Line Group - Monthly Meeting
<b>Revenue Streams</b>	- Subscription Fee - Online banking	- Subscription Fee - Online banking	- Subscription Fee - Special speaker - Online banking	- Subscription Fee - Online banking	- Subscription Fee - sponsor - MC - Special speaker - Online banking
<b>Key Resources</b>	- FB Content - Mobile Application - Notebook - Mobile Phone	- Experienced Tutor - Generated Content - Share Content to Learn Chinese in FB Group - Mobile Application	- Experienced Tutor - Generated Content - Share Content to Learn Chinese in FB Group - Mobile Application	- Experienced Tutor - Video Content - Mobile Application - Notebook - Mobile Phone	- Experienced Tutor - FB Content - Video Content - Class Studio - Online Service Platform - Mobile Application - Mobile Phone
<b>Key Activities</b>	- Create Content - Create Video Content - Share Content	- Create Content - FB Live 2 times a week - Share Content - Text book	- Create Content - Share Content - Text book	- Create Content - Share Content	- Create Content - Share Content - Online Community via Line@ and FB Group



	<b>Interviewer A (Teach Chinese Online)</b>	<b>Interviewer B (Chinese Expert)</b>	<b>Interviewer C (Pump Chinese)</b>	<b>Interviewer D (Zao An)</b>	<b>Interviewer E (Click7Club)</b>
<b>Key Partners</b>		- Production house team			- Content Team - Tutor Team
<b>Cost Structure</b>	- Tutor fee - Wi-Fi fee - FB Ads - Computer - Mobile phone	- Time for create content - Line@ package - FB Ads - Marketing Cost - Tutor fee - Partnership management fee	- Time for create content - Line@ package - Marketing cost - Tutor fee	- Tutor fee - Wi-Fi fee - Computer - Mobile phone	- IT infrastructure cost - Tutor fee - Rental fee - Marketing cost

After interviewing the Chinese institutes' owners by using BMC to interview and analyze, the researcher would like to suggest the institutes' owners for improving business by using nine BMC factors as follows:

#### 1. Customer Segments

The interview showed that the target group can separate into two groups: one for examinations and one for communication skills. The main reasons for choosing online learning were time and travelling.

#### 2. Value Proposition

The interview showed that Hanyu Shuiping Kaoshi (HSK) level 3-4 was the most popular because it could be used for applying job. Moreover, Chinese for beginners, conversation and daily Chinese were original and always popular in every institute. The owners could show the value proposition to make it different for example Chinese language for special occupation, Chinese in business or online classes that could arrange for specific request. This was the strength point for the business.

#### 3. Channels

The result showed that Facebook was the most popular platform that the target group used to communicate with the institute follows by Line@, Instagram, and Twitter. The institute should have the entire social media platform to gain more customers. However, the online Chinese institutes' owner told that the best channel was word of mouth and they applied to social media.

#### 4. Customer Relationship

This was the important part of the business and the target group because most of the learners would always need help and customer relations could be the first who solved the problem for them. Most of the owners used mobile applications to communicate with the learners because some applications were free, easy to use and fast to respond. Online admins would respond and help the learners rapidly.

#### 5. Revenue Stream

The main income was from registration fees. If the teacher was well known, the extra income would be from being a special speaker. The payment would be made by online banking. There will be more transactions in the near future for outbound learners for example online credit card or Paypal.

#### 6. Key Resource

Content, video content, or Facebook live were the key resources to get the target group. The more trendy content, useful, and different will make the readers become customers.

#### 7. Key Activities

The online Chinese institutes' owners told that creating content, developing product and new features on Social channel should be implemented. Also, the online community should be set up to keep customer relationships.

#### 8. Key Partners

From interviewing, the researcher found out that they did not have partnerships. The owners prepared everything from the beginning such as textbooks; create content, online marketing, and customer



relationship. According to the technology, if one has a smartphone, it could do everything. If the business gets bigger, the owners said they should have partners in both teaching and managing for example: tutor teams, create content team, admin, freelance photographers and a learning Chinese community.

#### 9. Cost Structure

The fixed cost was rental fee, salary, tutor fee, and IT infrastructure cost, variable cost including electricity fee and marketing cost. It is dependent on the promotions and seasons. The most unforgettable cost was time to create content which was different from the competitors.

The research about an application of Business Model Canvas (BMC) for online Chinese language institutes in Thailand could be analyzed as follows:

1. The interviews with the five online Chinese institutes' owners as aforementioned reveal that there are two main student groups interested in the online Chinese learning. The top one is the students aged between 13 to 23 years old, who are currently studying in high school or university. This group of students are interested in HSK course. Running down is the students aged between 23 to 33 year old, who are required to use Chinese language for their careers, i.e. tour guides, massagers, and cabin crews. The finding was consistent with the Confucius institute in Thailand said that Thailand has the most Confucius institutes which is 13th place around the country and it has 11 Confucius classrooms. In 2010, the statistics from the Office of the Higher Education Commission or OHEC said that students who are interested in studying Chinese is increasing from 460,000 to 800,000 (Yao, 2018).

However, the rapidly changing of technology and online digital effects someone who wants to learn Chinese earlier. Because the platform can be learned anytime, anywhere and any material. This was consistent with Teaching Chinese as a Foreign Language with Information and Communication Technology (ICT) found out that China has developed and supported the use of ICT seriously and continuously. ICT technologies that are useful and suitable for the application of Chinese language teaching in Thailand are websites, mobile learning, chatting software, ICT technology in Chinese testing, electronic dictionary, comics and animation, blog, tag cloud or word cloud, ICT for Chinese language lessons, data warehouse or corpus, software, game, E-learning and Hybrid Learning (Suchonvanich, 2018).

2. The research also found out that the online owners did not adapt the online institutes in other ways. This was because the owners graduated in language not in business. So, the elements of the Business model canvas (Osterwalder & Pigneur, 2010) were a tool for assessing the interrelations of Online Chinese language institute's strategy and its processes (Phutip, Naruemon, Duangjai, & Santidhorn, 2018). It also showed that Business model canvas is suitable for business owners who want to expand their business. It will identify the weaknesses and strengths of the business operation to assist with their future development. The analysis of the Business model canvas in online Chinese language institutes in Thailand found out that the Business model canvas could help generate income from educational context and it could help begin the new performance business model. It could be seen that key resources, key activities and value proposition from all five business owners were different. Moreover, the researcher found out that key resources and key partners could go together for developing new business model in the future. This was consistent with Orsolya, Laszlo, Mislley, and Krisztina (2016) who represented the special research model which was applied in the project, is based on the Business model canvas. The BMC model is a tool to link organizational strategy to its core processes. Although the model originated from business and management sciences, it can also be applied to the pedagogical context, especially in case of private educational institution which must be working as a business in order to sustain itself.

#### 4.1 Suggestions

The research about "An Application of Business Model Canvas (BMC) for online Chinese Language Institutes in Thailand" has suggestions as follows:

1. Government shall develop a computer act of legislation to support the online teaching and learning.
2. The university board shall develop some basic business courses for students who study linguistics.



3. The institute owners shall develop post-test in mobile application for learning result verifications.
4. The institute owners shall promote the importance of Chinese language for new target group.
5. The institute owners shall develop online digital courses for high school students or above because too much use of digital products might have side effect to children development.

4.2 Suggestion for future research

1. The researcher may further study the suitable courses and subjects for different ages of student groups.
2. The researcher may make a comparison of old-style teaching and new-style teaching for possible developments for language institutes.
3. The researcher may study the business model with other models to compare with the BMC model.

5. Conclusion

The objective of this research was to study current trends of online Chinese institutes business model by using BMC to help developing business. The researcher collected both primary and secondary data. From the study, the researcher found out that 80% of the institutes' owners directly graduated in language majors but they did not have enough business skills. At present, there are highly competitive in online businesses, if the institutes' owners could study about this model, the owners will have a strong business and could support all problems that they faced. So, the owners will know and can handle the rapidly changing needs of target groups which this model is accepted in marketers and start-up business owners.

In conclusion, the researcher can summarize the suitability of BMC that can be used for online Chinese institutes as following details:

Business Model Canvas - Online Chinese Language Institute in Thailand

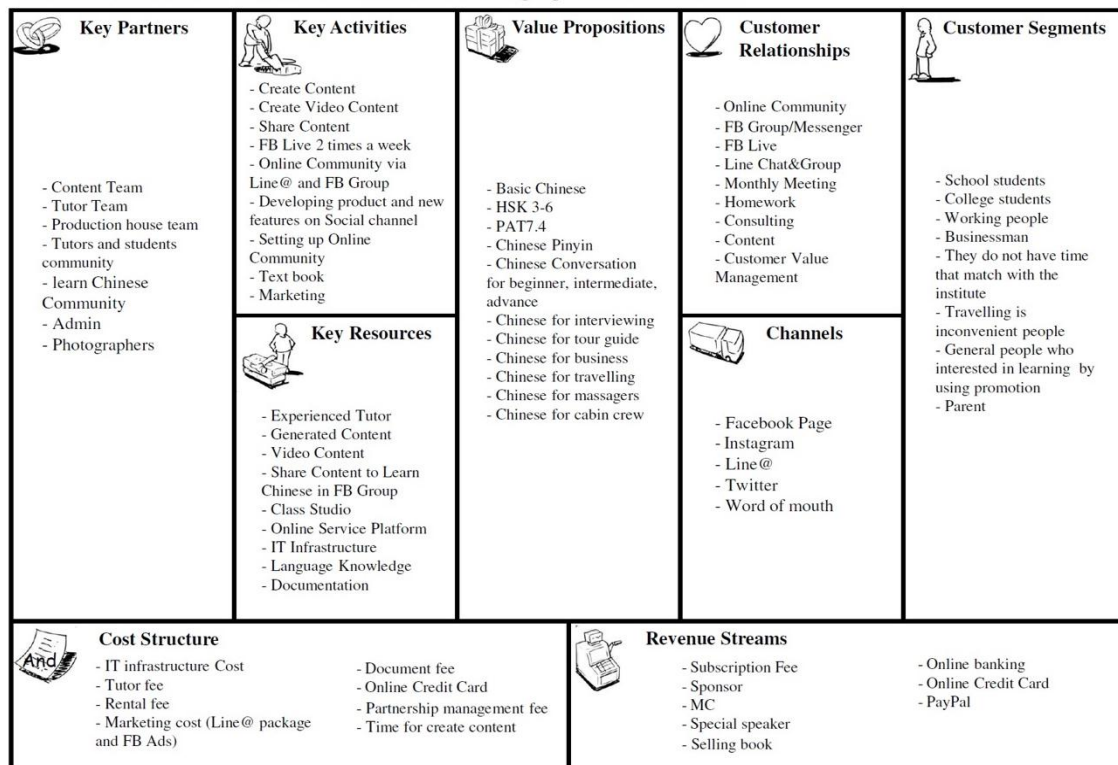


Figure 2 Applied business model canvas for online Chinese institute in Thailand



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