

# Second part use destep analysis marketing essay



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This chapter presents the theory we are going to use in the CBE case. It includes six parts. The Second part use DESTEP analysis and Hofstede's Model of National Culture to show the external environment of CBE. The third part use Boston matrix approach to show CBE's market share. Fourth is marketing mix literature, the original 4Ps, product, price, place and promotion. Later developed to 7Ps, the extra three elements are people, process and physical evidence. Then is promotion mix, such as advertising, personal selling, sales promotion and public relations etc. The last part is an description about E-learning.

With the help of a DESTEP-analysis we can get an overview of CBE's external environment and its developments. Hofstede's model of culture was used to differentiate one national from another by different dimensions. Boston matrix shows market share and market growth. The theory of marketing mix will assist to find out the answer of research question what the market size. Promotion mix literature can help us better understanding market strategy. E-learning can inspire us what's the new business model for language training.

## **2. 1 Macro-environment factors**

### **2. 1. 1 DESTEP analysis**

#### **Theory**

DESTEP represents demographically, economic, social/cultural, technological, ecological and political. It offers a general analysis of macro factors which may influence an organization's business and operation.

·D: Demographic

As we know products and services are made for the population, so its nessceary to know the market size and market structure.

·E: Economic

The national income plays an important role in how big the product sales volume is.

·S: Social-Cultural

Customer's behavior is getting important. A lot of customers are members of different kind associations. Market players have to research these organizations and see what interesting things attractive them.

·T: Technological

The innovation on new production processes and new products is the biggest factor which influences technological development.

·E: Ecological

Ecological means all kinds of environmental regulations, such as responsible social marketing concepts, sustainable products.

·P: Political

Political namely how governmental laws restrict responsibilities & duties of each company. For example: minimum and maximum prices.

## **Business use**

The topic of this thesis is how to develop Mandarin course within the Netherlands market, not only the Holland market but also the relationship between Holland and China can be a big factor to influence the Mandarin market in Holland.

### ·Demographic

Holland is a small country with a high population. Till to March 2008 the figure is about 16. 3 million people. It is growing very slowly every year. Due to the high emigration rate, the population growth is decrease and the aging of population is increase. The emigration can be a positive factor to CBE, the higher international level the easier for people to accept new staffs, like language.

### ·Economic and trade relations

China and the Netherlands economic and trade are developing rapidly. According to the data of the Chinese Customs, the bilateral trade volume totally US\$ 5. 995 billion in 2000, increased 23. 3% compare to the previous year. Holland is the third largest trade partner with China among the EU. The cooperation is mainly on agriculture, chemicals and water conservancy. Till to June 2000, the investment by the Netherlands in China had reached 764 projects with a contractual sum of US\$ 4. 5 billion. In October 2000, a US\$ 4 billion contract was signed between China and the Royal Dutch Shell Group of the Netherlands The enhancement of economic would attractive more people interested in Mandarin.

### ·Social & Cultural

In 1999, about 20 Chinese cultural delegations visited the Netherlands and 3 on the part of the Netherlands visited China. From 1979 to 1999, more than 2, 400 governmental sponsored students were study in the Netherlands. 11 Dutch colleges and their 13 Chinese counterparts established inter-collegiate exchange programs. In October, 1999, General Chi Haotian, Chairman of the Central Military Committee and Minister of Defense paid a transit visit to the Netherlands and met with the Minister of Defense of the Netherlands De Grave. 10 sister cities and provinces between the two countries were connected, such as Jiangsu Province & the North Brabant, Shangdong province & the North Holland, Guangdong Province & Utrecht, Shanghai & Rotterdam, Beijing & Amsterdam, etc. The strengthen of culture communication also encouraged Mandarin development in the Netherlands.

### ·Technological

To organize a new language course doesn't need any special technology, it's mainly depend on the teacher's performance. So technological can be ignored in CBE case.

### ·Ecological

Ecological here refers to the Netherlands climate. This almost won't cause any problems to develop Mandarin course.

### ·Political relations

China and the Netherlands established diplomatic relations in November 1954, which was upgraded to the ambassadorial level in May 1972. In May 1981, the government of the Netherlands ratified the construction of two submarines for Taiwan by the Dutch companies, as a result of which the bilateral diplomatic ties were downgraded to the Charge affaires level. China and the Netherlands restored ambassadorial diplomatic relations after the Netherlands undertook not to sell arms to Taiwan on February 1, 1984. At this moment, bilateral relations are sound enjoying development. In 1999 Queen Beatrix Wilhelmina Armgard visited China; Chinese premier Zhu Rongji visited the Netherlands in July 2000. Political policy can be a strong factor to stimulate citizens to learn Chinese language.

## **2. 1. 2 Hofstede's Model of National Culture**

Hofstede's model of national culture gives us insights into other cultures so that we can be more effective when interacting with people in other countries. If we understood and applied properly, it would reduce our level of frustration, anxiety, and concern. Hofstede's five cultural dimensions are: Power distance index, Individualism, Masculinity, Uncertainty avoidance index and Long-term orientation.

## **2. 1. 2 Hofstede's model of national culture**

### **Country**

### **Power Distance**

### **Uncertainty Avoidance**

### **Individualism**

### **Masculinity**

Argentina

49

86

46

56

Australia

36

51

90

61

Brazil

69

76

38

49

Canada

39

48

80

52

Denmark

18

23

74

16

France

68

86

71

43



Germany

35

65

67

66

Great Britain

35

35

89

66

Indonesia

78

48

14

46

India

77

40

48

56

Israel

13

81

54

47

Japan

54

92

46

95

Mexico

81

82

30

69

## **Netherlands**

**38**

**53**

**80**

**14**

Panama

95

86

11

44

Spain

57

86

51

42

Sweden

31

29

71

5

Thailand

64

64

20

34

Turkey

66

86

37

45

United States

40

46

91

62

## Indices for 20 Countries

(Quote from <http://www.varttika.com/papers/WP1-HofstedeModel.doc>)

### ·Power Distance Index (PDI)

PDI means some people who have less powerful than others. This represents inequality (more & less), but defined from below, not from above.

Power and inequality, of course, are extremely fundamental facts of any society and anybody. It was aware that all societies are unequal, but some are more unequal than others. As shown in above table 2. 1. 3, on a scale of 0 to 100, Netherlands PDI is 38, that is good for CBE, it can help us create a friendly teaching and learning environment.

### ·Individualism (IDV)

Individualism and collectivism are the degree to which individuals are integrated into groups. On the individualist society the connection between individual and group is much looser than in collectivism society.

The word “collectivism” in this sense has no political meaning: it refers to the group, not to the state. Hofstede’s research assigned an IDV value of 80 for the Netherlands. Relatively the Netherlands is a high individualism country; by contrast China is definitely a collectivism country, these may cause conflict during the Mandarin development in Holland market.

### ·Masculinity (MAS)

Masculinity & femininity, refers to the distribution of roles between the genders. It is another fundamental issue for any society. The IBM studies

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revealed that women's values differ less among societies than men's values; men's values from one country to another contain a dimension from very assertive and competitive. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'.

The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values. Hofstede's research index a MAI value of 14 for Holland.

·Uncertainty Avoidance Index (UAI)

UAI means deal with a society's tolerance for uncertainty and ambiguity. It indicates to what level people feel uncomfortable or comfortable in unexpected situations.

Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute Truth. Netherlands UAI value (53) is more tolerance on uncertainty and more willing to take risks. This is also a good point for organize a new language.

·Long-Term Orientation (LTO)

Values associated with long term orientation are thrift and perseverance; values associated with short term orientation are respect for tradition, fulfilling social obligations, and protecting one's 'face'. Both the positively and the negatively rated values of this dimension are found in the teachings  
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of Confucius, the most influential Chinese philosopher who lived around 500 B. C.; however, the dimension also applies to countries without a Confucian heritage.

## **2. 2 Boston Matrix**

### **2. 2. 1 Theory**

The Boston Matrix is a tool for marketing management and is an approach to product portfolio planning. It has two controlling aspects namely relative market share and market growth.

#### **2. 2. 1 The Boston Matrix**

##### **·Dogs**

These are products or services with low share and low growth. They do not create any income for the company; by contrast they tend to absorb it.

These products may get rid of.

##### **·Cash Cows**

These are products or services with high market share and low growth. Cash Cows generate more than it's invested. So keep them in your portfolio, what they need is just more time.

##### **·Problem Children**

These are products or services with a low market share and high growth market. They occupy pretty much resource and generate little in return. If you attempt to increase market share you need to invest more money.

##### **·Stars**

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These are products or services in high growth markets with a relatively high share of that market. Stars create high amounts of income. These are profit products. To have star products is every firm's objective. Keep and build your own stars.

### **2. 2. 2 Business use**

For CBE, re English & Dutch course, currently its position is a "star". While to organize the new course-Mandarin, it's more like a "problem Child". The relative market share is zero at the very beginning. However the market growth would keep rising. On one hand the world trend -Chinese is getting more and more popular, the learners would keep rising. In other words the market would be very potential. On the other hand there isn't any qualified Mandarin service available in the market now. Namely we don't have powerful competitors at this moment.

## **2. 3 Marketing mix**

### **2. 3. 1 McCarthy "4Ps"**

#### **Theory**

The marketing mix theory is an approach translating marketing planning into practice. The concept is one of the core concepts of marketing theory.

McCarthy developed "4Ps" in 1960 which includes product, price, place and promotion.

### **2. 3. 1 Marketing mix**

·Product



Product refers to a tangible object or an intangible service which is mass produced or manufactured on a large scale with a specific volume of units.

#### ·Price

Price is the amount a customer pays for the product. It is determined by a number of factors such as market share, competition, material costs and customer's perceived value of the product.

#### ·Place

Place means distribution channel which represents the location where a product can be purchased. It includes physical store as well as internet virtual store.

#### ·Promotion

Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has many different distinct elements, for instance: advertising, public relations, word of mouth etc.

### **Business use**

The Product in CBE refers to language training service, its intangible, which also includes the course quality, course design and branding. The Price means the tuition fee CBE collected from student. In case of CBE, price is certainly one of the most important elements in launch of the new service-Mandarin. The Place not only means the location of CBE which in Rotterdam centre, but also the channels where the service could be sold. Such as public transportation Medias, like bus, tram and metro. The Promotion includes all

the activities CBE undertakes to communicate and promote the new course to the target market.

### **2. 3. 2 Booms & Bitner “ 7Ps”**

#### **Theory**

Booms and Bitner had made an implement on the marketing mix by adding three additional factors to the marketing mix elements, which are people, process and physical evidence. And these have obtained worldwide acceptance of service marketing literature.

### **2. 3. 2 The marketing mix**

#### **·People**

People are who provide building surveying services to its clients. They are important because they represent the firm and the company's image through their behavior and attitude.

#### **·Process**

Clients are not only interested in the final results from the building surveyors; they are also interested in the process of how services are delivered.

#### **·Physical environment**

It can help to create environment and atmosphere where the services are performed. Physical environment also influences clients' judgment of the firm.

## **Business use**

Currently CBE is specialized and focus on English and Dutch courses. From People's perspective, it would be a great challenge for the marketer to open Mandarin course, both supplier and buyer are new. This is the field we need to explore. Process would be considered a service element of the marketing mix. In case of CBE, process can be very important and relevant. How teachers transfer the knowledge to students effectively, does customer satisfied with the teaching method? All these have to take into consideration. For CBE, Physical environment is an extremely important factor, indeed CBE done quite well in this point. The atmosphere there are friendly and supportive, it's a nice place to work and study.

## **2. 4 Promotion mix**

### **2. 4. 1 Theory**

Promotion is the method used to inform, persuade or remind customer about the marketing mix of product, place and price. There are main five types of promotion:

### **2. 4. 1 Marketing communication mix**

·Advertising

The presentation or promotion which used to spread of ideas, goods, or services

·Personal Selling

That means use oral presentation to persuade individual or group to purchase good or service.

- Public relations

The firm spread significant news about its products or service by the media.

- Direct Marketing

The aim of direct marketing is to create one to one relationship within the organizations target market. Direct marketing can execute by post, email, telephone calls and mail order.

- Sales promotion

Sales promotion is to use time limitation to increase consumer demand and stimulate market demand.

Except the above mentioned approaches, sponsorship and viral marketing are also used abroad. Sponsorship is to offer financial support to an event, in return the product or company is acknowledged. Viral marketing occurs when consumers pass on or recommend your product or service to others.

## **2. 4. 2 Business use**

The above mentioned promotion ways: advertising, personal selling, public relations, direct Marketing, sales promotion, sponsorship and viral marketing all works well. Re CBE, currently they didn't spend many efforts on promotion. We would like to develop this filed more. The details information will provide later after our market research. Chapter 3 and 4 would explain how we going to choose and execute these promotion strategies.

## **2. 5 E-learning**

### **2. 5. 1 What is E-learning?**

### **2. 5. 2 Beneficial of E-learning**

### **2. 5. 3 Market of E-learning**

## **Chapter review**

These theories and literatures above help stimulating the process to find out the answers to the research questions. It gives insight to the literatures which to be used in the thesis. The literature is needed to come to valuable conclusion and recommendations. In the next chapter, how am I going to do this research will be explained. The methodology explains the research strategy to be used to gather data and information.