

Marketing Mix Analysis for Goethe Institute Based on 4P and 4C Theory

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Abstract

Since stepping into the 21st century, cross-cultural institutions have been playing more and more influential roles in some cultural stages including language spreading and learning, non-governmental exchanges between countries, and country image display. Their successes in a marketing operation and as a management model are valuable experiences for every country's cultural institutions to study and use for reference. This article aims at giving some inspirations to other country's cross-cultural institutions by analyzing the marketing mix strategies adopted by GOETHE INSTITUTE, one advanced example of cross-cultural institutions, and summarizing its successful experience in marketing operation.

Keywords: marketing mix, 4P and 4C Theory, Goethe Institute

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Preface

The Goethe Institute was first founded in 1951 in the Federal Republic of Germany. The purpose of its establishment is to give the world certain understanding of Germany, which owns a deep culture wealth and this culture wealth could be shown by its celebrities, such as Goethe, Beethoven, Kant. As the largest media organization in Germany, the Goethe Institute has shown certain power in the form of cultural exchanges, German language promotion and the display of country image. Currently, the Goethe Institute has branched in 82 countries all over the world, has 134 colleges and more than 200 examination and language centers, which earn a high reputation in the world. In China, as the first Western cultural institution, the Goethe Institute has set up two colleges in Beijing, Hong Kong, and while in Shanghai, Tianjin, Nanjing, Chongqing, Xi'an, the test center and Certification Center was established. In the past six decades, Goethe has successfully implemented the strategies in promoting German and German culture, showing the positive image of the country to the world, and conducting cultural exchanges based on the theme of "being equal". In the increasingly fierce global competition in soft power, Goethe has become a very successful example of promoting the culture. To illustrate the reason of its success, the author thinks that, apart from the positive support from the government, Goethe's own marketing strategy which is the combination of market-oriented Four 'P's and customer-oriented Four 'C's, is a critical micro foundation for its success on promotion and development.

4Ps and 4Cs Theories in Marketing

In 1960, the Four P model was first put stated by Professor Jerry McCarthy in his book "Marketing" (first edition). The Four P model is a marketing theory, which emphasizes on determining distribution channels and sales strategies for the product and service from the perspective of the enterprises. Four 'P's can be generally fallen into four categories, namely: Product, Price, Place and Promotion. The Four C theory was first referred in 1990 by Professor Lauterborn, who is an American expert on marketing. It is seen from the consumer's perspective, and redefines the four basic components in the marketing mix, namely consumer, cost, convenience and communication. It emphasizes that enterprise should consider the customer satisfaction as the top priority. And then, it is also important to decrease the customers' purchase cost, and the company needs to pay full attention to the consumers' convenience during the purchase. Finally, it is necessary to communicate with consumers effectively. Table 1 summarizes the basic concept of 4Ps and 4Cs.

The paper claims that four 'P's and four' C's can't be replaced by each other, but it is possible to find a flexible method to combine the two theories together. Meanwhile, the enterprise may consider and design its own market system according to the relationship between supply and demand. Last but not least, it is necessary to know yourself as well as your competitors and make the products meet the industry and market demand.

Table 1 The basic concept of 4P and 4C

Categories	4P		4C
Product	Study product or service scope, project, product or service positioning, and brand, etc.	Customer	Study the customers' needs and provide appropriate products or services
Price	Consider the basic price, payment, commission and discounts	Cost	Consider the cost customers willing to pay
Placement	Consider direct distribution and indirect distribution	Convenience	Consider customers' needs to enjoy the convenience offered by third-party logistics
Promotion	Use the form of advertising, personal promotion, sales promotion and public relations, etc.	Communication	Actively communicate with customers, to find win-win solution

Source: Sorting from "Principles of Marketing" (Asia) Kotler and others, translated by HeZhi yi

Goethe Marketing Mix: 4Ps+4Cs

Goethe's marketing mix is neither a simple 4Ps nor 4Cs, but the effective integration of them. For the Goethe Institute, 4P theory is the basic approach to reach their target market and fulfill the market needs. Meanwhile, the Goethe Institute is also trying to strengthen 4Ps theory with 4Cs theory. The reason is that the application of 4C theory will help it to put more emphasis on the college students and potential applicants. In other words, every service in Goethe is emphasizing on consumers, which enables the marketing communication activities to have the broader culture, more space, and greatly increases communication channels.

Product - Oriented Model Based on Customer Need - from Customer to Product

4Ps model values product while 4Cs model emphasizes on customer. Goethe Institutes were established in different countries or different cities in the same country. Considering the difference in culture, geography, economy and market, the Goethe Institute determines their unique product-oriented marketing strategy based on the combination of customer needs and the product design.

Those in need for language learning are always concerned about the teaching quality of language training. German language teaching is the core business for Goethe Institute, and its teaching quality enjoys great prestige in the world. The teaching materials and curriculum of Goethe Institute are all strictly standardized by the European teaching standards. The institute set up all the courses in five levels from A1 to C1. Each level takes two months, which is nearly 200 class hours. A student once finishes one level, then, can move on to the next level. World recognized certificates are issued after finishing each level.

In order to guarantee the quality, the Goethe institute puts the students into small classes. The maximum class size is 23 students. In order to overcome the difficulties about 'dumb English', the institute's teaching method is mainly based on communicative teaching. Students are divided into small groups around six. During the class, it is required that all the communication between students must be in German Language. Meanwhile, all the teachers are well trained and have a lot of experience. More than two thirds teachers are native of German. Considering that students have different needs and times, the Goethe Institute opens a weekend intensive course, super-enhanced fast class, super-intensive course (see Table 2). Besides, taking a large number of students and holiday effects into account, the Goethe Institute opens more classes in winter and summer vacation which is a kind of "roller" type of an operation mode with the purpose of improving the frequency without sacrificing the quality.

In terms of teaching resources and reference books, most of the Goethe Institutes are equipped with more than 100 square meters of libraries, which accommodate the German books, translation of German works, books, German-Chinese Dictionaries, German daily and weekly newspapers, the German professional journals, databases, music and literature, tapes and other materials to facilitate reading and learning through the cultural exchange, business forums, films and cultural events, exhibitions, scientific seminars, music exchanges, visits, International Federation of Library Association, United Nations world conferences, media services, information dissemination, etc. All these resources are all well organized and appreciated.

Goethe Institute also focuses on cooperation with national organizations to meet the different needs of various organizations. Take China for example: in cooperation with Chinese universities, the Goethe Institute holds on job training, which combined a contact course with a correspondence course for ten months every year, for Chinese teachers to improve their German language and teaching skills. At the corporate level, as more and more German companies pouring into China, the Goethe Institute set up the counseling sessions for German companies' employees to improve their staff practical business German language and to help them to understand cultural differences. From the summer of 2006, German language classes and correspondence courses have been offered, which are specifically targeted at companies opened in Beijing Landmark district, where German companies are mainly gathered.

In summary, in view of the product, during the language learning process, Goethe Institute can adjust itself according to learners' personal needs. The curriculum is designed in different levels; the styles of teaching are flexible and diverse; the teaching aid and material facilities are all effectively supportive, while the German language complements its culture. These teaching systems can fully meet the needs of customers, which are probably various. The Goethe Institute considers the product design from the customer's needs. These products fulfill both universal and individual needs of the learners from different countries. Therefore, the combination of customer's needs and product positioning and designs make the consumers more willing to accept the service. In other words, products actually find their own target market.

Table 2 Price list for German learning in Goethe Institute in 2010

	Weekend Intensive	Super Intensive fast class	Super Intensive
Level	A1.1	A1	A1
	A1.2	A2	A2
	A2.1	B1	B1
	A2.2	B2.1	B2.1
	B1.1	B2.2	B2.2
	B1.2		C1
	B2.1		C2
	B2.2		
Course duration	Half level	One level	One level
Course duration	8 weeks, twice every week, 80 class hours in total	8 weeks, five times every week, 80 class hours in total	8 weeks, five times every week, 80 class hours in total
Price	2400	3800	4100

Source: The Shanghai Goethe Institute German Training Center Official Homepage

Price-Oriented Model Based on Consumers' Ability to Pay - from the Cost to the Price

For the perspective of pricing for products and services, the Goethe Institute adopts a differentiated pricing strategy considering different levels of disposable income and the willingness to pay in different countries or even at different regions in the same country in terms of an economic development gap.

In case of the Goethe Institute in China, comparing with national GDP, disposable income and the German language tuition fee in the six big cities in China, where Goethe Institutes are located in (Table 3), we can notice the price differences for the same courses in different categories of those cities. The price in Beijing, Shanghai and Hongkong are nearly at the same level. The courses provided in the above three cities are priced comparatively high. For example, an 80 class-hour weekend course is charged at almost RMB 2400 Yuan. But in Tianjin, Xian, Chongqing, the same course is only charged at the half price, around RMB1400 Yuan to RMB1800 Yuan. It shows that from 4Cs and 4Ps, in the pricing, the Goethe Institute considers both the willingness to pay for language learning and cost for offering classes in different cities.

In big cities as Shanghai or Beijing, GDP per capital and disposable income are relatively higher than those in Xian, Chongqing and Tianjin. Meanwhile, residents in shanghai and Beijing put more attentions to culture fields. There is a strong desire for them to understand different cultures. People there are willing to pay more money on language learning and plus, the price for renting offices in Beijing and Shanghai and the salary for teachers are also higher. All these above reasons result in higher tuition fee in Shanghai, Beijing for language learning in the Goethe Institute.

Table 3 The comparison with China GDP in six major cities, disposable income and prices for German courses in Goethe Institute in 2010

China city	GDP in 2010 (100 million)	2010 per capita Disposable income (Yuan)	Weekend Intensive (80 hours)	Super Intensive fast class (152 hours)	Super Intensive (200 hours)
Beijing	13777.90	29073	2400	3500	4200
Shanghai	16872.42	31838	2400	3800	4200
Hongkong	15196.31	180000	2200 (HK)		
Tianjin	9108.83	24293	1400	2660	3500
Xian	3241.49	22244	1700	3200	4200
Chongqing	7894.24	17532	1800	2800	3800

Source: Sorting from Beijing, Shanghai, Hong Kong, Tianjin, Xi'an, Chongqing, the Goethe Institute German Training Center Official Homepage and Hong Kong Monetary Authority, the National Bureau of Statistics

In conclusion, the Goethe Institute not only considers prices from 4Ps theory according to the cost, but the consumer's willingness to pay. The differential pricing (discriminatory pricing) offers customers from different economic levels more options according to customer income levels. On one hand, the Goethe Institute satisfies customer

needs on their demand. On the other hand, it successfully transforms more customer surplus into their won profit. To some extent, the Goethe Institute achieves a win-win situation from both demanders and suppliers.

Placement Based on Convenience - from the Convenience to Place

With the Goethe Institute kept growing, until 2011, its branches have set up in 82 countries, and there are 134 colleges and more than 200 exam and language centers around the world. So it is hard for headquarter to guide the customers directly because the organization is growing bigger and bigger. Therefore, the placement and operation for branches are very vital. Currently, under the leadership of chairman of the Board and Executive Committee headquarters in Munich, the Goethe Institute establishes regional headquarters in different regions. Every regional headquarter has relatively independent responsibility and authorities. The decision-making and management of regional headquarters are all operated independently in the decentralized way. In addition, under the leadership of the local president, the strategy is adjusted according to different regions' unique cultural, political, and economical conditions. Also, the regional headquarters implement independent finance as a profit center.

As can be seen from Table 4, the Goethe Institute reasonably set up an organizational structure in the various regions of the world to ensure the rights and responsibilities standardized, while operating in a decentralized, efficient and flexible way according to every region's unique cultural, economic, and political situation. The placements in each city are all carefully selected. Among 14 regional headquarters, 80 percent of the cities is located in the capital of that country, except New York, Sao Paulo and Hong Kong; 100 percent of the cities is located in the economic and cultural center. In China, Goethe Institute selected two international metropolises, Beijing and Hong Kong as the regional headquarters. Both cities are densely populated, economically developed, have a convenient transportation system and strong desire for culture exchanges. Most people there earn more money and receive higher education, and thus, the recognition and need for culture understanding is also higher, and demand is comparably centralized.

Table 4 Goethe-Institute worldwide distribution of regional headquarters

Region	Regional Headquarter	Region	Regional Headquarter
Northwest Europe	London	Eastern Europe, Central Asia	Moscow
Southwest Europe	Paris	Southern Asia	New Delhi
Central Europe	Prague	Southeast Asia, Oceania	Jakarta

Region	Regional Headquarter	Region	Regional Headquarter
Southeast Europe	Athens	China	Beijing, Hongkong
North America	New York	Eastern Asia	Tokyo
South America	Sao Paulo	North Africa,	Cairo
		The middle East	
		Sub-Saharan Africa	Johannesburg

Sources: Goethe-Institute's annual report 2009-2010

4C theory highlights the consumer's convenience rather than the supplier's own expediency when distribution strategies are decided. Therefore, the Goethe Institute chooses such metropolises as Beijing and Hong Kong to build branches, though input for rent and human capital is higher in these cities. One of the main reasons is that it gives more people more chance to learn a German language and experience German culture much more conveniently. Such organization placement fully reflects convenience, which is highlighted in 4C theory.

Products and Services Promotion Based on Communication - from Communication to Promotion

Goethe Institute always values cultural exchange, promotes the national image and communication through language and culture. If the promotion is a linear communication, then it is a two-way communication.

From the aspects of language communication and education, the Goethe Institute achieves their goal of promoting German and German language by vivid communication and interaction. The intricacies of German grammar make the learners feel difficult to learn the language. There is one complaint widely circulated among students: "it takes three minutes Korean, three hours of English, three days of the French, three months of Japanese, and three years of German" Faced with such bias, the Goethe Institute has been trying to resolve this misunderstanding through communication. In 2007, Goethe Institute organized activities in Beijing International Book Fair. One of those activities is called "learning German easily in half an hour". During the process of this activity, teachers teach people who have zero foundation on a German language on the scene a few very basic but also very useful sentences in German, for example: I love to dance, I drink beer, which are very popular and well welcome. And such activities not only increase public understanding of German, but also increase the interest in learning German among Chinese students.

On view of potential market development in German training, the Goethe Institute also achieves its goal by communication. In 2009, the Goethe Institute starts the project called "shaping the future" in China, which aimed to promote teaching skills in Chinese primary

and secondary school so that more young Chinese can have opportunities to learn German and develop interests. In 2010, the Goethe Institute organized the exhibition named "heartfelt greetings" in Xian, Nanjing and Hangzhou. The exhibition displayed German by the form of multi-media, enabled the public to understand that German was not a cold language, which is hard to learn, but a rich emotional and not complicated language.

The Goethe Institute's main mission is to promote German excellent culture and the country's image based on the principle of cooperation and exchanges. Currently, the Goethe Institute not only spreads their own culture to the world, but also brings the world culture to Germany, which makes German more integrated into European and world culture, and brings about more new ideas. In the dissemination and communication in German culture, the Goethe institute also looks for breakthrough in communication and promotion. In 2006, the Goethe institute co-produced a dance drama "outsiders" with Chinese directors. The rapid development in economy and huge mobility in population has brought a lot of serious and practical problems in Chinese society. Likewise, the situation is exactly the same in Germany; therefore, more attention is paid to these issues. Under this background, the directors from China and Germany began to conduct dialogue and cooperation at cross-cultural and individual levels, and explore the deep understanding on the concept of "hometown". The choreography was unique and the drama has achieved a great success in both Beijing and Hamburg. Artists from both countries not only communicated and improved in an art area, but also enhanced understanding in humanity, philosophy and culture differences. Through communication, the Goethe Institute and people from both countries all enhance mutual understanding. Moreover, the acceptance of Goethe Institute is also widely promoted.

Conclusion

Currently, more and more countries are looking for the ways to promote their language and culture through establishing cultural institutes in different countries or even around the world in order to show the world their national culture, and make themselves better integrated into the world. As a non-profit cultural and educational institution, Goethe institute's success does not just rely on the German government and private financial support; it also relies on its effective market promotion, operation system and complete organizational management for support. As a non-profit organization aiming to promote the national culture, as well as to pave the way for a better future, the organization should have self-operating abilities on finance and market. Goethe Institute's success lies in its grasp of this nature. Through the effective operation of a combination of 4Ps and 4Cs marketing theories, it meets the cultural needs of different regions and different values of people, and allows people to recognize the cultural value of their services and at the same time develops with the brand value of Goethe Institute as a cultural institution.

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