

The Success of New Oriental's Social Media-based Digital Marketing Strategies during the Pandemic and Implications for Companies in the Post-pandemic Era

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Abstract: Pandemic and the issued education-related have brought an enormous challenge to the education industry. This research aims to analyze how New Oriental, one of the leading education corporations in China, has adopted novel digital strategies and how these strategies generated success in the post-pandemic era. This research first introduces China's digital marketing trend and the New Oriental company. Then, the case study explicitly analyzes New Oriental's marketing strategies under pandemics and the double-reduction policy and how their strategy gained substantial success. The research also proposes four recommendations from New Oriental's success for other companies to take as a reference to develop marketing strategies in the post-pandemic era.

Keyword: COVID-19 pandemic, digital marketing strategies, livestream, China's tutoring institutions, double-reduction policy

1. Introduction

The Coronavirus has brought drastic changes in China, heavily influencing daily life functions. Companies, in a similar manner, are facing problems regarding their survival in their own markets and industry. However, the rise of digital media during this pandemic has opened up affected companies to potential improvements from their unsatisfactory status by moving into digital marketing, which provides those companies with other potential trends to pursue.

The impact of social media also extended into the education context, particularly after the pandemic prevented children from attending classes in person. On the other hand, the education industry faced its own 'pandemic'—a 'Double Reduction Policy' issued by the Chinese government in 2021, which forced such an industry into an unexpected crisis. The policy aimed to reduce stress imposed on students from off-campus tutoring as well as extra homework, which significantly limited the growth of such industry. With that said, it is important for education companies to find a strategy to strive between the two problems.

A notable improvement in status is presented by one of the leading firms in the Chinese education industry, New Oriental. New Oriental's novel digital marketing strategy brought a unique experience to the audiences. They creatively utilized live streams with the combination of English teaching: while watching the live streaming to purchase products, the audiences can also gain English knowledge in an interesting way. This creative strategy made New Oriental's live streaming a great success in selling different products as well as gaining public awareness, which also built their way to recover from the losses generated by the double pandemic. This success also offers possible implications for other companies.

2. Background

2.1. New Oriental

New Oriental is an education cooperation in China, mainly providing education of general courses for the younger generation. According to New Oriental's website, their "innovative and inspirational instruction" is combined with "humorous, interactive teaching techniques" and "traditional Chinese educational values," making them one of the largest in the field of Chinese private education [1]. Although also active in other fields such as book publishing, online teaching, and abroad studying consulting, other than their adequate general course education, New Oriental is best known for its foreign language education, most importantly, English.

Due to its efficient K-12 tutoring, New Oriental earned an unprecedented financial achievement: the first Chinese education company to be listed on the New York Stock Exchange in 2006. After the execution of the Double Reduction Policy, New Oriental faced the worst financial crisis ever. Its stock price dropped from about 161 USD to 18 USD in 4 months in 2021 [2]. This crisis forced New Oriental to lay off about 60,000 staff members, accounting for about two-thirds of their full-time staff in 2019 [1]. Many offline campuses were closed under such pressure, and New Oriental had to spend about 20 million yuan (3.1 billion USD) to refund customers who had prepaid for programs, causing greater damage.

2.2. Trend in Digital Marketing (Live Stream)

During the pandemic, the lockdown and restrictions limited peoples' right to be active outdoors. Therefore, E-commerce and online shopping on platforms such as Tik Tok and Tmall have become the mainstream. Specifically, live sales, which uses social media platforms as the main channel to sell products, has become one of the core forces. Live streaming's advantages include its entertainment, convenience, and relatively affordable prices, which is very popular among consumers [3]. After short-video platforms experimented with an e-commerce business, the transaction scale of live-streaming with goods snowballed rapidly to RMB 416.8 billion in 2019, driven by the cultivation of user habits and anchors. Driven by last year's epidemic, the transaction scale of the live e-commerce industry is expected to reach RMB 1,050 billion in 2020, an increase of 136.6% year on year (iimedia research, 2022). The transaction scale of live streaming with goods keeps developing in 2021. With the continuous development of technology and communication technology, the future development of live streaming with goods is still considerable. However, while e-commerce live streaming is experiencing a booming development, how to create one new competition in the market is difficult.

3. Case Study

3.1. Case Study Background

3.1.1.COVID-19 and the Digital World.

When such a worldwide pandemic is influencing the development of the global economy as well as the menacing survival of many firms, companies are putting forward ideas to cope with such influence. This potential set foot for the rapid improvement of digital marketing. Businesses need to cooperate with each other, and most importantly, the internet, to stabilize their income and their customers. For example, firms can choose to establish e-commerce sites and cooperate with delivery companies to make sales online, as well as use online platforms to advertise and promote their products to gain influence. This also increased reliance on live streaming and online shopping platforms, increasing the potential revenue received by those companies.

3.1.2.Double Reduction Policy.

The Double Reduction Policy is a government-issued policy aimed at reducing the burden of off-campus tutoring and extra homework for students at the stage of compulsory education in China [2]. Aiming at enhancing student life, numerous actions are taken by both general education groups as well as tutoring centers.

Firstly, the excessive amount of homework assigned to students is reduced as it is seen to seize up an immoderate amount of students' leisure time; students will no longer need to spend a large portion of break or holiday time to work and instead relax for a while. On the other hand, after-school tutoring providers are very much influenced to make changes. To prepare children for Chinese exams such as "gaokao", the mandatory exam is taken by 12th graders where one score determines a student's future, parents are to invest a lot, sometimes more than they can burden to tutoring sites, hoping to improve their children's final performance on the exam [4].

Therefore, to reduce the burden on the whole family the pressure generated by tutoring will decrease with restrictions imposed on after-school tutoring, limiting the time, type of content, kinds of teacher educational cooperation provided, as well as prohibiting excess profit gained from these education providers. Although its goal is to make common families' life better, publicly speaking, the policy brought much controversy. Parents still want their children to stand out, or at least enroll in a decent school, but posing limits on outside tutoring also poses limits on possible growth in academics led by these centers, whereas students themselves no longer are allowed to seek help outside of school. As this policy "benefits" current students and parents, educational tutoring centers are among the most affected, facing a severe pandemic due to a gradual limitation on the educational market.

3.2. Novel Livestream-Oriented Digital Marketing Strategy

Recently, New Oriental's "Oriental Selection" has gained tremendous popularity on the Douyin Livestream Platform. The streams, while selling products, still give homage to New Oriental's educational roots. Now they sell agricultural products and books and have received kudos from industry insiders and the public for the company's pivot. Strategically, the company has adapted well to China's new laws that ban private companies from teaching subjects taught in public schools.

After the implementation of the double reduction policy, New Oriental's founder, Minhong Yu, changed the business and started selling agriculture products online. As a strategy, on December 28, 2021, New Oriental launched a new livestream platform, "Oriental Selection" [5]. At the same time, the company chose to turn its former teachers into salespeople and hosts on its livestream platforms.

A representative example of this pivot occurred on June 10, 2022. Dong Yuhui, a former New Oriental English teacher, skillfully used a whiteboard to teach the audience to say the product name he was pitching in English. His efforts became a viral sensation. According to the *basic chart interpretation of "Oriental selection" hot out of circle data* from Chowdera.com, in ten days, followers increased from hundreds of thousands to millions. Following Dong, live streamers appeared and sold products bilingually. Each has its own style of selling and teaching, but all are bilingual and teach English while selling products. This strategy underscores the company's roots. It subtly encourages viewers to watch the programing for more reasons than buying products. Combined with a folksy communication tone, this change is proving to be a winning strategy.

The company features agricultural products. Early in the 1980s, Yu devoted the company's resources to rural education development. There, he built schools, donated money for earthquake disaster relief, voluntarily trained local teachers, and gained a credible reputation in rural and urban China (NOETG 2020). Subsequently, the company made good use of its network and credibility in rural areas to build a supply chain of agricultural products [6]. Besides selling agricultural items, the website also offers books on Chinese history and foreign literature. Further, the company also makes good use of its teachers' online teaching skills. Current sales hosts are not only bilingual but know how to work well within livestream's audiovisual environment. Many companies are waiting in line to collaborate with New Oriental, hoping to have their products on the Oriental Selection platform [7]. While still not achieving the income level that existed prior to China's new private tutoring laws, New Oriental's strategy of embracing its educational roots and using former teachers as sales hosts are having a positive effect on the company's fortunes. As one customer noted about New Oriental's never-say-die outlook, "I burst into tears when I watched it," said Kong Ling, a tech worker in Hangzhou. "I'm watching a warrior who stands up firmly despite being beaten by the iron fist of life and I wanted to buy it to show my support" [1].

3.3. New Oriental's Success

New Oriental is successful in Livestream e-commerce for three key reasons. First, its hosts display a laid-back attitude. When promoting a product, hosts not only sell but also reinforce a nostalgic attitude about the past when people could pursue their aspirations of learning English more easily. For instance, when the host, Dong Yuhui, is promoting corn, he shares that he hopes the corn will remind buyers of their "good old days," when they were "young and carefree" [8].

Second, New Oriental is a pioneer of education institutions that livestream bilingually. When one of the teachers sells beef, he teaches English words that relate to beef, such as "original cutting" [9]. This selling strategy is creating a lot of buzz for New Oriental. In effect, simply by watching New Oriental's livestream marketing programs, listeners can polish their English skills, and the more they view products pitched by folksy New Oriental hosts, the more consumers will buy. What's more, New Oriental's live stream is attractive to listeners because they are surprised to see New Oriental recover in such a creative way, which drives them to check it out.

Third, the teachers are very knowledgeable. When New Oriental pivoted to product sales, many of its prior English teachers became hosts. When introducing products, some recite Chinese poems and Shakespearian sonnets fluently while explaining their underlying stories (2022).

Over time, the hosts' rich knowledge has attracted more viewers. One customer, Mr. Zhao, bought a book of poetry during a New Oriental livestream. After reading the poem the host recommended, and appreciated its message, he stated, "I think the anchors are knowledgeable. Some . . . even recite ancient poems . . . This makes them stand out from ordinary anchors who just promote their goods" (2022)."

Oriental Selection is one of the company's two live streams that only sells books. The company's book division reinforces its old image as a quality teacher of English. In effect, New Oriental has

capitalized on the Chinese government's crackdown on private tutoring and learning services in China. However, by tapping into the huge desire for English instruction in China, New Oriental knocked the ball out of the ballpark. After launching, New Oriental's live streaming service picked up 1.6 million new followers in a three-day period of time [8]. These marketing decisions placed New Oriental on the "top ceiling" of live streamers in China [9]. Their success reflects the popularity of bilingual live broadcasting, a new way to survive in China's government-controlled social media environment.

4. Implications and Recommendations

Besides the New Oriental, it is not the only education and training institution in China that also has been affected by the policy. In this case, the prior discussion here would be the implications that New Oriental has provided to other institutions, companies, and even industries who have suffered from similar restrictions so that they can at least recover from enormous downfall.

A. *Learn from outrunners that have been through such a path with delightful results and valuable experiences.* Although New Oriental would not be able to provide profitable tutoring services to China's junior students, their live streaming which includes bilingual advertising keeps their old strength while making money in a new way. After it became popular, New Oriental Education's Hong Kong-listed stock Koolearn Technology Holding experienced a 100 percent price increase during trading on one day as a result of the bilingual live streaming, wiping out all losses from July 2021 [7]. New Oriental's experience can offer other companies and institutions a precious case study to improve themselves. However, everyone's story is unique and difficult to copy, so it is irrational to duplicate the prior method.

B. *Follow the trends where they can maximize their strength in an innovative manner during transformation.* As a pioneer in the education sector, New Oriental's novel strategy of combining online marketing with the dissemination of information about English learning and foreign cultures could point the way toward the transformation of the education sector. In other words, New Oriental follows the correct trend, which is livestream, during their transformation where they can maximize their strength. Livestream platforms can provide audiences and customers for the education sector and complement each other. Nowadays, becoming a live streaming anchor has become one of the principal ways for teachers in education and tutoring institutions to transform their careers. For example, education institutions Good Future and Douchen Education in China have started selling teaching aids online, and their hosts are all teachers [10].

C. *Remain true to their original aspiration in an acceptable manner within a specific group audience.* A consumer surnamed Guo said, "live streaming with cultural connotations is more likely to be accepted by young people and parents. They can buy what they need and learn at the same time" [7]. By teaching English vocabulary on the live stream platform, New Oriental and their teachers are still doing what they are capable of, which is educating, with the addition of selling crops while live streaming bilingually in order to cover their financial losses.

D. *Collaborate with other companies for new business opportunities, especially when there is a disruption in the market.* Like New Oriental's case, under the pressure of the policy and the pandemic, other education companies, in addition to New Oriental, have also started down the path of transformation and collaboration by looking into various new business opportunities [7]. Following the sale of its off-campus training company last year, Puxin Education disclosed that the company is currently assessing the viability of operating a Chinese digital fast food chain restaurant business to overcome the disruption of the pandemic, and also aim to benefit society in a creative way. On June 10, another education company Rise Education declared that it had successfully merged with Dada Auto in order to investigate the availability of electric vehicle charging stations [10]. Even though these strategies are not what they originally intended to do, collaboration offers them another path to survive within the digital trend and gain popularity for future development.

5. Conclusion

China's double reduction policy combined with the COVID-19 pandemic had influenced Chinese education drastically and abruptly. This couple had put companies like New Oriental to their extremes in terms of problem dealing and company surviving strategies. However, by smartly utilizing a creative strategy that combines online marketing with English and cultural education, New Oriental, standing out compared to their competitors, was able to find a way out that can be acknowledged as successful. Digital marketing has become increasingly popular due to COVID-19, a trend that New Oriental realized that they could cultivate into.

With experience in online teaching, teachers employed in New Oriental started to market with live streams that not only promote products, but also teach related concepts in English to the audiences with enthusiasm. Their newly created platform, "Oriental Selection", was able to gain millions of followers in 10 days of debut due to their novel and entertaining ways of making sales. This couldn't have happened if New Oriental did not make use of networks of products that's applicable to them and smartly utilize human resources and positivity about the future.

New Oriental's successful case opened up to possible changes that can be made by other institutions facing similar problems and craving recoveries. Learning from successful cases like New Oriental, discovering profit possibilities in other areas by utilizing one's strength, staying true with their original aspiration and expressing such to their potential customers as well as cooperating with different potential companies are all recommendations for further steps that can be taken by similar companies.

The combination of the double reduction policy and the COVID-19 pandemic had impacted the Chinese education sector seriously. However, there are possible ways for individual companies in this industry to survive. With the case of New Oriental's potential successes, other educational companies can use this success as a reference and invest on a strategy of their own, and at last, strive for their own survival.

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also conducted a peer review with Zekai. Therefore, the group contrived to have very smooth communication overall and thus attained the expected goal successfully.

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