

# Art Education Institutions Update the Business Model: A Study of Painting La with Business Analysis

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**Abstract:** This article uses new business model and quantitative analysis to solve the recruitment problem of the company. Painting La Company is an art education training institution for children. Cause most customers are not familiar with online course products and internal problems of the company lead to low customer viscosity and less enrollment of the company. The company upgraded the product and made a new business model to solve the above problems. The success of the new business model is analyzed in detail with data. UE models show high margins and a significant increase in monthly GMY. In addition, the management of the company is inseparable from the full cooperation of the leaders. There is no doubt that the new business model has successfully solved the company's problems.

**Keywords:** Management; business model; data analysis; technological.

## 1. Introduction

In China, many parents have a huge investment in their children's education. After entering the Internet era, online educational institutions have emerged. [1] Painting la is a children's art education company is designed for 5-12 years old children's growth characteristics of online children's art education products. It is the first large-scale art training company for children's online class in China in 2015. As the first company to take the crab, the biggest problem it encountered in the early stage was how to promote such a new teaching form to the public. This has a direct impact on student numbers. The following issues and solutions are detailed in the problems and measures. In the data part, we can clearly see the growth of various business data. The conclusion part expounds the analysis of the solution to the problem and the current situation of the company.

## 2. Company Background

Painting La is the first company in the online classes field. This leads to a serious problem: enrollment.

### 2.1. External Issues

#### 2.1.1. Most parents do not accept online classes for their children

In 2017, Online courses are rarely used, especially for students with K12(kindergarten through twelfth grade) kids, there are almost no interest classes in the form of online courses. Physical studios occupy a large proportion of the Chinese market. Parents believe that children lack attention, and physical classes can make children more focused on learning. At the same time, parents regard electronic products such as mobile phones and computers as entertainment products. Once children are given electronic devices to use, they will not do well in class.

#### 2.1.2. There is competition for other interest courses

In the Chinese market, parents attach great importance to their children's education. However, Primary school students in China are under great pressure to study. The rest of the time is semi- competitive with a multitude of interests. Even though, painting is chosen by many parents and children.

Online painting class as a new thing has very little competitiveness. [2]

#### 2.1.3. Online classes threaten children's health, especially their eyes

Online classes require students to use electronic devices in class, meanwhile watching electronic screens for a long time will do harm to children's eyes. Those have led to some resistance among parents. As a result, they believe online courses lack learning efficiency.

## 2.2. Internal Issues

#### 2.2.1. Product defects lead to reduced customer loyalty.

In 2017, Painting la used the form of live streaming and recorded classes, which made some students do not complete homework in accordance with the quality and quantity. The gradual decrease of students' interest directly leads to the decrease of customer loyalty.

#### 2.2.2. There is a big gap between students' acceptance ability.

In some large classes, one teacher has to teach 12 children at a time. These children's acceptance of learning is different, and some children with low acceptance will have the idea of giving up. Painting La needs to lead students to feel the interest in painting and the improvement of painting ability.

#### 2.2.3. The new company lacks experience.

In 2015, the first online children's art education live class in China. At the same time, The 3T (Teacher, Tutor, Teammate) stereoscopic teaching method is applied in the field of children's education for the first time. However, it still takes some effort to find out in the course in terms of customer requirements.

## 3. Research Methodology

As a result of these problems, the company has developed a new strategy. The following will be explained all ways.

### 3.1. Product

Painting company's main product is the course, the company has redesigned the structure of the course.

#### 3.1.1. Course content

First of all, the teaching content is more suitable for Chinese

children's interests, Theme-based courses have been introduced, such as the traditional Chinese festival Spring Festival, in which teachers will teach about the painting of lanterns and other elements. These have been used before. However, the subject courses are now very systematic and planned into the teaching plan. Secondly, lessons about the difficulty of the course and the type of painting were reassigned. Different types of painting such as watercolors, oil sticks, stick figures and drawings are grouped according to the degree of difficulty. This arrangement is designed to best match students' abilities and knowledge. In addition, the duration of a class is set at 1 hour. During the whole class, the teacher and students will complete a work simultaneously. In fact, the child doesn't spend much time in front of the screen.

### 3.1.2. Class format

Painting la has eliminated all recorded classes, and has kept online classes in small groups, one to one or one to six. These two classes were the most efficient of the previous classes. At the same time, one big change is that there is no longer a set assignment, everything is done in class. Students will be encouraged to review the material and create new works after class, but this will not be mandatory. Teachers make follow-up visits to parents and students during their spare time. This kind of communication is more enough for teachers to better grasp the state of students, shorten the distance between teachers and students.

### 3.1.3. Updated its hardware

Painting La has updated its hardware. The company needs to have its own class platform, database and cloud support as well as various equipment at the teacher end. The complex and diverse devices on the student end may cause frequent problems. Companies need to be prepared for possible failures.

## 3.2. The New Business Model

Painting la has repositioned its target audience, targeting children between the ages of 5 and 12. In China's art training market, children's art training accounts for about 65%. The subdivision is children's interest and professional art test. It is estimated that children's interest is 40 million \*15%(online penetration rate)\*5000 yuan (annual customer unit price)= 30 billion yuan(4.7 billion USD)/year. [3] Through the estimation of online art education market scale, it shows that online art education for children has a huge market scale. After estimating the target market, draw a new business model. The most important thing is that painting is the main communication channel of new media. Painting la uses Wechat to become the largest drainage platform, through a variety of promotional activities to target customers. After the new customers are transferred to the company, most of them choose to pay after the experience class. As can be seen from the data, the company's content on Wechat and APP is seen by a large number of potential users.

**Table 1.** Wechat official account and APP operation data

		2019/1/1	2019/2/1	2019/3/1	2019/4/1	2019/5/1	2019/6/1	2019/7/1
Operation data	Cumulative number of fans	2,915,202	3,161,879	3,436,306	3,665,652	3,976,089	4,360,740	4,827,959

## 4. Data Analysis and Findings

The following table shows the current business information. In one year of practice, the solutions to the problems have brought significant improvement to the company. The class elimination rate is very high, which means that everyone who

signs up is attending classes. Secondly, the updating rate of courses is very fast, up to 66%, so that new teaching content is constantly produced to increase students' interest. Finally, the company's sales number show that Printing La spends a lot of money in the marketing part.

**Table 2.** The current business information

	Jul-18	Jul-19
Class elimination rate	99%	99%
Renewal rate	66%	66%
Unit price of newly signed customers	4428	4200
Average number of newly signed courses per single (including free class hours)	57.8	60.2
Reserve of basic courses	174	192
Reserve of optional course	44	64
Number of full-time teachers	251	628
Number of sales team	166	420

After reformulating the product price, the UE model (Unit economic model) shows the current profit structure of

individual courses. After deducting operating costs, the profit per user is 36.5%, which is a very good result.

**Table 3.** The unit economic model

UE MODEL	The guest unit price	The class cost	A guest cost	Profit per user
The first user	4099	1885(46%)	1971(48%)	243(6%)
Renewal fees households (66%)	3435	1709(49.7%)	473(13.8%)	1252(36.5%)

According to the company monthly GMV(Gross merchandise value) data can be seen, a very exaggerated upward trend.

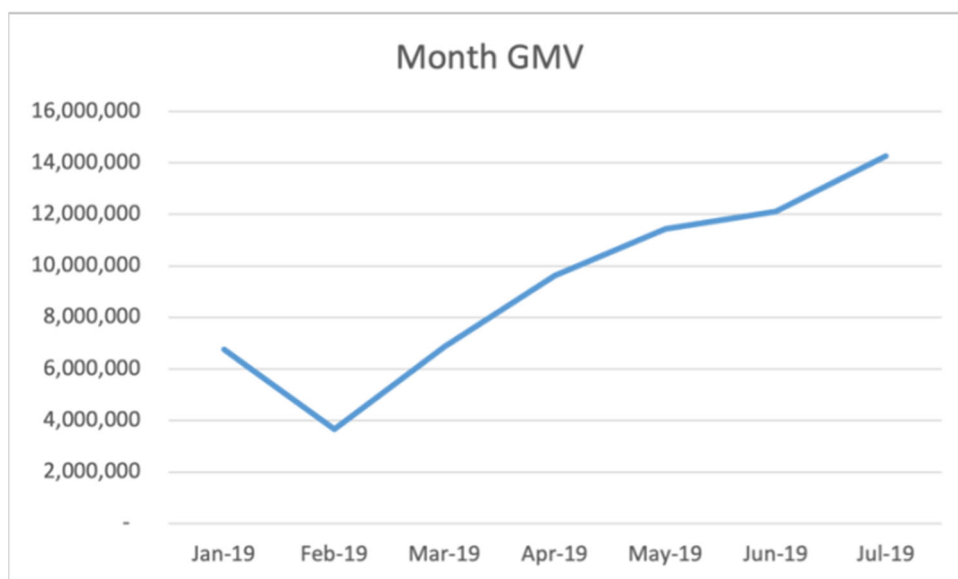


Figure 1. Gross merchandise value

## 5. Management

The three founders have their own expertise and are very experienced. They divide leading management into four parts: product, operation, R&D and marketing. These can handle all

the content needed for online courses. And it can always be seen from the equity structure chart that the founder has a great say in the company. This excellent leadership team is a great competitive advantage of the company.

Table 4. The company leaders

Name	Position	Duties	Character Introduction
Li Wei	founder	CEO of the company, responsible for both products and operations	He has more than 10 years of experience in the development and operation of children's Internet products, and he is the leader of children's Internet products in China.
Yang Xiukun	cofounder	In charge of R&D operation and	He specializes in data analysis and processing, especially in the implementation of the underlying architecture, high concurrency processing, mass data analysis.
Liu Ruensen	cofounder	In charge of product and marketing	He has 14 years of experience in Internet product sales and promotion. He has managed hundreds of agents and thousands of sales consultants in China, and has rich experience in large team management

## 6. Conclusion

Centralized leadership works well in Chinese company, and Asians are more willing to follow orders than innovate in their own fields. I have to say that the change in company is that the three leaders working together to bring the team to a new level of performance. [4] The use of a centralized organizational structure brings maximum efficiency. It is worth noting that the epidemic after 2019 did not cause a blow to the company but a new opportunity. In 2020, when the Chinese government's policy was to isolate all families because of COVID-19, the company saw an exaggerated increase in business. In the era of national online courses, online painting courses have successfully reached the tuyen. The external problems encountered by the company were solved, and competitors followed. In recent years, more and more similar companies have appeared in the Chinese market. As can be seen from the above, managing a company is a process of constant problem solving. How to manage an organization will be a challenge for every leader [5].

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