

# Research on the American Market Entry and Development Strategy of Gua Gua Long

Lujia Sheng\*

*Business School  
The University of Sydney, USYD  
Sydney, Australia  
\*lsh0581@uni.sydney.edu.au*

## ABSTRACT

This paper mainly describes the history and development of American education. Furthermore, it demonstrates the principle of combining mainstream American education methods with children's online education products to achieve high-quality education. Next, it analyzes the pros and cons of Gua Gua Long, a Chinese children's online education product, through courses range, education quality, and brand awareness. Meanwhile, it briefly introduces the development history of Gua Gua Long's company ByteDance especially for its strong capital and advanced Internet technologies. At the same time, it provides strategic research for entry into the U.S. market of Gua Gua Long. This paper uses comparative analysis to contrast the mainstream American children's education methods such as Waldorf, Montessori, and Reggio Emilia. It is stimulating the size of the U.S. children's online education market with estimation method. The paper analyzes three major competing products, including ABCmouse, Osmo, and Outschool in the U.S children online education market through case study method. To attain an objective outcome, the paper demonstrates the advantages and disadvantages of Gua Gua Long, the strength and future development of ByteDance, and the corresponding strategies for entering the American market. In conclusion, Gua Gua Long should use ByteDance's advanced Internet technologies and huge financial strength to build its brand, expand product coverage and enhance education quality to meet the demand of the American market. More importantly, Gua Gua Long could take Tik Tok as the entry point to compete in the U.S. market.

**Keywords:** *Gua Gua Long, ByteDance, American Children online education*

## 1. INTRODUCTION

### 1.1. Research background

Since the 1980s, there have been two large shifts in the education system of many developed countries [1]. The first one was the transformation of education from public good to business and the second one was the restricted investment in the education system due to globalization. The American education market was affected largely as well. According to Hogan and Thompson, it appeared to have commercialization, which is defined as selling educational products to schools or users by external providers. Thus, multiple educational products and services, such as extracurricular materials and classes, were manufactured and provided broadly in America [1].

On the other side, the breakout of Covid-19 in 2019 has been influencing the whole world continuously. Since the government regulated the social distance to prevent the spread of Covid-19 [2]. Schools were limited in traditional physical teaching such as face-to-face teaching for a long [3]. Therefore, the global educational mode migrated from offline to online.

Under such circumstances, the U.S. online education market has not escaped the fate of being commoditized by entrepreneurs. Online education products sprung up in every stage of the education system. Children, a group with lower immunity to the Covid-19 and less necessary to have face-to-face lessons than other groups, its' education market was the aim of many companies.

The article is about the entry analysis and strategies to the U.S. online children education market for Gua Gua Long, a local Chinese online education product from ByteDance. The article tends to discover the status of the

U.S market and how it reacts to the Covid-19. Simultaneously, it searches for the main education methods for children. More importantly, the article will analyze the values of a product originated by a giant Chinese local internet company.

### **1.2. Literature review**

Dodd-Nufrio explained the connection between John Dewey and Reggio Emilia, and the author also clarified the misunderstanding of Montessori and Reggio Emilia by the public [4]. This offers critical thinking of the three main American educational methods. Hogan and Thompson reported the development of the American education system through commercialization [1]. It provides a basic principle of American education products and services business. On the other side, it reflected the reasons for the rise of education commercialization. Ponciano and Jennifer offered a case study about ABCmouse focusing on its confidence in children [5].

Meanwhile, two authors mentioned the motivation stimulation principles for ABCmouse. Schroth et al. found that Osmo could help children develop mathematical ability and a sense of achievement through emphasizing spatial importance. Furthermore, they proposed that Osmo has a huge attraction to motivate children's self-study [6].

Most articles study the online market for higher education in America, while only a few focus on the online children's education market. This article will offer a detailed simulative calculation about the online children's education market size.

Meanwhile, most scholars research mainstream U.S. children's educational methods, and some study the existing children's education products. However, few scholars interrelate the educational principles of these products with the mainstream U.S. educational methods. This paper will describe how several famous U.S. online children education products such as ABCmouse, Osmo, and Outschool, reflect different educational U.S. children's methods.

Simultaneously, ByteDance, as one of the dominant Internet firms in China, most articles pay attention to its most famous products, Douyin and TikTok. However, fewer articles emphasize the products deployed by this company in other industries, such as Gua Gua Long, which desires to enter the U.S. online children's education market. This paper will analyze the competence of Gua Gua Long and its advantages and disadvantages and exhibit the entry strategies.

### **1.3. Research framework**

This article is made up of 7 parts. The first part will describe the status of the American online children's education market, explaining how it is developed and influenced significantly by the commercialization of the education system and the breakout of Covid-19.

The second part will present four mainstream U.S. children's educational methods, including Waldorf, Montessori, John Dewey, and Reggio Emilia. Meanwhile, there will be a preference description and a contrast between these methods.

The third part focuses on the calculation of the U.S. online children's education market. Because there are few articles about this unique market, thus the article will provide a relatively objective logic to simulate the market size to confirm whether there is a chance for Gua Gua Long to enter the market.

The fourth part contains a competitive product description for several famous American online children's education products, ABCmouse, Osmo, and Outschool. The description includes product compliment, customer group, company basic information, and company profile.

The fifth part will report Gua Gua Long through its detailed information, product principles. Furthermore, the paper will analyze its company ByteDance for its advanced Internet technique and effective advertisement strategies.

The sixth part will list the contrast between Gua Gua Long and the above American education products, discussing both advantages and disadvantages of Gua Gua Long.

## **2. METHODS**

The first part of the paper will provide the comparative analysis method to compare the American education system through different periods. This part is expected to attain an attractive demonstration of the change of the American education system.

The second part of this paper uses the comparative analysis method to describe the differences and similarities between four mainstream U.S. educational methods. It will first define the concepts as well as introduce their development history. Secondly, there will be a contrast of their principles. Thirdly, the article will make a brief conclusion about the preferred method by the American. This part aims to achieve a full summary of the four educational methods.

The third part will use data analysis to simulate the market size for the U.S. online children's education market. This part needs strict logic to estimate the target data because there is no existing data to help with this

article. The data is expected to originate from websites such as educationdata.org or reports. Meanwhile, this part tends to analyze the American market size accurately and make it easy to understand.

The fourth part utilizes the case study method to demonstrate the competitive product description for ABCmouse, Outschool, and Osmo. It will not only contain the features of each product but also build a comparison among them. Furthermore, the article will relate these products to the four main educational methods.

The fifth part will also use the case study method to research Gua Gua Long. While Gua Gua Long is a newly published product in the education industry, so there will be only a few ways to search its data and information. Moreover, this part tends to make ByteDance company analysis through data collection. Because ByteDance is a non-listed company, all its information originates from the official website or reports published by other scholars. This part will give a clear understanding of the company and its product strengths.

The sixth part will compare Gua Gua Long with the other three educational products through the comparative analysis method. To achieve completed conclusions, this part also emphasizes whether Gua Gua Long can enter the American market and its advantage.

### **3. RESULT**

#### ***3.1. American Children Education Background***

According to Hogan and Thompson, the education systems in most developed countries have been affected by commercialization since the 1980s. Commercialization means creating, marketing, and selling education goods and services to students and their parents [1].

On the one hand, there had been a shift in the purpose of national governance, transforming education from common good to a commodity that can be used to measure economic standards. As a result, education ceased to be a universal resource, and to reflect its value, a variety of domestic out-of-school institutions began to emerge. On the other hand, globalization greatly impacted the economic structure and social relations in developed countries, which had changed the structure of investment in the national education system while introducing more opportunities for it. With the development of a multicultural society, various educational products have emerged from these new educational concepts.

Besides, the Covid-19 that broke out in 2019 has affected the world for more than two years. Because of the social distancing to prevent the spread of Covid-19

[2], schools were limited in traditional physical teaching such as face-to-face classrooms for a long time [3]. Therefore, the global educational mode migrated from offline to online.

As a result, education in the United States has been greatly changed by both commercialization and Covid-19. The education of children, however, did not escape being commodified. Meanwhile, because children were identified as a more vulnerable group and were greatly curtailed from going to school during Covid-19, online education for children received huge attention.

#### ***3.2. American Children Education Methods***

American children's education is mainly influenced by 3 mainstreams of education methods: Waldorf, Montessori, and Reggio Emilia. All three approaches represent an explicit idealism away from violence and toward peace and reconstruction. Waldorf education method was founded by Rudolf Steiner, a scholar who studied the intersection of the spiritual and scientific dimensions. The philosophy of this method is to combine forms of understanding and experience and apply them to children's learning process [7]. Reggio Emilia is a city in northern Italy where educators, parents, and children began working together after World War II. Therefore, this approach to education favors creativity and dialogue to motivate children to learn [7]. Aljabreen states that the Montessori method was designed in the early 1900s in Rome, Italy, by Maria Montessori, a physician [8]. It emphasizes the development of children and the learning support of the teacher. Montessori's theory of child development is so unique and thematically strong that it is often cited as a framework to guide other educational theories.

In conclusion, Montessori programs emphasize reading and writing, Waldorf uses the concept of "work" to describe children's learning activities, and Reggio Emilia emphasizes art. Overall, Aljabree claims that Reggio Emilia is more likely to be an international education method for children [8].

#### ***3.3. American Online Children Education Market Size***

This article will calculate the size of the U.S. children's online education market by multiplying the U.S. family expenditure on children's education and the proportion of U.S. online education. As showed in Figure 1, first, the family expenditure on children's education in the United States is multiplied by the number of American families, the education expenditure of American families, and the proportion of all education in the United States. According to Statista, the average number of households in the United States in the past five years is \$127.33M [9]. As reported on Engaging

Data, the average family education expenditure in the United States is \$1,491 per year, including tuition fees and some extracurricular tuition fees [10]. Education in the United States is divided explicitly into children's education, k-12 education, and higher education. According to MarketWatch, the ratio of children's education to overall education is \$70 B/\$1215 B = 5.76% [11]. According to calculations, the overall annual expenditure of the U.S. family on early childhood education is  $\$127.33M * \$1,491 * 5.76\% = \$10,935M$  every year. According to IESNCE, the U.S. online education market is about 20B. The overall size of the U.S. education market is around \$1,411B [12]. Therefore, the online education market in the United States accounts for approximately  $\$20B / \$1,411B = 1.42\%$ . From this, it can be concluded that the size of the online children education market in the United States is approximately  $\$10,935M * 1.42\% = \$155.28M$ . However, it is worth noting that the proportion of online education in the United States has been rising due to the impact of the Covid-19, so the actual scale will continue to increase compared to the predicted value.

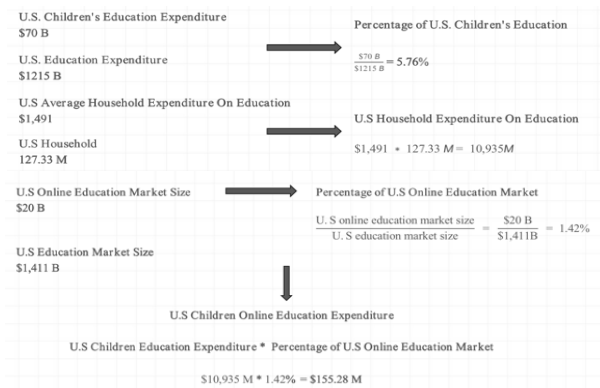


Figure 1 U.S. Children online education expenditure

### 3.4. American Online Children Education Product Analysis

In the U.S. children's online education market, there are three well-known products. ABCmouse, Outschool, and Osmo. ABCmouse was launched in 2010. This is a product that uses the web or APP as the main educational carrier. Children can learn knowledge through games, videos, music, and tests. Its covered courses include basic courses such as mathematics, as well as drawing and music enlightenment [13]. According to Growjo, ABCmouse's estimated annual revenue is currently \$117M per year [14]. In 2015, it received financing of \$150M. Outschool was established in 2013 and is a product with online courses as the main carrier. Children can learn through online meeting software similar to Zoom and interact with real teachers. It covers a wide range of courses involving all aspects of life and learning interests. Outschool's estimated annual revenue is currently \$170.7M per year [15]. Launched in 2013,

Osmo is a children's education product that combines hardware and software. Mainly teach children through the APP terminal. At the same time, its technology will scan the actual objects used by the child to help strengthen knowledge. Its covered courses include literature, mathematics, programming and so on. Osmo's estimated annual revenue is currently \$120M per year. Osmo has raised a total of \$32.5M in funding over 3 rounds [16].

According to Woshipm, Gua Gua Long is one of 'Dali Education' products, a subsidiary of 'ByteDance'. It was launched in March 2020 and offered four major courses: English, Thinking, Humanities and Art. The product benefits from the mature education business system of 'Dali Education' and has advanced technology and financial support of 'ByteDance'. Hence, the overall development is extremely rapid. Since May 2020, Gua Gua Long has been advertised through live broadcast, subway marketing, animation I.P. co-branding, and attracted many users in a short period. Gua Gua Long's teaching method is similar to ABCmouse, and knowledge is imparted through video, music and other channels on the web or APP. But at the same time, Gua Gua Long has also launched hardware such as books and so on that cooperate with APP [17].

## 4. DISCUSSION

### 4.1. Relationship between mainstream U.S. children educational methods and products

Based on analysis and combination, Outschool is biased towards Montessori education, focusing on more traditional teaching methods and emphasizing the status of teachers as 'tutors' in the education process. Osmo and ABCmouse prefer the Reggio Emilia education method, which promotes children's creativity and interest. Gua Gua Long also has the characteristics of Reggio Emilia, and its educational philosophy is 'education through fun'. But the difference is that Gua Gua Long also possesses the powerful Internet technology and capital flow of Chinese enterprises.

### 4.2. ByteDance development history and strengths

The public knows the product TikTok of ByteDance, but Douyin is only the first product of ByteDance, and ByteDance has deployment and development strategies in many industries. In terms of funding, Xiaoye states that in 2018, Byte Dance's total revenue reached 7.1 billion U.S. dollars, which is the lower limit of its target. Coupled with its recent valuation of \$75 billion, this figure is at the higher end of the industry standard. ByteDance has new Internet technologies and a large-

scale publicity platform such as Douyin, which can play a good advertising role for Gua Gua Long [18].

#### **4.3. Gua Gua Long weakness**

It is worth discussing that Gua Gua Long is still in a new development state. Its brand reputation, curriculum coverage, and curriculum have not yet reached the optimal state. At the same time, the domestic competition in the United States is already in a relatively fierce state. Therefore, if Gua Gua Long wants to enter the U.S. market, it needs to make corresponding adjustments to its strategy. On the other hand, due to the outbreak of the Covid-19, the entire online children's education market has been highly valued, and it belongs to the state of the blue ocean market. Therefore, Gua Gua Long has great potential to enter the American market to compete.

#### **4.4. Gua Gua Long entry strategies**

To be specific, firstly, Gua Gua Long lacks teachers recognized by the American market. It needs to improve the quality of educational resources, choosing teachers recognized by the United States. For example, they are hiring famous schoolteachers to assist in writing courses. Secondly, Gua Gua Long has less variety of courses. It needs to expand the scope of courses, such as expanding life encyclopedia courses, communication courses. Thirdly, current courses and teaching modes are mainly developed for Chinese students. The company needs to develop an education model suitable for children in the United States and add interactive content based on videos and games. Fourthly, there is no supporting hardware except for books. The company needs to combine teaching with hardware and software, such as learning Osmo. Fifthly, Gua Gua Long is only well-known in China and needs to open the American market. Companies should increase product awareness through advertising, such as using Tik Tok for publicity. Sixthly, domestic products in the United States are already relatively strong, and it will be more difficult to enter the market directly. It is important to acquire existing educational products and incorporate their characteristics into Gua Gua Long. Finally, Gua Gua Long's price cuts and discounts have emerged one after another, making customers on different platforms pay different prices. Companies should avoid frequent low discounts and promotions.

### **5. CONCLUSION**

This paper mainly studies the educational principles of Montessori, Waldorf, and Reggio Emilia as the mainstream educational methods in the United States. Montessori programs emphasize reading and writing, Waldorf uses the concept of "work" to describe children's learning activities, and Reggio Emilia emphasizes art [8].

At the same time, this article simulates the online education of early childhood in the United States through the estimation method. The market size is approximately \$155.28 M. While analyzing the competing products of ABCmouse, Osmo, and Outschool, the educational concepts and product settings of Gua Gua Long and the three educational products were compared. It also analyzes the future development and main advantages of ByteDance, the company owned by Gua Gua Long, such as Internet technology. Finally, this article combines the previous analysis to propose strategies for Gua Gua Long to enter the United States, such as expanding the richness of courses, promoting Gua Gua Long through media advertising, etc.

This article has a more comprehensive analysis of the American early childhood education market, and at the same time, combines well-known children's education products on the market with mainstream American education methods. Most importantly, this article has a detailed analysis of ByteDance and Gua Gua Long and puts forward a strategy on how a Chinese company can enter a foreign market.

When analyzing the American children's education market, this article adopts the estimation method. Still, the estimation method is often greatly affected by the first-hand data sources, and there are some neglected factors, so there may be deviations from the actual values.

### **REFERENCES**

- [1] Hogan, A., & Thompson, G. (2017). Commercialization in education. In Oxford research encyclopedia of education.
- [2] Red Cross. (2020, April 21). What social distancing means. <https://www.redcross.org/about-us/news-and-events/news/2020/coronavirus-what-social-distancing-means.html>
- [3] Adedoyin, O. B., & Soykan, E. (2020). Covid-19 pandemic and online learning: the challenges and opportunities. *Interactive Learning Environments*, 1–13. <https://doi.org/10.1080/10494820.2020.1813180>
- [4] Dodd-Nufrio, A. T. (2011). Reggio Emilia, Maria Montessori, and John Dewey: Dispelling teachers' misconceptions and understanding theoretical foundations. *Early Childhood Education Journal*, 39(4), 235-237.
- [5] Ponciano, L., & Jennifer, M. (2015). An Effective Digital Learning Resource Can Significantly Improve Motivation, Engagement, and Self-Confidence.
- [6] Schroth, S., Tang, H., Carr-chellman, A., & AlQahtani, M. (2019). An Exploratory Study of

- Osmo Tangram and Tangram Manipulative in an Elementary Mathematics Classroom. *Journal of Educational Technology Development and Exchange (JETDE)*, 11(1), 1.
- [7] Edwards, C. P. (2002). Three approaches from Europe: Waldorf, Montessori, and Reggio Emilia. *Early childhood research & practice*, 4(1), n1.
- [8] Aljabreen, H. (2020). Montessori, Waldorf, and Reggio Emilia: A Comparative Analysis of Alternative Models of Early Childhood Education. *International Journal of Early Childhood*, 52(3), 337-353.
- [9] <https://www.statista.com/statistics/183635/number-of-households-in-the-us/>
- [10] <https://engaging-data.com/household-spending-education/>
- [11] [https://www.marketwatch.com/markets?mod=top\\_nav](https://www.marketwatch.com/markets?mod=top_nav)
- [12] <https://medium.com/@jdunns4/just-how-big-is-the-us-education-market-98eb26a2a6f7>
- [13] <https://www.abcmouse.com/>
- [14] <https://growjo.com/>
- [15] <https://outschool.com/>
- [16] <https://kidscreen.com/2019/01/17/osmo-acquired-for-us120-million/>
- [17] <http://www.woshipm.com/evaluating/4291310.html>
- [18] Xiaoye, S. H. I. (2019). Analysis of ByteDance (Doctoral dissertation, Ph. D. Dissertation. Swiss Federal Institute of Technology Zurich).