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Sun Quan Education Inc.: How Far Can “We-Go”?

Yuanfang Lin wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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In January 2018, two years after opening the Kitchener-Waterloo We-GO Club, a business aimed at promoting education and training on the game of Go in Southern Ontario, Sun Quan and his business partners organized the first We-GO Rating Competition acknowledged by the Canadian Go Association (CGA). About 35 children and 30 adults registered and participated in the tournament, most of whom came from the Go classes of various levels offered by Sun’s We-GO Club since 2016. About 10 children were promoted to a higher grade after winning in the tournament.

In February 2018, as Sun and his friends celebrated the Chinese New Year day together, they realized that the club needed an effective plan for the further marketing of Go, an intellectual product deeply rooted in Asian culture, to the Kitchener-Waterloo area of Ontario, Canada. Sun, president of Sun Quan Education Inc., described the club’s ongoing marketing objective:

To further expand our customer base in Southern Ontario, we must continue to increase the awareness and interest of [the] Go game. We were considering [promoting] ‘Go’ to schools as the next market entry point, which meant actively seeking opportunities to cooperate with the curriculum or extracurricular programs of schools at different levels.

Was this the right direction for the company’s marketing plan? Or was there a better alternative?

A BRIEF HISTORY OF the GO GAME

Go was a board game played by two players with the intention of acquiring greater territory on the game board.[[1]](#footnote-2) Considered the oldest board game played today, this game was invented in ancient China more than 2,500 years ago with close ties to many aspects of ancient Chinese philosophy and ethics. The game was introduced to Japan about 1,500 years ago, went through significant development, and became one of the most popularly played strategy board games in East Asia. The game was brought to Europe and America by western travellers from Japan and has slowly gained popularity since the 1920s.

The International Go Federation (IGF) was founded in 1982 with only 29 countries as initial members. By 2010, more than 70 countries had members within IGF.[[2]](#footnote-3) The game of Go came to Canada over 100 years ago from a number of different sources including Chinese students, and Japanese and European immigrants. The CGA was the governing body for the game of Go in Canada and was affiliated with the IGF in Tokyo.[[3]](#footnote-4) According to Sun Quan, “As of December 2017, it [the CGA] had almost 1600 registered members.”

THE GO INDUSTRY

Go was considered one of the four academic and artistic accomplishments[[4]](#footnote-5) required of ancient Chinese scholarly gentlemen—historical evidence for the game’s deep cultural roots. Meanwhile, the competitive game format and the rich strategic implications also made Go a popular intellectual sport, especially in China, Korea, and Japan. According to China Qiyuan, the official agency responsible for board and card game organizations in China, the “Go Population” in China was nearly 30 million by June 2014, including 421 registered professional players whose incomes primarily came from participating in international and domestic Go competitions and tournaments, as well as 9.7 million amateur players. About 5 million youth were receiving Go education at various training institutions.[[5]](#footnote-6) In recent years, the growth of the Go population and industrialization in China surpassed Japan and Korea, which were the leading countries during the last decade of the 21st century. The main components of the Go industry could be divided into competition events (professional and amateur levels), training and education, and equipment supplies.

Go Competition

Similar to tennis grand slams or chess open tournaments, there were over 10 major international Go tournaments for professional players to compete in, with the champion awarded as much as US$400,000.[[6]](#footnote-7) In the annual World Amateur Go Championship, under the supervision of the IGF, amateur players from around the world competed for the official world amateur title.[[7]](#footnote-8) China, Japan, and Korea all had various domestic Go competition events open for professional or amateur players. Due to the popularity of the game of Go in these countries, television broadcasts could reach audiences of up to 1.5 million for an international game of high significance.[[8]](#footnote-9)

Go Education

The simple rules, complex strategic implication, and deep cultural roots made the Go game a popular choice for parents in China seeking early educational options for their children’s intellectual development, even if they were not planning to take the professional path later. The ranking of Go skills was generally divided into beginner (ranked from 1k to 25k), amateur (ranked from 1d to 7d), and professional (ranked from 1p to 9p) categories. A larger number next to an associated letter indicated a higher rank under that corresponding category.[[9]](#footnote-10) While there was some variation across the world in amateur ranking, according to the China Go Year Book, the number of players receiving the ranks of 1d–5d had grown an average of 30 per cent annually since 2009. In 2015 alone, 200,000 certificates of Go ranking were issued in China.[[10]](#footnote-11) The situation was similar in Japan and Korea. Influenced by the media coverage between the artificial intelligence Go software developed by Google—“Alpha Go”—and Korea’s top Go player, Lee Se-dol in March 2016, Go training institutions in Korea received over 100,000 students signing up nationwide within one week past the event.[[11]](#footnote-12) The China Industrial Information Network estimated the total market demand for Go training and education at CNY¥25 billion[[12]](#footnote-13) (roughly US$3.6 billion).[[13]](#footnote-14)

Go Equipment

Go equipment consisted of the objects needed to play the game between two opponents. The two essential pieces required to play a Go game were a game board with a 19 × 19 grid (even though “Beginners typically started with smaller 9 × 9 and 13 × 13 board[s],” according to Sun) and playing pieces called “stones” (a standard set contains 181 black stones and 180 white stones). Despite the simplicity of equipment, the quality of the products varied from basic to valuable, according to the raw material used.[[14]](#footnote-15) The game board could be manufactured using material of plastic, stone, or highly valuable wood. Materials for playing pieces included plastic, porcelain, glass, and stones of different durability and appearance, and substantially different pricing ($10 to over $200).[[15]](#footnote-16) Associated with the rising number of students seeking Go education, especially in East Asia, there was also an increasing demand for qualified teachers, instructional books, and computerized software and applications for Go play and education.[[16]](#footnote-17)

SUN QUAN EDUCATION INC.

From a get-together place to play Go primarily for Chinese students and immigrants, Sun and his associates worked to build a solid business venture through the offering of Go education and training in the Kitchener-Waterloo area of Southern Ontario.

Company Background

Sun started receiving rigorous Go training at the age of 11 from the famous Go institution Nie Weiping Go Dojo in Beijing. The institution was named after the most legendary Go player in modern China, Weiping Nie. The primary objective of this institution was to prepare young Go players for the entrance competition to be certified as professionals. Sun decided not to enter the professional path after training at Nei Dojo for five years. In 2011, he flew to Canada to study at St. David’s Catholic Secondary School. After graduating from high school, he studied business and financial math at Wilfrid Laurier University. In 2016, he was admitted to the School of Community Services at Conestoga College and graduated with a diploma in Early Childhood Education in April 2017.

Although he did not choose the path of becoming a professional Go player, Sun firmly believed that he would enjoy a lifetime benefit from those early years of Go training. According to Sun, the 2016 champion of the Canadian Go Open Tournament,

Learning to play Go could greatly help a person’s intelligence development. It helps a player improve the ability to concentrate, calculate, memorize, and most importantly, form a good sense of judgement. . . . You would never become a master in Go game if only playing by the book. The winning always came down to keeping an open mind and being creative in designing, adjusting, and implementing a strategic plan under different competitive scenarios, and to find your strength while taking advantage of the opponent’s weakness on the game board.

Sun also referred to the above strategic principles of playing Go when explaining his business venture, which started off introducing Go game as an educational product in the Kitchener-Waterloo area:

I did not go through regular education path when I was a child. Instead I gave up regular school life to receive professional Go training for almost 10 years. Even after I decided not to choose the professional Go career path, I didn’t consider those years of Go training as a waste. Instead, I considered my rigorous Go training and skill level as my “strength” and utilized it as I planned for my life and career. And that was exactly how I started thinking about a business venture for Go education in Canada!

Sun took the first step of “test marketing” in 2014 by posting online advertisements (e.g., WeChat, Kijiji) offering private tutoring services to potential Go players in the region. The speed of responses was surprisingly high, as Sun recalled, “I was surprised that within 7 minutes after I posted an informal tutoring ad in a WeChat group, I received three phone calls, with each caller mentioning that there were two to three children interested in learning to play Go.” By 2015, Sun’s regular Go tutoring clients included seven families with single or multiple children. The “Go-Club” idea was developed in 2016 as more tutoring class inquiries came in.

Working with five assistants who later became Sun’s business partners, the Waterloo We-GO Club[[17]](#footnote-18) held a trial opening during the first half of 2016 (January–June), where free Go classes were offered and open house activities were organized. The admission and membership system (see Exhibit 1) officially started in September 2016, corresponding to the fall 2016 semester of universities and colleges, and secondary and primary schools in the Kitchener-Waterloo area. Initial enrollment included 35 children from different age groups. By the end of 2017, the Kitchener-Waterloo We-GO Club, as a business unit of Sun Quan Education Inc., held three service cycles (winter 2017, spring 2017, and fall 2017), corresponding to the local post-secondary school-year calendar. The enrollment size increased to 42 in winter 2017. In addition to the “beginner lessons,” included as a membership benefit (see Exhibit 1), the club offered training sessions from basic to intermediate, with term prices of $225, $330, and $375, respectively. These classes were aimed at customers who had some basic knowledge of the Go game.

We-GO Club’s Marketing Effort (2017–18)

Sun and his business partners were going over the profile of existing customers. A vast proportion of children currently in the club’s various levels of paid classes came from Chinese families. Most of their parents had immigrated to Canada as students or young professionals and later settled down in the Kitchener-Waterloo region. Those parents were all willing to work to help their children’s intellectual development. Furthermore, learning to play Go also provided another opportunity for their kids to have an appreciation for the cultural background of their family. A father whose son was taking the beginner lessons from the We-GO Club said,

Almost all our friends from the Chinese community in this region sent their children to Chinese language schools over the weekend. . . . Most of our children were born in Canada where English was the first language they learned to speak. We hoped that learning to speak Mandarin would help them understand and connect with [their] family heritage from a culture different from North America. Yet many of them did not like [to] take language lessons over the weekend. But they were very interested in learning to play a new board game [that] originated in China, and we pleasantly found that the kids were all willing to engage in conversation using Mandarin with their Go teachers!

Given the current popularity of the Go game in China, Japan, and Korea, Sun believed that the cultural aspects of Go could help further expand the market to draw in more customers whose original families emigrated from those Asian countries (see Exhibit 2).

However, Sun also realized that Go was a relatively late addition to a Canadian child’s extracurricular activity options. Regarding the challenges on increasing class enrollments, Sun said,

Besides [the] monetary factor, we were also competing with other extracurricular activities to get a spot on a child’s weekly agenda. . . . We just had one student who completed [his] first beginner class series yet decided not to continue the Go class this term as he already had a tight weekly after-school schedule including lessons on piano, figure skating, and karate!

One session of Go class per week could be accepted by parents as a good complement to a child’s weekly sports activities (e.g., hockey, skating, or soccer), yet it still needed to justify its substitutability for other art or intellectual lessons (e.g., chess, piano, or STEM [science, technology, engineering, and mathematics]). The ultimate success of Sun Quan Education Inc.’s business adventure depended on the feasibility and success of expanding the We-GO Club’s customer base beyond the particular demographic group.

One possible market development proposed by Sun was to make Go a standard curriculum item for public schools. This was an idea inspired by the Chess Institute of Canada, which offered specialized chess curriculum classes in both elementary schools (kindergarten to Grade 6) and middle and high schools (Grades 7 to 12).[[18]](#footnote-19) Sun believed that the demand for Go instruction offered by his club would receive a significant boost if Go became a curriculum class as part of a mandatory program delivered within regular class time (see Exhibit 3). Sun took some initiative in creating the awareness and interest for students in the elementary schools in the Kitchener-Waterloo area.

Part of his early childhood education program at Conestoga College involved internships at designated public schools in Waterloo. When he worked as a supply teacher for students in the after-school program, Sun always took the opportunity to introduce students to this new game called Go and explained its unique format and competitive mechanism to get students to try the game. Upon graduation, Sun continued to research the potential and the procedures necessary to have Go offered as a curriculum class by the Waterloo Region District School Board. These kinds of curriculum classes could be financed by any combination of parent councils, school budgets, and additional outside sponsorships and subsidies.[[19]](#footnote-20) However, the recent changes to Ontario’s education funding indicated a potentially longer process in pursuing this market development.[[20]](#footnote-21) Another venue currently explored by Sun was a partnership opportunity with other tutoring or private educational service providers, offering a variety of educational products (e.g., French, mathematics, music) for children at different school ages. Meanwhile, the We-GO Club had already started the preparation of teaching resources for the potential market development. Sun explained,

In general we decided to take three steps in resource preparation: First, to complete a full English version of the Go lecture material; next, to train qualified Go teachers for intro-level Go class instruction in English. The last step would be the presentation and instruction of [the] Go game at different school levels and class settings to seek addition to the school class curriculum.

MOVING FORWARD

On January 6, 2018, the We-GO Club hosted the first We-GO Open Competition event[[21]](#footnote-22) at RIM Park, in Waterloo, Ontario. The competition was divided into adults’ and children’s groups, where the latter competition was used for rating certification acknowledged by CGA. About 30 adults and 35 children participated in the one-day event, involving a competition of five rounds. Sun and his partners conducted an intensive broadcast campaign before, during, and after the event on WeChat, the most widely used social media platform in Chinese. According to Sun, the net operation expense for hosting the event was about $1,500, after deducting registration fees of $30 per participant. The expenses included room rental, certification, awards, prizes, and other administrative costs. The club believed that the successful hosting of this competition event would greatly increase awareness of the We-GO Club and would help bring more customer and business opportunities to the company. “We still considered the Go market in Canada a blue ocean,[[22]](#footnote-23) which represented great business potential and many opportunities,” stated Sun, “but we needed a clearly designed marketing plan to ‘Go’ further.”

Exhibit 1: We-GO Club Fall 2016 (September–December) Membership Price Chart

|  |  |  |
| --- | --- | --- |
| **We-GO** | **Entire Term (15 weekly meetings)** | **Drop In (Per-Meeting)** |
| Family (up to 3 persons) | $100 | $10 |
| Individual | $60 | $6 |
| Additional guest | $10 | $3 |
| Benefits | Beginner lessons | Beginner lessons |
|  | Free club handouts | Free club handouts |
|  | Fruits and snacks | Fruits and snacks |
|  | Instruction and game review by club coaches during free play | Instruction and game review by club coaches during free play |
|  | Opportunity to play with visiting professional players |  |
|  | Access private tutoring |  |

Source: Data and information provided by Sun Quan, President of Sun Quan Education Inc.; the printing cost for club handouts averaged CA$0.10 per copy; cost for fruits and snacks averaged CA$2 per person.

Exhibit 2: Size of potential Customer Base from “Go-Popular” Country Origins

|  |  |  |
| --- | --- | --- |
| **2016 Census Profile, Kitchener-Cambridge-Waterloo (Metropolitan Area), Ontario** | | |
|  |  | **Percentage of Total Population** |
| Total population | 516,085 |  |
| Asian origins | 77,160 | 15.0% |
| East and Southeast Asian origins | 33,915 | 6.6% |
| Chinese | 18,680 | 3.6% |
| Japanese | 1,025 | 0.2% |
| Korean | 2,570 | 0.5% |
| Immigrant population | 118,615 | 23.0% |
| Under 5 years | 13,700 | 2.7% |
| 5 to 14 years | 23,895 | 4.6% |
| 15 to 24 years | 25,560 | 5.0% |
| 25 to 44 years | 47,195 | 9.1% |
| 45 years and over | 8,265 | 1.6% |
| Immigrant by place of birth |  |  |
| China | 6,380 | 1.2% |
| Japan | 150 | 0.0% |
| Korea; South | 1,460 | 0.3% |

Source: “Census Profile, 2016 Census: Kitchener-Cambridge-Waterloo [Census Metropolitan Area], Ontario and Ontario [Province],” Statistics Canada, last updated April 3, 2019, accessed April 20, 2019, [www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=541&Geo2=PR&Code2=35&Data=Count& SearchText=kitchener&SearchType=Begins&SearchPR=01&B1=Ethnic%20origin&TABID=1](https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=541&Geo2=PR&Code2=35&Data=Count&%20SearchText=kitchener&SearchType=Begins&SearchPR=01&B1=Ethnic%20origin&TABID=1).

Exhibit 3: Waterloo District School Board Enrollment Data

|  |  |  |
| --- | --- | --- |
|  |  | Percentage of Total Students |
| Total Students | 63,924 |  |
| Elementary | 44,070 | 68.9% |
| Secondary | 19,854 | 31.1% |
| First Language Not English Or French | 19,679 | 30.8% |
| Enrolled In Extended Day Program | 3,041 | 4.8% |
| Total Schools | 121 |  |
| Elementary Schools | 105 | 86.8% |
| Secondary Schools | 16 | 13.2% |

Source: “By the Numbers: Trustees Approve a Balanced Budget for the 2018–2019 School Year,” Waterloo District School Board, January 28, 2019, accessed April 20, 2019, <https://report.wrdsb.ca/by-the-numbers/>.

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