



**STRATEGIC MARKETING PLAN
FOR HUIHAGN BANK IN ANHUI PROVINCE**

THESIS

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Abstract <p>Huishang Bank Corporation Limited Company was founded on December 28, 2005, and it has operated since January 1, 2006. Before it was established, it merged with six cities' commercial banks and seven urban credit banks in Anhui Province. It then became the first regional bank which had developed from city commercial bank in China. In the last five years, Huishang bank has already got significant progress, and it entered top 500 global banks in 2010.</p> <p>This thesis focuses on the strategic marketing plan for Huishang bank. The main research problem is "How Huishang bank could develop and earn more market share". The main research method is a qualitative resarch and the empirical part includes an interview to get the useful information.</p> <p>The thesis is divided into five parts. In the introduction chapter, the main situation of Anhui Province and Huishang bank has been introduced. In the theoretical part, the internal and external marketing analysis, marketing process, marketing strategies and principle of marketing are explained thoroughly. In the empirical part, main bank data and data analysis have been provided. Then SWOT analysis has been made according to these data. The detailed strategies were made depending on the bank market position, operational plan and other suggestions.</p> <p>The thesis result provides useful strategies, which could help the bank keep developing its operation.</p>		
Keywords Huishang Bank , SWOT analysis, Strategies, Marketing, Plan		
Note		

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1 INTRODUCTION

Anhui Province is located in the east part of China. During recent years; it has been developing very quickly. Affected by this environment, many enterprises and companies have achieved the enormous improvement, including Huishang Bank. (China, 2004). The thesis will discuss the strategic marketing plan of Huishang bank in Anhui Province, in order to help Huishang bank improve its operation.

The topic of the thesis is a continuation of the work placement. Therefore, the bank was already familiar for the researcher and it was quite easy to make the interview with the bank manager. Nowadays, the economic environment provides almost all of the banks both opportunities and also threats, the competition in bank industry is more fierce than before. How can Huishang bank survive in this situation, how it can keep a developing trend are thoughtful questions to be looked into here.

The main research problem is “how Huishang bank could develop and earn more market share in the bank industry to achieve its business idea”. This thesis provides theories on external analysis and internal analysis of marketing, the marketing process, marketing strategies and operation plan.

Secondary information is largely used in the thesis theoretical part, such as the various books and internet information. Huishang bank annual reports are used for the empirical part. SWOT analysis is also used in this thesis in order to make the clear understanding of Huishang bank.

Qualitative research method is used in the empirical part. Interview was successfully made with the help of bank manager, and a large amount of useful information was obtained.

This thesis contains six parts, the first part is a brief introduction, which introduces

the thesis and provides the current situation of Anhui Province and Huishang bank. The theoretical part includes chapters two and three, which describe the external analysis and internal analysis of marketing, and the marketing plan. From chapter four to chapter five the empirical part is described, including analysis of the interviewed data, the SWOT analysis of Huishang bank and thus providing the detailed strategies and suggestions for Huishang bank. The last part is conclusion, which makes a summary and evaluation of the thesis.

1.1 Anhui Province

Anhui Province is located in southwest of East China, the province is famous for the flourish mineral resources, such as limestone, copper and iron which can be the top of China. (China, 2004)

Key Information

Population	65.9 million
Land Area	139,427 Sq km
GDP	RMB 614.9 billion (US \$ 78.3 billion)
GDP per capita	RMB 10,055 (US \$1,281)
Agriculture	16.7%
Industry and Construction	43.1%
Services	40.2%
Fixed Asset Investment	RMB 354.5 billion
Utilized FDI	US \$ 1.4 billion
Export	US \$ 6.8 billion
Import	US \$ 5.4 billion
Sales of Consumer Goods	RMB 202.9 billion
Per capita annual disposable income of urban residents	RMB 9,771 (US \$ 1,245)
Per capita annual net income of rural households	RMB 2,969 (US \$ 378)

Figure 1. Key information of Anhui Province (Anhui Statistics Yearbook, 2007)

Until 2006, many fields of economy, such as agriculture, industry and services grew smoothly, especially the industry and services, which account for 40% of the whole GDP in Anhui Province. This situation attracted many businessman and enterprises to invest. Normally, they prefer to invest in cities like Hefei, Anqing and Wuhu, which play important roles in Anhui economy development. (Report on the Work of the Government, 2006)

1.2 Huishang Bank

In the middle of the 1990's, Chinese government decided to evacuate and reshuffle some rural cooperatives; and let the local enterprises and residents add shares to establish the new city commercial banks. (Huishang Bank materials, 2010)

Huishang Bank Corporation Limited Company was founded on December 28th 2005, and it started its business operation in practice on January 1st 2006. Before it was established, it merged with six cities commercial banks and seven urban credit banks in Anhui Province, and then it became the first regional bank which developed from city commercial bank in China. The registered capital of Huishang Bank was 8,175 hundred million RMB and by the end of 2009, it had 164 branch banks and 4200 employees, the total assets were 160,300 hundred million RMB, the profit was 2750 hundred million RMB and the rate of bad performance loan was only 0.93% (Huishang Bank, 2008)

Until now, there are many shareholders of Huishang Bank, but there is no lead and absolute shareholders in the bank, the five top shareholders must make decisions and some detailed operations through discussion and also get the permission from the General Meeting of Shareholders. Furthermore, these five shareholders cannot interfere with the bank in many aspects, such as finance, business and employees. (Huishang Bank, 2008)

Huishang bank provides various bank services to the customers, including the city

customers, urban citizens and small and medium enterprises. The services related to all fields, for example, individual financial services, deposit and loan services, wealth management business, the domestic and foreign currency trading, and international settlement among others. (Huishang Bank, 2008)

2 ANALYSIS AS THE BASE OF STRATEGIC PLANNING

Strategic planning includes the company's goals or missions for the certain time, and the method to achieve these goals. There are many factors which need to be taken into consideration before the real strategic plan is made, and analysis of the basic factors of strategic plan can be the first point. (Managementhelp, 2010)

This chapter describes the main factors for analysis of the basics of strategic plan. Before the plan is made, it should analyze the basic situation of the company, such as the business idea, the external and internal analysis. It can help the company clarify about the position and environment and then make the final strategic plan more efficiently. (Managementhelp, 2010)

Business idea and mission

The business idea is related to achieving commercial purposes and it describes the reasons for the company establishment. It is a wide concept, and it can be provided by the individuals, the groups or a team. Normally, a new business idea should be developed and tested, if it gets the good reaction from the market, it then can be applied to the market and earn profits for the business. (Entrepreneur, 2009)

Business mission means the constant purpose of one business which is different from others; it is the reason for the company's establishment. Normally, two basic questions should be answered in this part, after the answers are clear, the company's scope and forms can also be defined.

- What kind of business do we do right now?
- What kind of business do we want to do in the future?

(Jobber 2001, 35-36)

There are three determinants for deciding the business mission. The first factor is

called competence of management, it can be a guarantee stimulation factors for the business mission. The second factor is called environmental change; the changing environment will lead to the changing company's opportunities and threats, which will affect the final business mission. The last factor is called background of the company and the top manager of the company; it is also an important factor which will influence the business mission. (Jobber 2001, 36-37)

2.1 External marketing analysis

External analysis is also called the external environment which influence on marketing communications; meaning the forces influencing the company of strategic plan except for the company itself. The external analysis cannot be ignored as it is a determinant in the development of strategic planning. These forces play significant roles on the success of a company. It includes economic forces, social-culture forces, political forces, technological forces and the customers and competitors. (Fill 2002, 219)

The majority of the forces cannot be controlled well. Referring to competitors; their behaviors also influence the current company and change the way of offerings and positions in the market. When a company meets these varieties, it has the opportunities to adjust this situation by changing the communication tools, such as advertising, sales promotion, personal selling and so on. (Fill 2002, 219)

These external environments can help the companies to design their marketing plans. As these factors are largely uncontrollable, the companies should design and find a way to adapt and accommodate it. (Fill 2002, 219)

Generally speaking, the main external forces include economic forces, social and culture forces, political forces and technological forces. (Hansen 2009, 154)

2.1.1 Economic forces

The economic forces play important roles in the success of a company as they influence the supply and demand. Companies should decide on the suitable economic factors which are related to their business and supervise them. The economic influences consist a lot. (Jobber 2001, 121)

Income distribution and changes in purchasing power

Different nations have different levels and distributions of income and industrial structures. Generally speaking, the industrial structure can be divided into four types. First is the subsistence economy, which means the self-provisioning for the basic life. In this situation, few opportunities are available to the marketers. Second is a raw-material exporting economy, it means the market supply of the raw materials, such as oil, equipment, tools and so on. The third type is industrializing economy, which means that the new rich groups or middle class demand new forms of goods. The last type is industrial economy; it means the very rich markets that provide a variety of kinds of products. In international marketing, marketers should focus on the changes of income distribution in nations, especially the place where the affluence levels are rising. (Kotler & Keller 2006, 86)

When the customers show the low purchasing power, the country will experience the economic downturn or recession. As the finance is not so ample, the customers pursue the greater value in the products or services which they choose. In the greater purchasing power period, the richer customers will consider the luxury products, while the normal customers will feel quite comfortable and afford the better life level. The poor people will pay more attention to the basic consumption. (Armstrong et al. 2001, 131)

Changing consumer spending patterns

As the income levels are varying from person to person, their spending patterns can also be different. Ernst Engel found that when the family income increased, the costs on food would decrease while the costs on housing would rise. The main spending direction, such as the living cost, interest rate and savings affect the market a lot. With the economic forecasting, the company can find the difference of the spending direction and then take advantage of the variation of the patterns in the macro environment. (Saunders et al. 2001, 132)

2.1.2 Socio-Culture forces

Society plays an important role in the marketing environment, related to the beliefs, values, and even the customer's tastes and preferences. (Morris 2009, 87) People's views of themselves and other people, the organization and society depend on their culture values of a society. (Kotler et al. 2009, 216)

- People's views of themselves. In the past, people were different in the sense of self-gratification and self-realization. Nowadays, the behaviors and ambitions of people are more conservative.
- Views of others. In order to live in a harmonious social environment, they pay more attention to the homeless, crime and unemployment and similar social problems.
- Views of organization. People care about the companies, government agencies settings, trade unions and other related organizations.
- Views of society. People react differently in this point. Some of them protect it, some make it, and some just accept it and others change it or leave it.
- Values, beliefs and assumptions. It affects our world views, our judgments and our ways of thinking. It also influences other factors, such as communication and nationalism.
- Norms of behavior. It can be defined by the large group's values and opinions. The power of this point cannot be ignored, with the influence of norms of behavior. People will deny or agree with something by the society's pressure.

- Communication. The foreign language and nonverbal communication will influence business. Of course these factors are a little sensitive.
- Outward expressions of culture become more important with the developed global media. The culture of art, music will also influence in business, such as the designs of logo and symbol.

(Morrison 2009, 121)

2.1.3 Political forces and technological forces

Increase in business legislation

Business legislation is a compulsory and necessary factor in the marketing environment. It can help the companies stay far away from the unequal competitions; protect the customers from unequal business issues, and reduce the possibility of inappropriate business behaviors. Business legislation has increased in the last decades, especially in the fields of competitive behaviors, product standards and responsibilities and fair trade. Marketers should keep high awareness about the major laws related to competition, customers and society. In order to help the market managers make the right decision, companies should build legal review procedures and propagate ethical criterions. (Saunders et al. 2008, 211)

Ethics and socially responsible actions

The written legislation cannot solve all of the problems because of the limited cover spaces and the problems in the real enforcement. In this aspect, the ethic is an assistant to keep the business development. Normally, the managers are encouraged to learn the regulatory system and make the appropriate decisions. The social responsibility can also be help keep long-term interests of the customers and environment. (Armstrong et al. 2001, 139)

Technological forces

The technological forces become more and more important in today's society. It can

be shown in many aspects, such as organ transplants, advanced communication tools, the update credit cards and so on. In recent years, new technologies bring many markets and opportunities. These kinds of new markets also replace some old ones, which make these old markets decline or disappear. In this aspect, the marketers and the businessmen should keep watching the markets and follow well their steps, such as keep the pace of the technological change and pay high attention to the increasing technological regulations. (Jobber 2001, 139)

2.1.4 Customers and competitors

Customers

Any company should know clearly about its customer markets. The next figure will show the types of customer market.

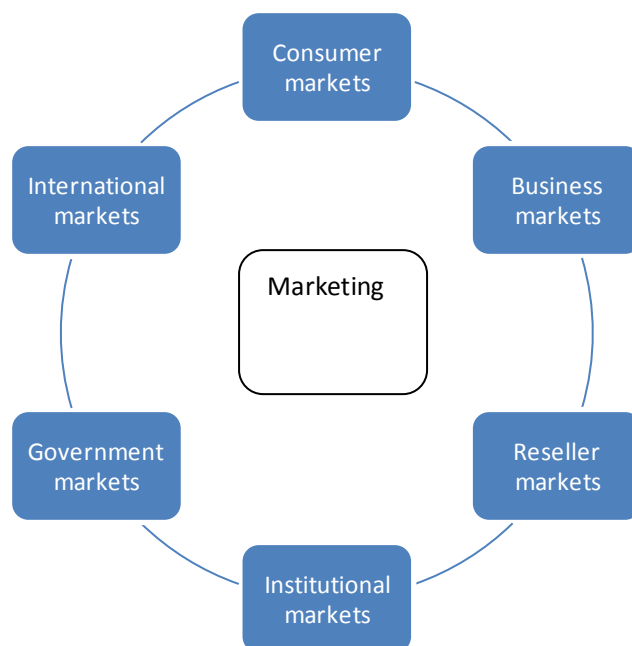


Figure 2. Types of customer market (Armstrong et al. 2001, 120)

- Customer market. It means the individuals or the households who purchase the products or services for the personal consumption.
- Business market. It means the individual or the organization that purchase the products or services for future processing or the production process.

- Reseller market. It means the group of people who purchase the products or services to resell it in order to get the profits.
- Institutional market. It consists of schools, hospitals, prisons or some related institutions that supply the products or service.
- Government market. It means government agencies that purchase the goods or services for public services or move them to the needed place.
- International market. It means the customers, manufacturers, resellers or even the governments are in other countries.

(Armstrong et al. 2001, 120-121)

Competitors

In the marketing, if the companies want to be successful, they should exceed the competitors by supplying bigger customer value in order to get customers' satisfaction. In this aspect, marketers should not only collect the information about customer's wishes, but also get the relevant information from their competitors.

(Kotler et al. 2008, 183)

Doing a competitor analysis is very necessary in order to be clear about the competitor's situation. The analysis should take the following questions into consideration.

- Who are the main competitors?
- The SWOT analysis of the competitors.
- What are their business mission and strategic objectives?
- Their main marketing strategies. The competitive marketing strategies are various according to the company's real situation, such as the own size, industry position and so on.

(Jobber 2001, 574)

2.2 Internal marketing analysis

The concept of internal marketing shows the factors which influence the company by itself, it is from the company's view to motivate its development. It includes companies and suppliers, organizations, operational control and financial situation of the company. (Fill 2002, 172)

Companies and suppliers

The company's internal environment includes the top management, finance situation, research and development, purchasing situation, manufacturing situation and accounting situation. Top management discusses and gets the results about the company's missions, objectives, global strategies and policies. When making the marketing plan, the managers consider all of these factors and make the right decisions. (Armstrong et al. 2001, 119)

In the modern business environment, many companies face the similar challenges: the global competition, the faster flow of capital, the high required of information and communication, the complicated business environment and alternative customer needs. These situations increase the difficulties for the companies to make decisions. (Hansen et al. 2009, 154)

Suppliers are important parts in the value delivery system between the companies and customers. They supply the needed resources for the company to make the goods or services. For the company, suppliers' situation is critical to itself and even the whole marketing. In this way, marketing managers should keep focus on the suppliers and get information related to the supply shortages or delays, supply prices and so on. (Armstrong et al. 2001, 119)

2.2.1 Organization

In many companies, the formal organization can help them evaluate the support functions. Normally, the formal definition is related to the company, mission, and group level which are based on the size of the company. This process is quite important, as it can help managers get the cognition of the basic nature of the organization. In order to get a logical organization, the company should consider the following issues. (Supportstep, 2006)

- Mission statement, which introduces the functions, operational processes and the targets of the organization.
- Vision. It talks about the aims and goals of the organization, and it can help the organization be clear about the correct actions, rules and so on.
- Strategy. It shows the methods or the processes which help the organization move toward or achieve the goals and aims.
- Principle. It makes the rules of the behavior, actions and so on.
- Internal and external customers. The group of people who use the products and services which are provided by the organization.
- Stakeholder. It means the special groups who take the stakes or interests of the organization. They may not be the customers, but they should be respected when managing the work.
- Products and services. They are the main things which the organization provided to the customers.
- Roles, responsibilities and skills. They talk about the main qualities of the employees, which help the organization work favorably.

(Supportstep, 2006)

Marketing organization can be divided into no marketing department, functional organization, Product-based organization, Market-centered organization and matrix organization.

- No marketing department. It is settled for the companies to develop customer relationships, collect the customer's feedbacks, provide the personnel or sales

functional divisions and so on.

- Functional organization. This organization is responsible for the special tasks and gives the clear division of responsibilities.
- Product-based organization. This organization is settled for the advertising, promotion and doing some necessary marketing researches in order to brand products.
- Marketing-centered organization. This organization pays more attention to the market needs, trying best to understand and satisfy the market.
- Matrix organization. If the company has a wide product range for selling, then the matrix organization is quite necessary. Both the product managers and market managers should concentrate on the marketing activity, including the product sales, customer needs and profit situations.

(Jobber 2001, 664-668)

2.2.2 Operational Control and Financial Situation

Operational control is related to the everyday marketing activities. It consists of three main factors. (Jobber 2001, 671)

- Customer satisfaction measurement. It becomes a very important standard of market success. During this measurement, companies should make the appropriate customer satisfaction criteria, the suitable questionnaires to collect and analyses customer satisfaction information.
- Sales and market share analysis. Sales analysis is based on the sales revenue, then the situation of the products, the increase or decrease of customers, sales managers or salespersons' performance should also be included in the analysis. Market share analysis reflects the company's performance among the competitors, and the related statistics can be a warning bell for the company in order to help it improves and stimulates further investigation.
- Cost and profitability analysis. Cost analysis means the analysis relates to expense, while the profitability analysis pays more attention to products

performance in marketing, customers and distribution channels. During this process, the formal income statements and the functional accounts are needed to make the analysis reliable.

(Jobber 2001, 671-672)

Financial situation

Finance situation means the company's situation of fund using and fund operation in a certain period. It is an integrated response to business activities. The investment is decided by the detailed projects. The long-term requires large investment. If the risk management is controlled well, the highly profits can be achieved. The short-term requires little investment, and the profits are comparatively low. The main financial costs to a company are divided to three parts: ①the promotional costs, which include the media costs, agency fees, and entertainment fees and so on. ②the budget for sales, which contain personal selling costs and these kinds of costs are belonged to long-term costs. ③the strategic investment, which for the right sales force, any real operations or changes should do the research well in order to avoid the high risk .In many cases, companies use financial statement to know the financial situation. The financial statement includes balance sheet, income statements, cash-flow statement and statement of retained earnings. (Fill 2002, 194-195)

3 MARKETING AND STRATEGIC PLANNING

From Fill's point of view (2002, 285), there is a little difference between strategy and planning. Strategy means the directions and effectuations of an organization's perfect marketing communication, while planning is formalization of the opinions and strategy according to the current resources, putting these linked and coherent activities into real implementation.

Referring to strategic planning, it is a kind of orientation and focus. It is a long-term direction which the organization needs to control well in order to be competitive. Furthermore, the strategic planning can be helpful to achieve a company's business ideas, strategic missions, such as obtaining more market share, getting more customers' satisfaction, and earning more profits for the shareholders. (Allexperts, 2010)

3.1 Marketing and marketing process

Nowadays, marketing means wider than before. It should try the best to improve the products and services in order to get the customers satisfaction. It is not just "telling and selling", but begins before the company provides the products. It not only exists in the product life, but also continues during the process of keeping the existing customers, and finding potential customers by improving the products and services. (Kotler et al. 2009, 7)

From Hansen's point of view (2009, 6), marketing is about identifying and satisfying people and social needs. Another definition is the process of meeting profitable needs. It can also be defined as the process of both side, the companies provide the products or services to customers, while customers supply value in return.

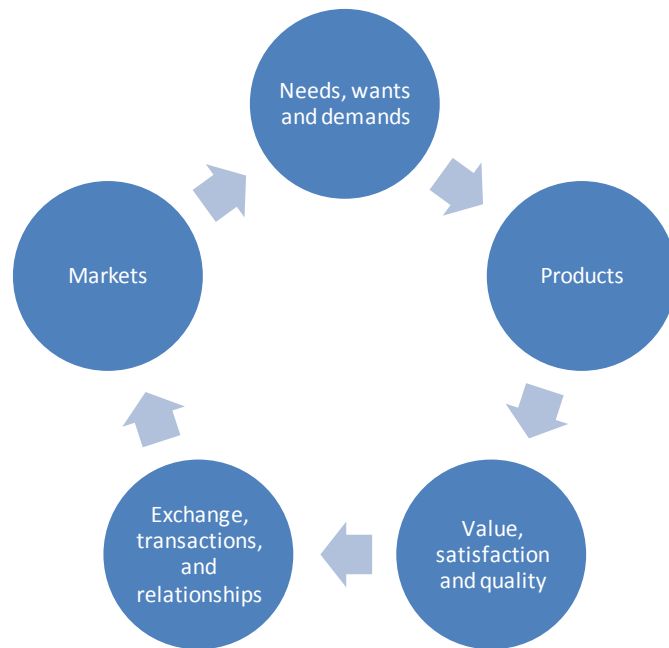


Figure 3. Core marketing concepts (Armstrong et al. 2001, 5)

The marketing process means the process of discovering the customers' needs and bringing the products to markets in order to satisfy these needs. The specific steps can be like the following. (Netmba, 2010)



Figure 4. The marketing process (Netmba, 2010)

The situation analysis shows the external and internal environment analysis. The

external environment means the macro-environment factors which can affect many terms. The purpose is to check whether the opportunities and capacity exist. The analysis should contain the past, current and future parts. A good past analysis can be useful to find the opportunities and strengths, and a good future analysis can also be helpful to predict the trends. In order to do the situation analysis well, people can use three methods. First, 5C analysis method will be used. 5C means the company, customers, competitors, collaborators and climate. Second, using PEST analysis method can be also a good choice. It is conducted in the macro-environment, including political, economical, social and technological parts. The last method is also the most popular one, SWOT analysis method. It means the strengths, weakness, opportunities and threats analysis. (Netmba, 2010)

The market strategy talks about the directions or implementations which can help the companies or enterprises achieve development. It includes the marketing segmentation, defining the target marketing, positioning the product and value. The marketing mix decisions contain the product development, pricing decisions, distribution channels and promotion parts. Implementation and control requires implementation of the plan and make the appropriate revision according to the changes. After the process is completed, the managers still need to monitor and adjust the marketing in order to meet the customers' needs. (Netmba, 2010)

Marketing planning means the process which the business managers make analysis of the environment information, make decisions according to the marketing actions and how to implement them. The purpose of the plan is to form the company well in order to meet the customer's needs consistently. Referring to the budget, production, and other personnel strategies, the goal is to make sure the marketing mix for products can contact well with the customer's wishes and find the opportunities to enlarge the markets. (Jobber 2001, 35)

The marketing plan contains two levels, strategic plan and tactical plan. The strategic marketing plan defines the target market, when it finds the appropriate

market opportunities; it can offer the value suggestion. The tactical plan defines more about the product characteristics, sales promotion, pricing strategies and so on. (Kotler & Keller 2006, 43)

The planning process

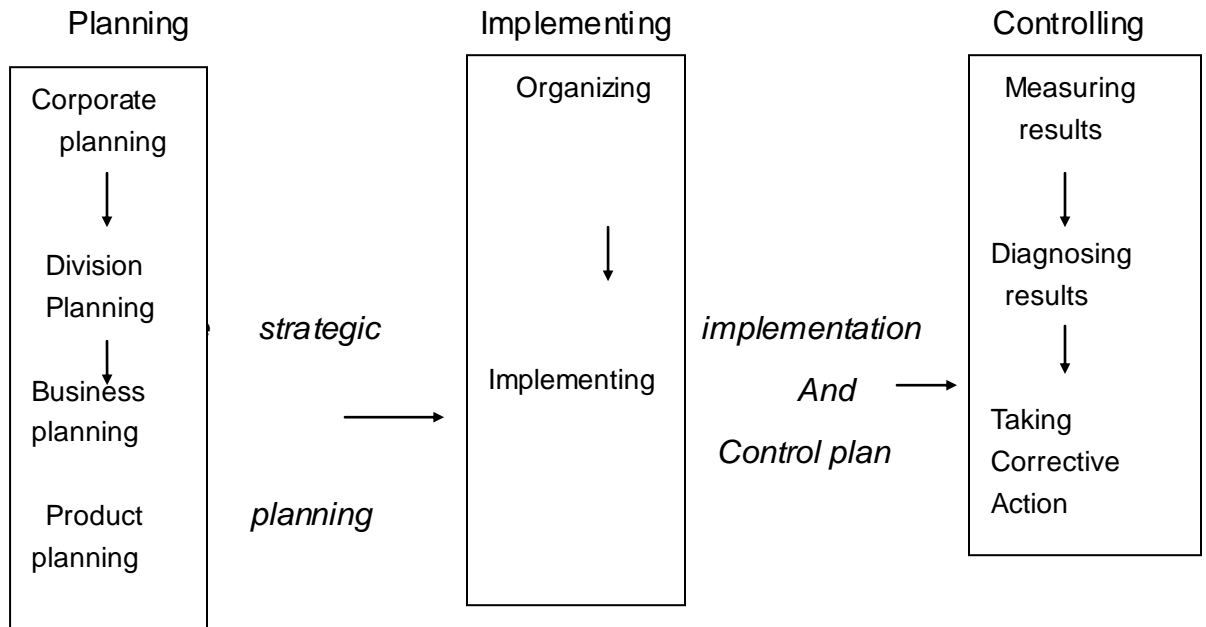


Figure 5. The strategic planning, implementation and control process(Kotler & Keller 2006, 44)

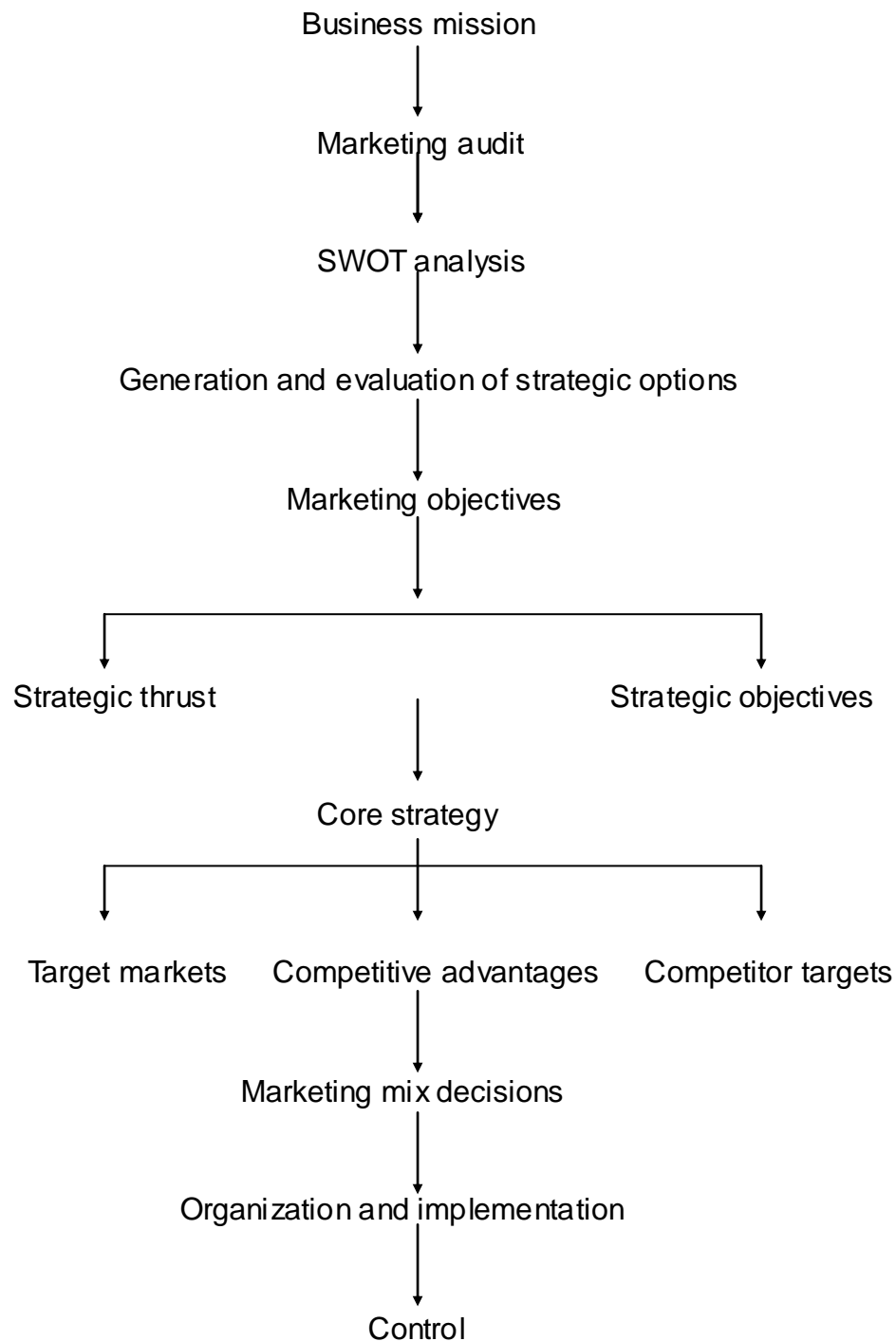


Figure 6. The marketing planning process (Jobber 2001, 36)

3.2 Strategic objectives

In order to guide the management, the company's mission should transfer to strategic objectives, but business objectives and marketing objectives should be defined according to the mission. For example, if the company sets higher

agriculture productivity as the mission, it leads to the company finding the better area for the production. If the company wants higher profits, and then it should promote the sales and decline the costs. (Armstrong et al. 2001, 80-81)

After getting the products or market directions, then the strategic objectives should be decided. Generally speaking, there are four choices for the strategic objectives.

- ① Building sales and obtaining the market share for the new products.
- ② Holding sales and market share in order to make commercial senses in some certain conditions.
- ③ Harvesting sales and market share when profit margins increase.
- ④ Divesting sales when the product is decreases. (Jobber 2001, 44)

Then next step is setting implementation strategy. There are three factors need to be concern about the strategy: target markets, which means the group of customer who will be attract to the business, competitor targets, it means the group of organizations which will against the company to achieve its strategic objectives, and establishing a competitive advantage, it means be better or faster or closer to the customers. (Jobber 2001, 46-47)

3.3 Marketing Strategies

Marketing strategies include cooperation, confrontation, target markets and target groups. These four factors cross the whole marketing strategies. They influence each other in every aspect.

The cooperation can be defined as the relationship as partnering. It includes three conditions. ① Partnering with customers, which means attracting and keeping customer's attention, letting them satisfied with the products and services and then finding the potential customers. ② Partnering with other company departments, which means making the value chain more effective and appropriate to serve the customers in order to get their satisfaction. ③ Partnering with others in the

marketing system, which makes the cooperation with other companies to make the value-delivery network more strong and consummate.(Kotler et al. 2008, 149)

Confrontation means the competition strategy in the marketing. It should be clear about the company's marketing position. For example, the company is the market leader,(40% of the market share) market challenger, (30% of the market share)market follower (20% of the market share)or market nicher.(20% of the market share) (Hansen et al. 2009, 312)

Competitive strategies for market leaders: Most common strategies for the leaders can be summarized as three firms. First, make the total market bigger. When the total market gets bigger, the leaders take the most advantages, as they control more than 40% of market shares. Second, the market leaders use six defense strategies to protect their market shares. They are position defense, which means getting the strongest mind in the customers. Flank defense, which means paying attention to the weak parts to avoid counterattack. Preemptive defense, it means preannouncement to the market competitor, in order to let them avoid the direct competition. Counteroffensive defense, when market leaders meet the direct competition, the leaders always take measures to counterattack them in the core factors. Mobile defense, which means market leaders find the new products to make the market bigger and diverse. Contraction defense, it means quits the weaker factors and focus on the stronger factors. Third, the marketers always try to expand the market share, but before they take action to achieve this, they should try best to avoid provoking monopoly action, making the economic cost too high, making the inappropriate market activities and considering less the existing qualities. (Kotler & Keller 2009, 341-348)

Competitive strategies for market challenger: For the challengers, they also have three main strategies. First, being clear about the strategic objectives and be clear about the main enemies. Second, making sure the main attack strategy, choosing the direct attack, flank attack, encirclement attack, bypass attack or guerrilla warfare.

Third, finding some special attack strategies: it means expecting the main attack strategies; the challengers should also possess special and distinctive strategies, which can let customers find them easily and be satisfied with them. (Hollensen 2003, 339)

Competitive strategies for market followers: To the market followers, they possess comparatively small market shares, their sizes and funds cannot be compared with market leaders or challengers, so the best way to expand the profits is to imitate the leaders, copy the leader's products, make improvements of these products. Most of them choose four ways to achieve this mission, to be the counterfeiter, to be the cloner, to be the imitator or adapter. All of them adhere to the leaders, and just make a little differentiation to their own products. (Kotler & Keller 2009, 350-352)

Competitive strategies for market nichers: First, they need to have a clear recognition about their sizes and market shares, and then just target a small market. Second, innovating the new products constantly which can cater for the market temporarily needs and customer's temporarily satisfactions. (Hansen et al. 2009, 325)

How to choose a good target marketing strategy is an important question. Before the companies choose this, they need to consider the company resources, the product variability, market variability and competitor's marketing strategies. Be clear about own situation and competitor's situation, find the target groups and markets and then make the corresponding strategies. (Kotler et al. 2009, 211)

3.4 Operational plan

The operation plan is a part of the strategic plan. It consists of four parts, the current position, the mission, the methods to get the mission and the methods to make progress. In the marketing, it can be described in the four aspects, the product, place, price, and promotion. (Business Plan Guide, 2010)

- Product

“The product decisions include making a decision about what goods, commodities or services should be provided to the customers.” (Armstrong et al. 2001, 460) The product means everything which can get the attention, attraction, consumption from a market in order to satisfy a need or wish. Products are often divided into three levels. (Kotler et al. 2009, 230)

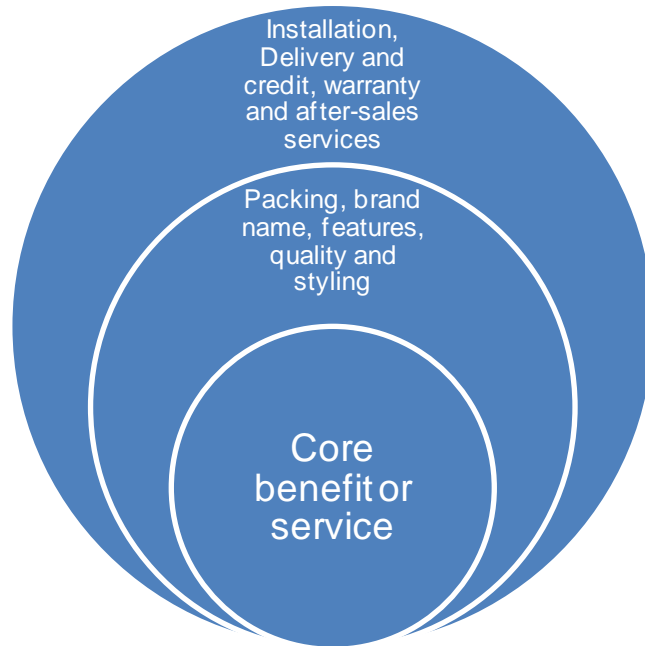


Figure 7. Three levels of products (Armstrong et al. 2009, 232)

Branding products

Brands mean a special name, term, signal, symbol, or design or even combine of all of them in order to make them special in the seller and easy to distinguish from other competitors. As the brands have the special symbols, they permit the customers to identify the sources and the manufacturers of the products in order to assign the responsibilities. The brands even may affect customer's evaluation about the same products. Nowadays, customer's daily life becomes quite busy and complicated, and they want to discover a satisfied brand to make the simple decisions and reduce the risks. (Hollensen 2003, 470)

Brand can be a powerful certificate of the certain level of quality. It helps the customers choose the products again if they are satisfied with them. On the other hand, when the customers brand loyalty are established, it can help the companies to predict and secure the demands and create barriers for other firms which want to enter the market. In this way, the companies have more predominant advantages in the competition. What is more, the brand loyalty can let the company set a higher price. In this aspect, branding can be a powerful weapon of the competition. (Fill 2002, 342-343)

New product development

The new product development is an important part. The technologies and tastes change quickly in the modern society. The companies should replace the old-fashioned products and promote the new products in order to win in the competition and get more market shares. Normally, there are two ways to obtain the new products. First is buying the product rights from others, for example, buying other's companies or licenses. Second, making certain researches and discussing the new product development plan to obtain a new product. (Saunders et al. 2008, 551)

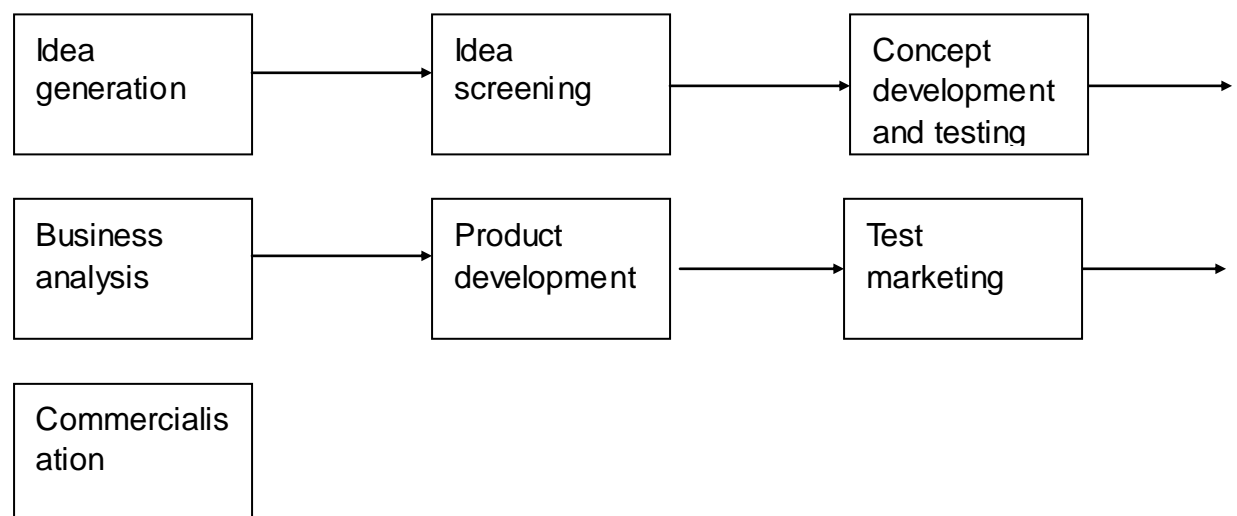


Figure 8. Steps in new product development (Lancaster & Reynolds 2006, 110)

- Price

The price of the products shows the value of them through money to the customers. The factors affect the price decisions should be divided into two aspects, the internal factors and external factors. The internal factors contain the marketing objectives, marketing mix strategies, costs and the organizations for pricing. The external factors include the nature of the market and demand, competition and other environmental factors, such as the economy situation, government policies and so on. (Hollensen 2003, 488)

Before the companies set the price to a certain product, it should consider the pricing approach first. There are three main pricing approaches. The cost-based pricing includes cost-plus pricing, it adds the variable costs and per unit fixed costs, and also the break-even pricing, which means getting the break-even point and making the target profit. Value-based pricing means buyers setting the value as the key point to pricing, before the marketing programs are set, the price has already been considered with other marketing-mix variables. The competition-based pricing means customers judge the products according to the value on the prices that competitors set for similar commodities. (Kotler & Keller 2006, 435)

When a product enters the market for the first time, it should be set a price. The firms should make decisions about the position of the product quality and price. During the process of setting prices, many factors should be considered also. (Kotler & Keller 2006, 437)

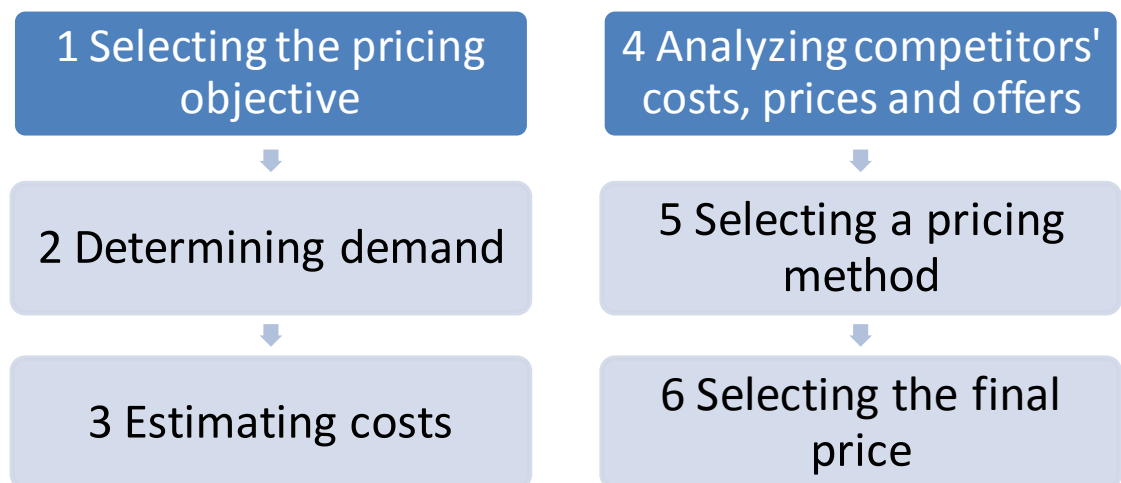


Figure 9. Steps of setting prices (Kotler & Keller 2006, 437)

- Promotion

Advertising

Advertising is a little hard to be defined. It is a kind of non-personal presentations or activities, through the mass media to promote the ideas or commodities or services, for instance, through the TV, websites, newspapers or magazines to promote the products in order to get customers' attention. Advertising can provide the simple messages to the customers easily, such as the new product, the function of the products, the alternatively choice for customers and help them distinguish with other similar products. (Fill 2002, 486)

In the process of advertising, a person will experience the stage from awareness, interest, desire and action. It also called AIDA. In this point of view, advertising can raise people's knowledge and awareness of a product, then change people's attitude and finally persuade people to take actions on a product. On the other hand, with the large amount of the advertisements, customers often consider a lot before they take the real action, and normally, with the brand loyalty, customers often keep

buying what they always do. (Hollensen 2003, 575)

Personal selling

Personal selling is a face to face communication form between two persons or one person to a group. As it is a direct way to face the customers, the selling messages, the customer's feedbacks and evaluation can be transferred in the first time. What is more, sellers can also adjust the sales message according to the customer's reactions immediately. In this way, the possibilities to solve customer's problems in the sales process are increased. It is the most effective way to establish the relationship with the consumers, especially in the business to business markets. (Hollensen 2003, 588-589)

On the other hand, the biggest weakness is that the sellers' exaggeration often misleads the customers and leads to bad experiences for customers. What is more, the costs of the personal selling are also very high and this type of promotion is not suitable for everyone. (Fill 2002, 691)

Sales promotion

Sales promotion connects closely with advertising, which means stimulating the customers to take purchase action in short-term. It is used frequently by organizations, such as the factories, wholesalers, retailers and so on. The advantages of sales promotion are a lot. First, the response to the promotion can be quick and effective. Second, the forms of the promotion can be flexible and provide many choices to the manufactures or the companies. Third, the costs of the promotion are not too expensive. It can save some money when compared with other promotion tools. On the other hand, sales promotion also has some disadvantages. First, sales promotion can only be used in short-term. If it is used frequently, it may breach brand image. Second, it requires a lot communication, from the manufactures to the wholesalers and then retailers. They need to agree on the

promotion together. (Lancaster & Reynolds 2006, 199)

Public relations

Public relation is hard to define. In 1988, Jefkins ever defined it like this: Public relation means the whole forms of planned communication, including organizations and publicly made efforts to understand each other for a certain purpose. (Lancaster & Reynolds 2006, 204) Compared with other promotion tools, public relation is a highly useful and creditable one and the cheapest one as well. If the public relation activities can be structured well, it can enlarge the forms of promotion. Just as each coin has two sides, public relation is not a direct controlling way, so nobody know clearly whether the messages are delivered to the appropriate place. And in some places of the world, the influential power of public relation is too low. (Knowthis ,2010)

- Place

Place means that the products or services need to be transferred from the seller to the buyer. In the place part, there are many decisions that have to be made. For example, which distribution channels should be used, how to manage the marketing channels, where the outlet should be located, which type of transportation should be chosen and which route should be decided? The aim is to ensure the products or services can be provided in the right qualities, time and place. Distribution channels include many organizations, such as retailers, wholesalers and distributors. They use different modes to pass the products to the customers. Manufacturers always do their best to manage the relationship well with the organizations in order to use the low price to access the market. (Saunders et al. 2008, 878-881)

4 MARKETING PLAN FOR HUISHANG BANK

In the summer of 2010, the work placement was done in Huishang bank. According to this opportunity, there was an interview on June 18th with the representative named Ci Yaping, who is one of the top managers of Huishang bank. The interview was done in his office, and in the following hours, many questions were asked surround the Huishang bank real situation, its strength, weakness, opportunities and threats and so on.

Ci Yaping said, the basic situation of Huishang bank was really perfect, it was only established five years ago, but it had already entered the top 500 banks of the world. But this exhilarating situation never let the bank manager and employees relax their vigilance. The fierce competition in bank industry requires them to keep constant development.

The latest three year's annual reports of Huishang bank have been provided, which include the summary of accounting and financial data, the changes in equity and shareholders, and even the financial statements. He said, "The data is the mirror of the bank situation. From these data, we can clearly find the strength and the problems of the bank, and we need to be calm to think what we should keep and what we should conquer. There is no doubt that Huishang bank has already achieved a perfect start, while how to keep it and earn more market share is a core question. "

He also provided the internal materials of Huishang bank, including their contents of meetings, their goals for each year and their main customers. These materials can be used as the secondary information; they are very helpful to make the detailed strategies.

4.1 Main situation and data provided

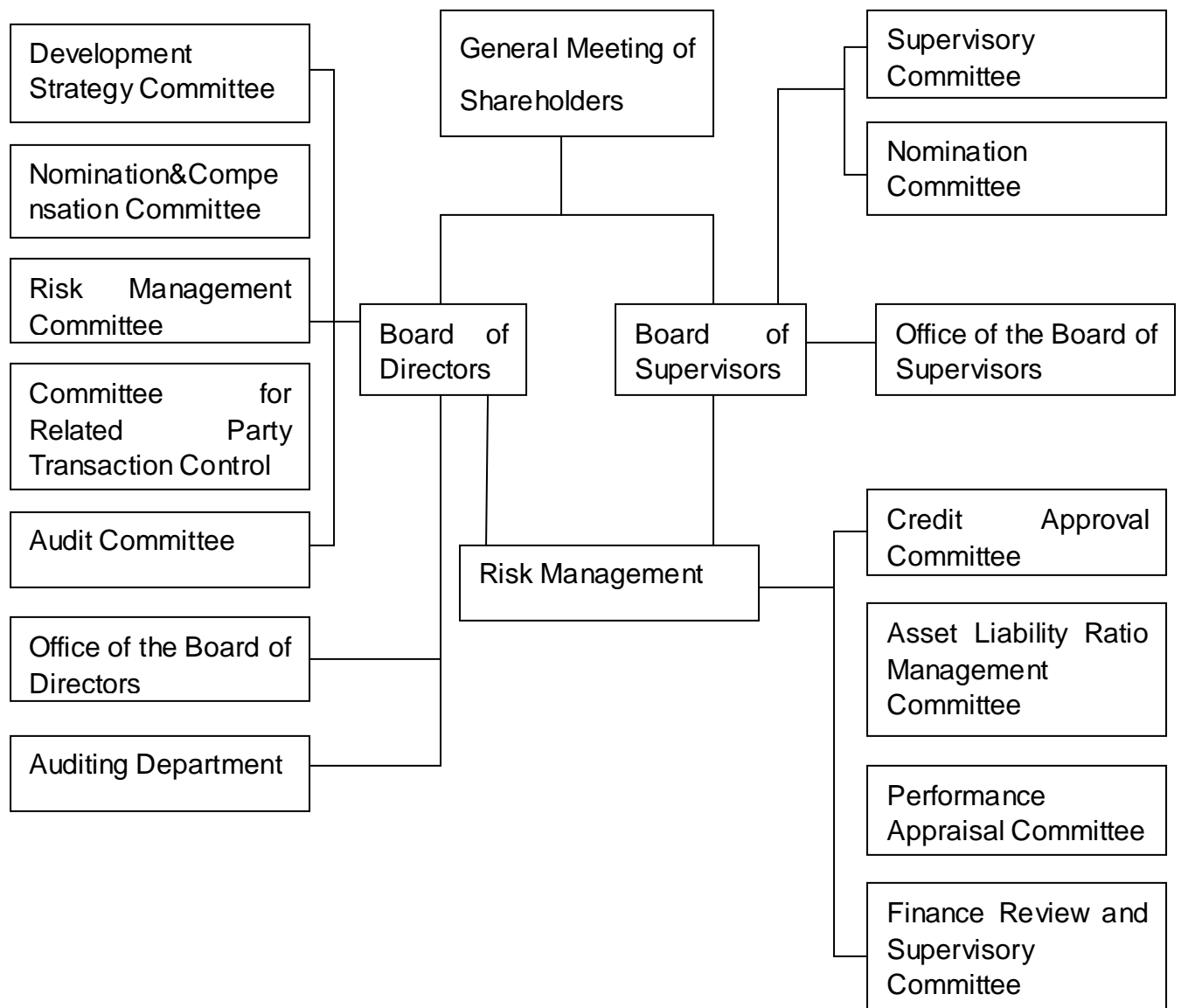


Figure 10. Organizational Structure (Huishang Bank Annual Report, 2008)

Table 1. Major Financial Data (Huishang Bank Annual Report, 2008)

Item	2006	2007	2008
Operating profit	1,841,412	2,752,763	4,461,447
Total Profit	901,800	1,390,312	1,590,634
Net Profit	559,953	881,735	1,260,885
Total Assets	71,269,124	105,404,774	131,309,426
Total Deposits	63,500,191	83,342,394	100,248,546
Total Loans	43,511,515	55,607,628	76,735,895
Earnings per Share(RMB)	0.20	0.28	0.15
Net Asset per share(RMB)	1.01	1.25	1.46
Average Return on Total Assets(%)	-	1.00	1.01
Average Return on Net Assets(%)	-	26.00	21.56

Unit: RMB 1,000

A main financial situation of Huishang bank is shown in Table 1. The total asset grows expeditiously, from 71,269,124 thousand yuan to 131,309,426 thousand yuan. The net profits rise from 559,953 thousand yuan to 1,260,885 thousand yuan .The deposits and loans data are very important to every bank. It is a symbol of consumer trust and its potential power to make profits. The total deposits in 2008 became 1.58 times that in 2006. The total loans in 2008 also became 1.76 times that in 2006. All of these data shows Huishang bank achieved a great progress in the last three years.

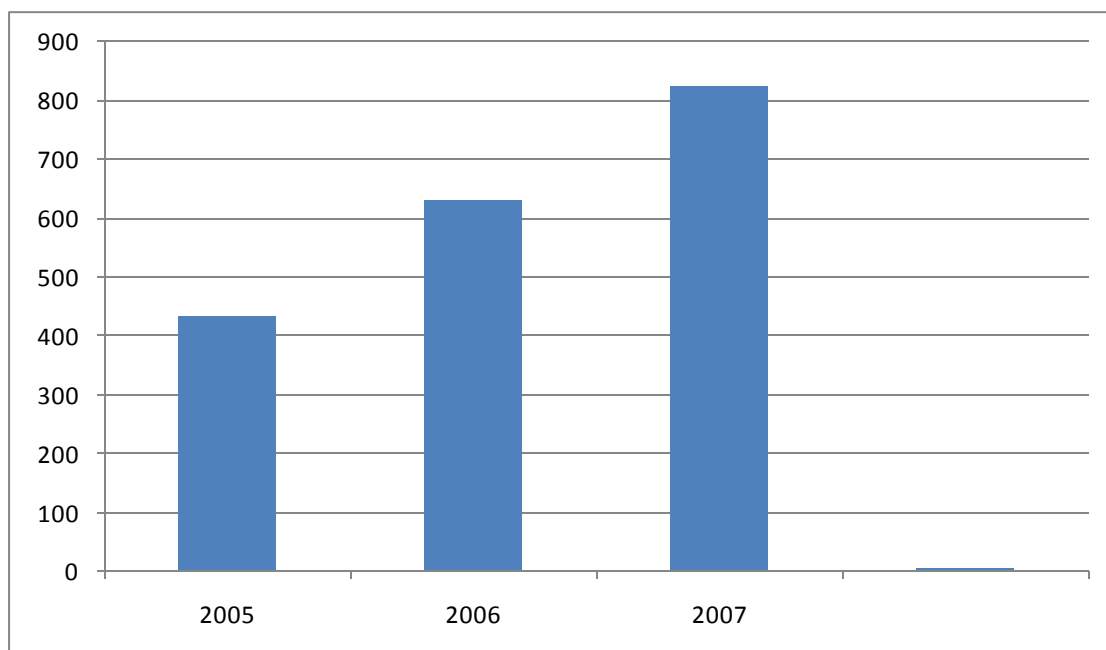


Figure 11. Deposits Balance (Unit: million RMB) (Ci, 2010)

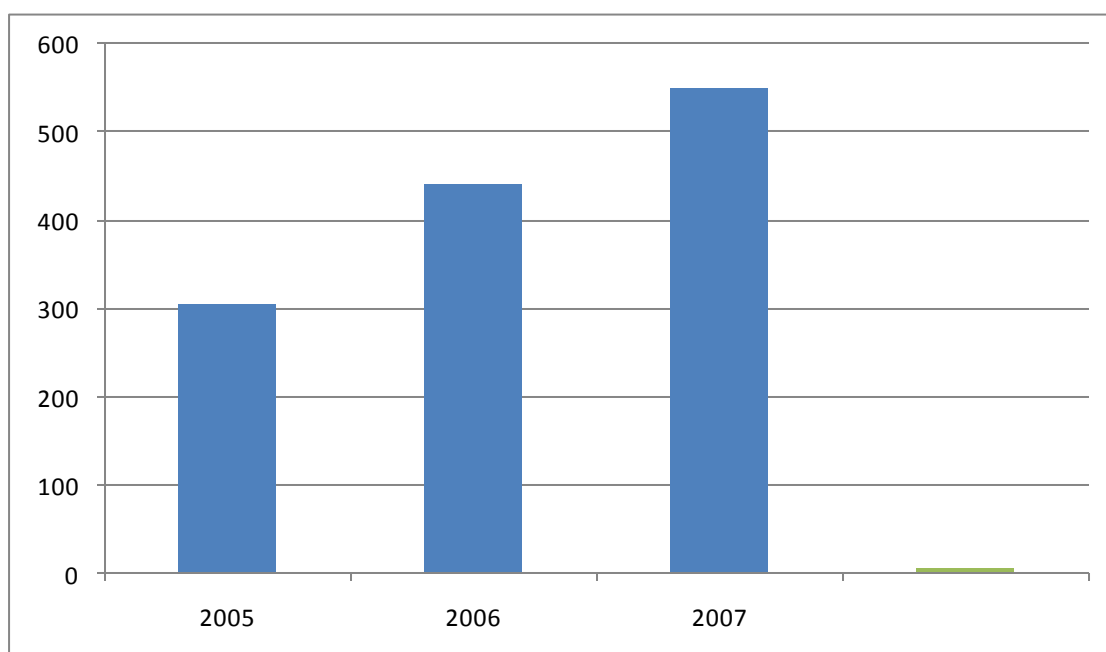


Figure 12. Loans Balance (Unit: million RMB) (Ci, 2010)

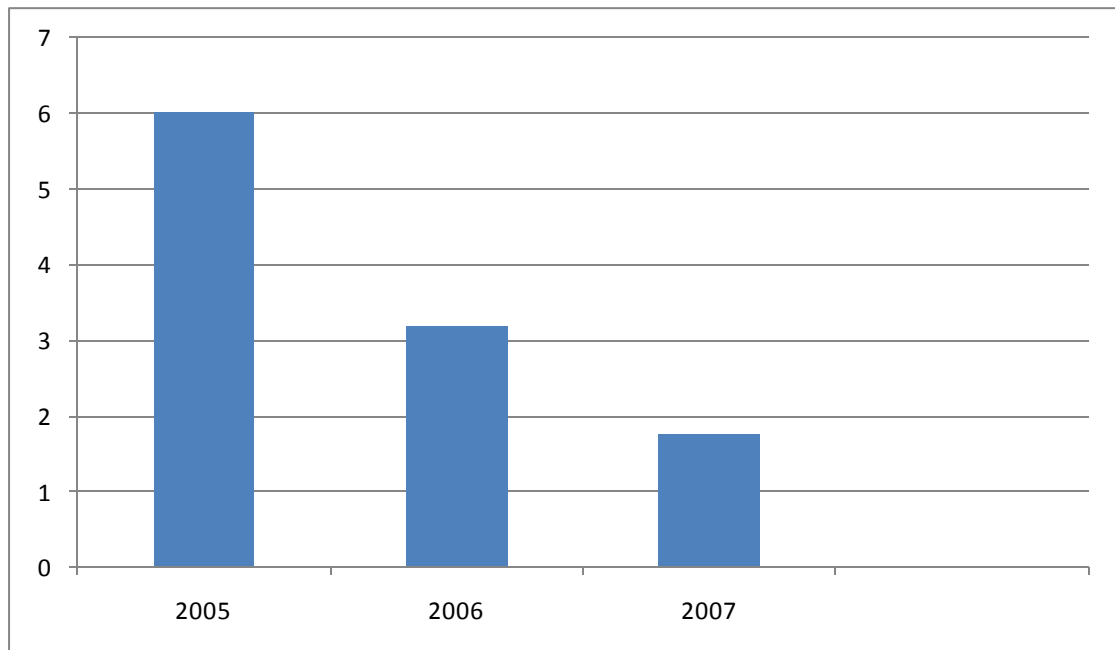


Figure 13. Non-performing rate (Unit:%)) (Ci, 2010)

Form Figure 11 to 13, the deposit and loan situation in Huishang bank shows good. They grow distinctly every pear, ensuring that the bank gets the customer's trust and satisfaction. On the other hand, the increasing loan balance can also help the bank to make profits and then push the rise of deposit balance again. What is more, the non-performing rate decreased every year; showing the bank made progress in the analysis before the loan was granted and risk management was controlled quite well. The low non-performing rate was also a guarantee of avoiding unnecessary lose and earning more profits.

Table 2. Top five sectors of Loan (Huishang Bank Annual Report, 2008)

No.	Sector	Loan Balance	% of Total Loans
1	Manufacturing Industry	13,145,851	17.13
2	Individuals Loans	13,018,739	16.97
3	Management of Water, Environment, and Public Facilities	9,870,434	12.86
4	Wholesale and Retail Industry	6,332,958	8.25
5	Construction Industry	3,412,847	4.45

Table 2 shows the top sectors for loan. This figure can be helpful to make the final plan. As these sectors are quite big and reputable security, it can provide the opportunity to make more profits and the risk is relatively lower when compared with other loans.

Table 3. Top five share holders. (Unit: 10,000 shares) (Huishang Bank Annual report, 2008)

No.	Name of the shareholder	Shareholding Ratio%
1	Anhui Province Energy Group Company Ltd	9.79
2	Anhui Credit Guarantee Group Ltd	9.74
3	Anhui Guoyuan Holding Company Ltd	8.07
4	Anhui Highway Company	6.12
5	Wuhu Construction Investment Company Ltd	4.82

Table4. Main Bank ranking in Anhui Province in 2010 (Unit: million) (The banker, 2010)

No.	Name	Total Assets
1	Industrial Commercial Bank of China	1725938
2	Bank of China	1281183
3	China Construction Bank of Corporation	1409355
4	Agricultural Bank of China	1026021
5	Bank of Communications	484628
6	Huishang Bank	23784

Table 4 indicates the Huishang Bank position in Anhui Province. Actually, in The Banker's ranking, many banks still perform better than Huishang Bank, while the overall situation in China and in Anhui Province is different. Huishang Bank can be called to be the Anhui people's bank, in this way, most Anhui people prefer this bank, so Huishang bank performs very well in the bank ranking in Anhui Province. (Huishang bank 2008)The top four banks are four state-owned banks and they get the government's support and many preferential policies.

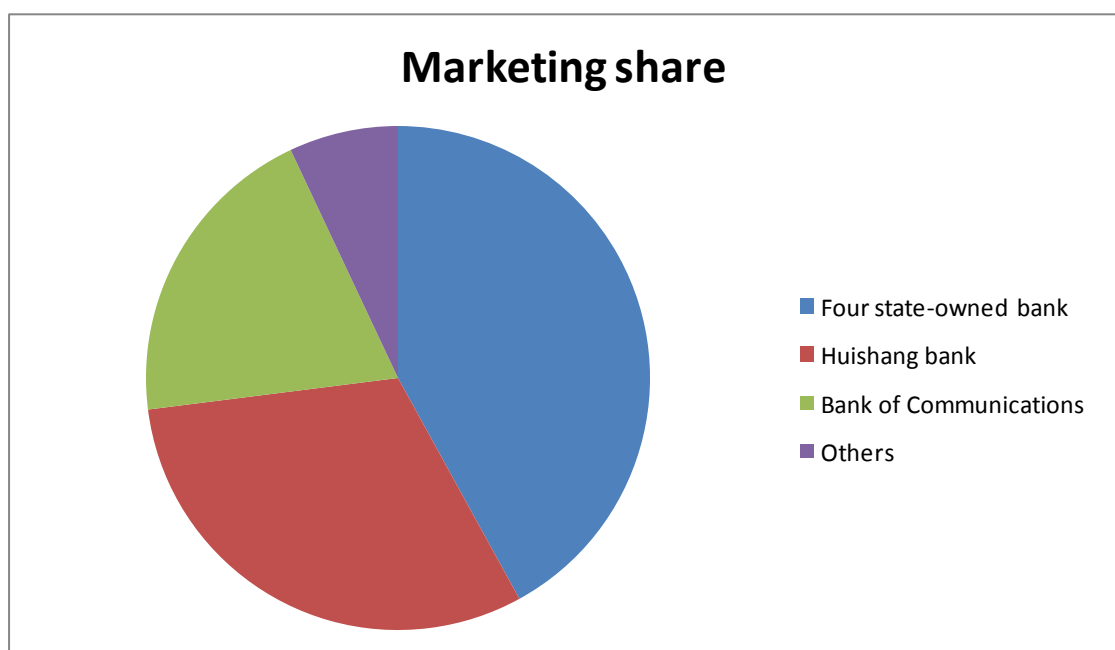


Figure 14. Marketing share of Bank in Anhui Province (Ci, 2010)

Business idea and objectives of Huishang Bank

Huishang Bank was established in the end of 2005. Its main business idea is to achieve customer's dreams, make their life easier and create shareholder's value and profits. In the last five years, as a newly established bank, it has really achieved a big progress and become the market challenger successfully. (Ci, 2010)

Huishang bank always concentrates on the results of operations, management levels, customer's services, personnel and core competition power. In the next following year, Huishang bank hopes to get a 20% growth in loan and deposit balance and control the non-performed deposit under 1%. (Ci, 2010)

4.2 SWOT analysis of Huishang Bank

- Strengths

Huishang Bank was established based on the six cities commercial banks and seven urban credit banks. These banks are also called people's bank in China, which means these banks serve the citizen's daily life and provide them with the largest convenience. In this way, before Huishang bank was established, it had already collected a large customer base. These customers showed the large customer's loyalty, they were satisfied with these banks' service, and provided the big trust and support to the new bank. What is more, they were already familiar with these banks' services. (Ci, 2010)

Huishang culture can be another big strength. In the history of China, Huishang meant the businessmen from Huizhou, which is called Anhui Province now. These businessmen were the earliest ones to do business in China. In the peak time, these merchants had possession of 4/7 of the country's total assets. From then on, Huishang's ability, assets and contribution to the whole China could not be ignored. After Huishang bank was established, almost all of the Anhui people and Huishang prefer to choose this bank to show their heart. They love their hometown and can find the sense of belonging from this bank. (Chinavalue, 2007)

The headquarters of Huishang bank is in Hefei, which is the provincial capital of Anhui Province. In the total 165 branch banks, almost all of them are located in different cities in Anhui Province, except one in Nanjing City, Jiangsu Province. In this aspect, Huishang bank can be the local bank to Anhui. There is no doubt that this bank gets the Anhui government's large supports by providing a lot of preferential policies to help this bank grow quickly. On the other hand, Huishang bank also promotes the government development, such as increasing the intensity to the loan of infrastructure. The loan proportion in infrastructure construction improves steadily. In this way, the infrastructure and investment environment in Anhui Province gets a large progress. Until September 2009, Huishang bank grant loans to local economy reached 479 billion yuan. (Ci, 2010)

Table 3 shows the top five shareholders of this bank. These limited companies are very famous in Anhui province and have large popularity and influence power. They can provide the ample fund to support the development of the bank. As Huishang bank has a good relationship with these companies, it can get this fund to increase cash flow capability, expand the scale, increase the operation and earn more profits eventually. Of course, this good relationship and trust can also help these companies get the loan easily, and then improve their own development. It is a win-win situation to both of the bank and the companies.

Huishang bank provides abundant service to the customers. These good services can get the customers satisfaction and let them choose this bank. From table 1, it was easily find that during these years, Huishang bank developed very well. This progress trend can get the customer's trust and attention and also inspire all of the personnel in the bank. This situation is very helpful to the bank.

- Weakness

As mentioned above, Huishang Bank was established based on the six cities commercial banks and seven urban credit banks. This situation brought the large

amounts of customers. On the other hand, this situation can also be a weakness of Huishang bank. Before Huishang bank was established, these banks were the individual ones. Their developing strategies, their train of thoughts and ideas were different to some extent. They may have different ways to keep customers and get their satisfaction, while after Huishang bank was founded, they formed the new bank together, and they needed to seek unity of rules, strategies, thoughts and ideas. It needed some time to solve this issue. (Huishang Bank, 2008)

From table 4, it can clearly find that the total asset in Huishang bank is not enough when compared with other bank, especially the four state-owned banks. In this way, the anti-risk capability is not enough. What is more, almost all of the branch banks are in Anhui Province. The small scale also limited the customer base. Since most customers are from Anhui, they can open accounts conveniently. The large customers from other cities or provinces may give up choosing Huishang bank. Eventually, this situation will limit the development of this bank. (Huishang bank, 2008)

In the beginning of Huishang bank's operation, Huishang bank paid high attention to SME. In the beginning of 2006, SME loan balance achieved 59.12 billion yuan in Huishang bank, which accounted for 19% of the total loans. This number kept increasing in these years. There was no doubt that these SME brought a lot of markets for Huishang bank, on the other hand, it they also brought high risks to this bank. If this bank cannot perform well in the risk management, the non-performing loan rate will increase, and then hurt the shares holds' interest, and bring loss to the bank. (Chinavalue, 2007)

The number of personnel of Huishang bank is quite large, while these personnel's professional qualities and knowledge levels are not so high compared with other banks. For example, the personnel get the master degree in foreign banks accounts for 76%, while in Huishang bank it only accounts for 36%. What is more, the technology support in Huishang bank is lacking; electronic levels, network levels and

application levels vary widely in different branch banks. (Ci, 2010)

- Opportunities

In the last years, the economy situation in Anhui Province got a stable and rapid progress. The whole province paid the core attention to the development of industry, increasing the proportion of high-technology industry, and keeping concentration on the processing manufacture and basic industry at the same time. This wonderful situation brought a lot of opportunities to Huishang bank, especially in the aspect of credit and loan demand. What is more, when compared with other advanced cities, a big distance for Anhui Province was in the development of SME. After Anhui province is better developed, these SMEs will also achieve improvement in the qualities and quantities. In this way, Huishang bank will get more chances in the SME loans. (Ci, 2010)

Government also provides Huishang Bank with many opportunities in certain aspects. First, government makes the loose monetary policies and provides a lot of decision making rights and power for the bank. Second, Huishang bank plays an important role in supporting Anhui economic development. If Anhui government wants to keep this developing situation, it needs the support for Huishang bank, so it provides many opportunities and chances to the bank. After Huishang bank was established, Anhui government has already made some efforts to attract foreign investment bank, risk investment company and law firm to set branch organization in Hefei, which help promote the communication and cooperation of Huishang bank with these finance organizations. (International Business Newspaper, 2008)

From the table 1, it is clear that Huishang bank performs very well these years. In 2010, it entered the top 500 global banks, and ranked 351. This perfect performance can win the positive effect for the bank. More and more customers and companies will trust and choose Huishang bank as their business bank, and it will also promote alliance between giants. In this way, Huishang bank will get more opportunities to

develop quickly. (The Banker, 2010)

- Threats

The competitors can be the biggest threat to Huishang bank. In Anhui province, four state-owned banks have the lead position in the market with ample assets and good reputation. What is more, the new shareholding commercial banks, such as Pufa bank and Xingye bank have the fresh energy. They are very flexible in policies and decision making, as they come from Hongkong and other advanced cities. Young customers often feel popular and adoring, so these banks can attract some customers' attention easily. After China entered WTO, more and more foreign banks enter Anhui province and compete with Huishang bank in other aspects. All of the competition can happen in the financial products, service methods and the contest of the outstanding personnel. (360doc, 2010)

The changes in macro-financial situations can be another threat to Huishang bank. First, as the deposit rate is relatively low, more and more citizens prefer to make some low risk investment. In this way, some enterprises with famous and good reputation have other ways to get finance. For example, they can grant the short-term financing bonds to the citizens, and it will reduce the enterprise loans from the bank. Second, in recent years, government increases macroscopic readjustments and controls of the bank loans in some fields, such as adding more requirements in real estate loans. It will reduce the loan again to the bank. Third, the deposit rate is relatively low, while more and more financial products enter the market; citizens have more choices to manage their money instead of putting them in bank. For example, they can buy the shares, funds, bonds. In this way, the aptotic deposit in the bank be reduced, the circulating fund be increased. This can be a challenge to the bank's approach to organize funds. (Anhui People, 2009)

Table 5. SWOT analysis of Huishang Bank

Strengths:	Weakness:
①Existing customer base from the six commercial banks. ②The influence of Huishang culture ③Large support from government ④Support from shareholders. ⑤Variety services and products.	①Variety strategies and thoughts of the six commercial banks. ②Low total assets when compared with competitors. ③High risk of SME loan. ④ Low personnel's professional quality and knowledge level.
Opportunities:	Threats:
①Good macro-environment in Anhui Province. ② Government loose monetary policy and preferential policy. ③ Positive effect from the perfect performance of last five years.	①Large amount of competitors: four state-owned banks, new shareholding commercial banks. ② The changes in macro-financial situation.

4.3 Marketing strategies for Huishang bank as the market challenger

Huishang bank makes the market leaders as the main competitor. Referring to the market leaders, four state-owned banks have the ample asset and very good reputation; it is not easy for Huishang bank to win the competition, so the appropriate strategies are very important in this situation. (Ci, 2010)

For the market challenger, there are normally five strategies to expand market share. First is frontal attack, which means direct attack on the opponent's product, related services, price and so on. (Hollensen 2003, 339) To Huishang bank, as the market share is not too large, and it is also a new established bank. If it takes direct

attraction, it will get the competitor's direct counterattack, it is not propitious to the bank development. Second is flank attack, which means the attack on competitor's weak aspects or finding the uncovered market needs and then trying best to fill it. (Hansen et al. 2009, 322) To Huishang bank, it possesses several strengths which the competitors do not. It also performs better than the competitor's weak aspect, such as the SME loan, so this strategy is very suitable for it. Third is encirclement attack, which means making some magnificent offenses on some sectors at the same time. It may destroy some competitor's will occasionally. (Hollensen 2003, 339) This strategy must undertake high risk when compared with the above two strategies, Huishang bank was just established five years ago, it needs a steady development, so this strategy is not a good choice. Forth is bypass attack, this is an indirect attack strategy, which means making the diverse unrelated products, and being different when entering a new geographical market and using the new technology products instead of the old ones. (Kotler & Keller 2009, 350) Referring to Huishang bank, almost all of the branch banks are in Anhui province, the geographical characters are the same, so it is hard to achieve diversifying. One of the weaknesses of Huishang bank is the limited technology support, so the new technology products creation can be a little hard to the current Huishang bank. Fifth is guerrilla warfare, which means that the challenger uses some conventional and unconventional methods to influence the competitor's morale and decision makings. For example, challenger can make some discounts, powerful propaganda in a certain time. (Kotler & Keller 2009, 350) In Huishang bank situation, it can also be a choice, but it should plan and control well in order to protect itself. If Huishang bank wants to beat the market leaders, it still has a long way to go. Combining these strategies appropriately is very necessary.

According to the analysis above, the main strategy to Huishang bank as the market challenger is the flank attack. Comparing with other competitors, especially the main competitor, the four state-owned banks, Huishang bank performs better in SME loans. SME loans can be a quite weak aspect in these competitors, so Huishang bank can make this point as the main strategy to beat them. (Ci, 2010)

Generally speaking, the four state-owned banks do not want to choose SMEs to grant the loans, because of the high risk and complicated procedure. Nowadays, the macro-environment of banking has changed. The big enterprises have the direct way to collect money instead of loan from bank. The profit of the different rate from deposit and loan reduced. These changes bring a lot of challenges for the banks. SME loans have many advantages, such as the preferential policies, the big profits, the flexible operation and the big potential, and bring many opportunities for Huishang bank. As Huishang bank's development depends on these SMEs, so increasing SMEs loan is the appropriate and doable strategy. (Chinavalue, 2007)

The detailed procedures can be divided into five parts: (Ci, 2010)

- Performing well in risk management. As SMEs do not have ample assets and the operation system is not complete and perfect, the risk of loan cannot be ignored. The main point is to establish a consummate risk management system, make clear about every loan risk orientation, and achieve SME loans business operation model.
- Making the client manager system. Evaluating the client manager from the following items: making a right evaluation from risks and profits, combining well short-term profit with long-term profit, controlling well both of procedure and final result, and consolidating the responsibility and rights. Making sure the client managers can be responsible for every SME loan.
- Consummating the operate procedure. Divide well the following items, market programming, create operation, credit evaluation, examine and approach loan, after sale service, achieving the system of combine independent sector and cooperation to put together.
- Making the SME client database. Recording their reputation and financial situation, and then establishing SME client management system.
- Establishing operation model according to different SME loan characters. For example, Huishang bank can divide via the SME total assets, the total asset up fifty thousand be called small giant, lower the fifty thousand be called nestling,

and then creating the new service products according to these characters, such as SME circulate loan, nestling enterprise quick loan.

4.4 Operational plan for Huishang bank

Product Strategies

Product strategy is one of the most important sectors of a company. It should consider many parts, such as technology, information, production, the time of delivery, the customer's needs and expectations. It is a core sector in improving the competitiveness. Referring to Huishang bank, it should commence from the following items. (.Feb-patrimoine, 2010)

- **Strengthen Brand Management**

A strong brand can get the customers loyalty easily. This kind of loyalty can let the customers choose products without hesitation and also be helpful to Huishang bank to get long-term survival and achieve development. (Ci, 2010)

It's very necessary to design well the brand elements, such as brand name, logo, and slogans. Huishang bank has already done well in this part. Its logo is a red circle include letter B and then plus ank in the right bottom. Its slogan is Anhui citizens own bank. It makes clear about the brand vision and the main message of the brand value. The main objective is to be the core word in bank industry in Anhui province. When Anhui citizens talk about bank they can think about Huishang bank.



Figure 15. Huishang bank logo (Huishang Bank, 2010)

Second point is increasing diffusion of Huishang culture. This is a special part of Huishang bank, it possess the unique advantage when compared with other banks in Anhui province. It can let Anhui citizens feel strong sense of belonging and promote them to be loyal to this brand. For example, Huishang bank can explore the value and history connotation of Huishang, Ying Kesong(a symbol tree of Anhui province, it also means welcome all of the guests from any place), make use of history culture to establish brand status. Huishang have three characteristics: honest, enterprising, and hardworking. Huishang bank also carries these characteristics into its own development. (Chinavalue, 2007)

- New product development

Huishang bank should focus on the new product in order to expand the market share, enter a new market and explore the technology in a new way. Specifically speaking, Huishang bank can pay high attention to SMEs, make the partnership with them, and then provide the financing, consultation, adviser services for them. It should not only keep developing the traditional services, such as settlement, but also should

combine the existed personnel, technology, internet, asset, experience and information to create the new and special service according to their characters. On the one hand, it should them to collect money, cutting down the finance cost and management expenditure, on the other hand, it should make sure the bank can earn more profits, and control well the risk. For example, Huishang bank can create the quick and small loan if the SMEs have the ample asset, good reputation and the good market prospect. What is more, it is important to do the market research to find out what the customer's needs are, and then establish the new service system. For example, more and more customers have a high desire to operate the basic banking business at home. In this situation, Huishang bank should consummate the network business, in order to let customers enjoy more convenience. (Huishang Bank, 2008)

- Consummating the existing products and services

Huishang bank faces the fierce competition in Anhui province. Consummating the existing products and services also can be an important part. For example, Huishang bank card design is too formal, it can attract the businessman's and elder's attention, but it cannot stimulate the younger's interest. Young people are also a customer group to Huishang bank, so how to improve the card design can also be a problem.



Figure 16. Some of Huishang bank cards (Huishang Bank, 2010)



Figure 17. Some of Zhaoshang Bank cards (Zhaoshang Bank Website, 2010)

Price strategies

Price strategy is another factor in marketing. Normally speaking, price strategies contain new product price setting, price management and price competition. (Sanuders et al. 2008,659) To Huishang bank, it sets itself as the marketing challenger position. It can use competition-based pricing. When the products and services have special points and have competitive power, such as SME loans, the price can be set a little higher. Since the price elasticity is low, and these kinds of products have a bright market prospect, and demand will continue to increase. For the common and tradition bank business, such as settlement, the charge for deposit and loan can be set a little lower, as the price elasticity is high and the demand has little space to increase.

What is more, providing discounts when necessary. During this summer, Huishang bank provided lower house mortgage loan rate. If you pay 30% for the first payment, and then you can enjoy 80% discount for the loan interest rate, and if you pay 40% for the first payment, and then you can enjoy even 70% discount for the interest rate. This price strategy brings a lot of advantages for Huishang bank. Most citizens choose Huishang bank for the house mortgage loan because they can save large amount money. Huishang bank should keep these activities in order to attract customers, expand the market, and get their satisfactions, achieving the brand establishment, and finally earning more profit. (Ci, 2010)

Promotion strategies

Promotion is a communication bridge for Huishang bank to customers. It can let the customers know the newest information, influencing the customer's decision making and persuading the customers to try Huishang bank products and services. Huishang bank can handle this part from the following items:

- Strengthen advertising: Before making the advertisement, Huishang bank should be clear about the advertising objectives, such as making the bank image deeper to the customers, or propagating a new product or an activity. On the other hand, controlling well the advertising budget cannot be ignored either. According to the current situation, Huishang bank wants to be the core word in Anhui bank industry, so increasing the advertising potency dimension is still necessary. Huishang bank can use the radios, newspapers, magazines, TV and internet to increase the brand influence power. Let more and more customers know this bank, trust this bank and then choose this bank.
- Sales promotion strategy: Combining pull and push strategies. On the one hand, persuading the enterprises to make the deposit and loan in Huishang bank, establishing the partnership and making the bank business, providing the convenient service for them, and let them influence their customers to choose Huishang bank at the same time. For example, when Huishang bank makes a partnership with a real estate development company, their customers will be also influenced by the company's choice, choosing their bank for loan in order to get guarantees and also enjoying more preferential policy. Or be a partnership with some big brand shops, companies. If the customers use Huishang bank card to purchase their products, then the customers can enjoy certain discount. On the other hand, pay attention to the direct customers; stimulate their interests by advertising, discount, reward, convenient service, perfect service attitude in order to let them make the final decision. (International Business Paper, 2008)

- Personal selling: Attracting the individual customers can also be a necessary work. These groups deposit and loan power also cannot be ignored. Huishang bank can make some activities to achieve promotion. For example, choosing someday as a special day, if the individual customers deposit fifty thousand yuan on that day, then give them some gifts, for example, a prepaid phone card or advance their bank card, from the normal bank card to gold bank card.

Place strategies

Huishang Bank can be called Anhui local bank. Until now, almost all of the branch banks are settled in Anhui province. If Huishang bank wants to get a constant progress, expanding the scale and entering other provinces is an undoubted trend. According to the current situation, Anhui Province government pays high attention to the rich and near places, such as Jiangsu, Shanghai, Hangzhou, to enhance the communication and cooperation with these places, in order to find opportunities to stimulate the economy development. (Huishang bank, 2010)

Huishang bank should follow this trend, setting the branch banks in these places to support the business contact, and expanding its own scale. In April, Huishang bank sets the first nonlocal branch bank in Nanjing (the province capital of Jiangsu Province), and the performance of this branch bank was quite good. Until the end of 2009, the deposit balance from Jiangsu, Shanghai, Zhejiang reached 86031million, accounting for 27.23% of the total deposit. (Ci, 2010)

4.5 Other suggestions for Huishang bank

- Attracting foreign investment positively to increase the total asset

The total asset is a symbol of the bank strength. It is also a guarantee to expand the bank business and scale. After China entered WTO, more and more foreign companies are entering Anhui Province to do business; Huishang bank should catch this chance to attract their investment. (Chinavalue, 2007)

- Dividing the customers according to their value. Take different strategies based on their value

Current Value	High	III	IV
	Low	I	II
		Low	High
		Customer increment potential power	

Figure 18. Customer value matrix figure (Emeraldinsight, 2010)

To Huishang bank, it should make different strategies to these four kinds of customers. Customers in group I has the low current value and potential power, they just do some small amount deposit and loan business, Huishang bank can just keep them but need not spend too much money, and there is also no need to the expand the scale. Customers in group II have the low current value, but their potential power cannot be ignored, such as the sunrise industries of SMEs. So Huishang bank can keep communication with them, provide them with several preferential policies in order to help them enter group III. Group III have a comparatively high current value and potential value. They are the basic customers for Huishang bank. Huishang bank should hold and retain these customers, provide them with good products and services to show the capacity of bank, and try to be the good partner with them. Group IV have the highest current value and potential power, such as the government and local bureau of finance. They are the guarantee of the bank profits, so Huishang Bank should make one-to-one services and make the profit alliance with them, increase the close cooperation relationship, such as

making the effective and complete communication with them, having the sense of providing the service before the real, understanding their needs and wishes then supporting them. (Ci, 2010)

- Consummating the payment and personnel system (Ci, 2010)

According to the SWOT analysis, it is clear that Huishang bank still faces some problems in payment and personnel system. So how to consummate can be a serious problem for it. There are several suggestions:

① Establishing a people-oriented business and management philosophy. Perfect personnel can be a core part to any company, including Huishang bank. Until now, Huishang bank is still lacks excellent personnel, so Huishang bank must attract these personnel through favorable treatments and centuries-old corporate culture.

② Making full use of the existing personnel. Understanding their strengths and weakness, and then arranging them to the most appropriate sectors to let them show their talents.

③ Establishing a scientific personnel performance evaluation system. This kind of evaluation should be based on the personnel's capacity. Through this evaluation, it can find the personnel's shortages and help them improve, and can also find personnel's talents, in order to give their more chances to develop. Personnel's salary, reward, punishment, promotion and treatment also should follow the evaluation result.

④ Providing personnel training. Personnel's qualities decide the bank quality. Providing the personnel with training can improve the qualities of the staffs. Personnel training can also stimulate personnel's potential power and enthusiasm. In the process of training, Huishang bank should arrange well for the suitable person, the training key point, combine the training with personnel's own features.

- IT business outsourcing

In recent years, with the popularity of information technology and network technique, it requires the bank service should combine the tradition services channel with the network channel. Considering this situation; Huishang bank should increase the investment of technology, increase the network bank service quality to serve the customers. The network channel can also save the cost and increase the efficiency when compared with the traditional channel. It can be called a win-win situation to both of the bank and customers. (Ci, 2010)

Choosing IT business outsourcing is a reasonable choice. First, Huishang bank lacks the IT excellent personnel and equipments, so the outsourcing cost is lower than Huishang bank do itself. Second, choosing professional IT Company can ensure the service quality and also be helpful to development. Third, the IT Company can ensure the exact and advanced services. The exact services can help Huishang bank decrease unnecessary losses. (Ci, 2010)

5 CONCLUSION

Huishang bank was established five years ago. During the past days; it has already made an unbelievable progress. Almost all of the Anhui citizens witness its growth and mightiness. It is a characteristic bank and its development potential also cannot be ignored.

Facing the current bank industry in Anhui Province, Huishang bank should have a clear recognition of itself. It should keep and make full use of its strength, correct and solve the weakness, catch every opportunity and face the threats, especially the fiercely competition bravely.

The business idea of Huishang bank is to provide a better service for the customers and earn profits to the shareholders at the same time. Compared with the international advanced bank, such as Bank of America, Citigroup bank, Royal bank of Scotland, it still has a big distance. So, to consummate the business and management system, to improve its capacity in order to be the modern commercial banks is a necessary and a core step.

In my opinion, Huishang bank can choose many strategies to achieve development, but during the process, it also should consider and evaluate well the risks, try best to avoid unnecessary risk and losses.

The thesis got the ample theoretical knowledge support, and in the practical part, the theoretical knowledge with the real situation were combined and provided the strategies. The annual report was very useful for the SWOT analysis from the real data, and it can be the best evidence of the bank real situation. Unfortunately, the annual reports were available only from 2006 to 2008, as the situation always keeps changing, if the data of 2009 and this year were to be available, the strategies could be even more reliable and useful.

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