

# Environment analysis for machhapuchchhre bank limited

[Finance](#), [Banks](#)



MBL is one of the popular 'A' category commercial bank in Nepal providing its full fledged personal and corporate banking services nationwide. The marketing plan of MBL which is being addressed will develop a detailed framework on how to increase the positive competitive pressure in the market in terms of personal banking and will also gives strategies on how the positive factors can be streamlined to overcome the negative issues. It would investigate the internal and external environment of the company by the application of various tools and frameworks in order to forecast the increment of competitive pressure in the market.

### **1. 0. 1 Current Position:**

MBL is one of the popular commercial bank with its full fledged banking services provisioned in all the branches. With its market capitalizations of NPR 4, 067, 610, 250 and its current stock price of NPR 275. 00 (Source: Nepal Stock Exchange, Accessed on 26th October 2010) MBL leads to be one of the powerful commercial bank in Nepal. MBL now have 39 branches and 398 ATM's nationwide to serve the customers.

### **1. 1 Corporate strategy:**

#### **1. 1. 1 Corporate Mission/objectives:**

The mission of the bank is to develop its brand all over the nation and increase its range to all levels of customers. The major objectives are as follows:

- To increase profit by 20% every year and invest them into development schemes.

- To launch its branches to every possible location to ease the comfort of its customers.
- To develop various banking options to the customers with relevancy of available technology in the market and increase customer volume by 10% every tri-semester.
- To become the trusted bank for all its valued customers.

## **1. 2 Internal and External environment analysis:**

### **1. 2. 1 Overview of market:**

The range of the market of MBL is high and is increasing every time. With the increment of its customer's value, the market share of MBL and the liquidity position of MBL is increasing significantly. Please see figure 1 for 5 years data representation.

### **Fig 1: Graphical representation of market overview of MBL for 5 years**

### **1. 2. 2 Competitor analysis:**

#### **Competitors**

#### **Why are they competitors?**

#### **What can MBL do to reduce competition?**

Himalayan Bank Ltd. (HBL)

HBL is one of the oldest bank with its patron as the royal family. With its link with Habib Bank Limited, Pakistan, the company has its target not only from

Nepal but Pakistan too. Also, with its HBL credit cards facility, customers are more attracted on to the bank.

MBL could make a strategy to tie up with foreign banks as partnership so as to expand its business internationally. Also, banking facility for non residents Nepalese wishing to bank with MBL needs to be launched to promote its services. Similarly, the credit cards facility needs to be launched targeting all categories either personal or corporate.

Nabil Bank Ltd. (NBL)

NRB's recognition as bank of the year had made NBL popular to its customers.

MBL should aim to become bank of the year and maintain the consistency on to it.

## **Table 1: Competitor Analysis of MBL**

### **1. 2. 3 Internal Environment analysis:**

#### **SWOT Analysis:**

The SWOT analysis of MBL can be tabulated as follows:

**Strengths:**

- **First bank to introduce GLOBUS and PSTN Network.**
- **Reach to remote hilly regions of Nepal where technology is next to impossible.**
- **First bank to launch debit cards that can be used in India.**
- **A bank tied up with 15 international banks worldwide.**
- **First bank to introduce SWIFT (Society for Worldwide Interbank Financial Telecommunication) system for cash transactions.**

**Weakness:**

- **Unable to become bank of the year.**
- **Unable to be ISO (International Organization for Standardization) certified.**
- **Unable to have proper ATM (Any Time Money) Services with various problems.**

**Opportunities:**

- **Expansion of business in major parts of Nepal including hilly regions.**
- **Launching MBL credit cards.**
- **Usage of modern ATM machines, new products and services targeting for students.**

**Threats:**

- **Emerging and existing banks and financial institutions.**
- **Political disruption.**

– **NRB permit for multinational Banks to enter Nepal.**

– **Change in customer's demands and needs. Table 2 : SWOT analysis of MBL**

**Tools:**

**Analysis from the audit:**

**Causes:**

**Key Issues/ Impacts:**

**Importance:**

1. Product Life Cycle

– It has been found that the major services as online banking as doing transactions online, payments etc, telephone banking and prepaid cards are being popular and are on introduction stage.

– Other services as salary management, account schemes for womens and childrens etc are following on to the maturity stage.

– The services as ATM's of SCT networks, interbranch transactions etc are on declining phase.

– The reason for the services on introduction phase are because of the demand of the customers to advancement of new technology. Also, to make the banking more easier, the services are to be expanded and introduced.

– The cause to the maturity is because of the problems arising on to the services. In fast growing age, the value of slower and inefficient services worths nil.

- The increase in new services will increase the higher competition in the market.
- The development of new technology will require huge investment as well as time.
- The success of the service would be on 50-50 value as it might be successful or may be unsuccessful. So, introduction of new services would be highly risky.

The importance of product life cycle in the marketing plan is it would outline on what products needs to be refurbished or given more priority and which products needs to be given more publicity to increase profits. This will thus landmarks the major key products that are aligning to profit for the company and the one which are declining.

## 2. BCG matrix

- The popularity of the new services as telephone banking, Visa debit cards are predominant and are treated as stars as they would be having higher market growth and higher market share.
- Other services as SMS banking, telephone banking etc are treated as cash cows and question marks.
- The old services as usage of SCT ATM cards etc are treated as dogs because of the less market growth.

- The cause for being many products and services to be stars is because of its customer attraction power and the room to grow more. The attractiveness of usage of Visa cards, telephone banking would attract more customers hence persuading to have higher market share.
  
- The cause of the products and services to be dogs or fail is because of the same products being used in other places with different values in terms of money or efficiency.
  
- The more company do have its products and service as stars the more company will grow and will have strong leadership in the market. This will hence increase the competitions with the other companies.
  
- The products and services that are treated to be dogs will create a negative impact and a sense of the company unable to grow further. Hence these needs to be taken as the key points that needs to be rejuvenated.

The importance of BCG matrix in marketing plan is to demonstrate what products needs to be promoted more to gain high profit as stars and what products needs to be taken more consideration to reinstate them to earn profit again. This will hence give a considerable analysis on what needs to be done to use the available resources again to earn profit and competition in market.



**Table 3 : Internal environment analysis of MBL****1. 2. 4 External Analysis:****Tools:****Analysis from the audit****Causes****Key Issues/ Impacts****1. STEEPLE Analysis**

- **The audit highlights the strong development of the company in terms of social and technological factors. The market, technical intelligence is high in the company as by using the first banking software as well as strong monopoly in the market.**
- **The better stability of the company in terms of legal factors as well as political factor would had make the company more stable**
- **Strong technology network of the company as well as the monopoly in the market where no competition exists.**
- **Goodwill and consistent profit of the company.**
- **Good relationships with foreign national banks.**
- This will help into increase the effectiveness of resources by planning the use of them in an appropriate way according to the market.**
- **This will help into make the organization stable to understand and react upon external market changes.**

## **2. Porter's 5 forces**

- The audit details on the increment of competitions and increase of substitutes within the market.**
- Regular development of the company even in tougher market situations.**
- Higher threat of substitutes for both consumers and suppliers.**
- Increment of more financial institutions.**
- Increase of attractive benefits by financial institutions.**
- This will help into build mechanisms to effectively compete against the competitors not only limited to price but on various dimensions as quality, efficiency etc.**
- This will also help to determine the potential competitive factors for the organization.**

### **Table 4: External environment Analysis of MBL**

#### **1.3 Marketing Objectives:**

A detailed marketing objectives of the company could be highlighted as follows:

- To target children and women of Baglung and aim for 5000 account holders by 2012 for its new account opening schemes of minimum balance of zero.**
- To increase the market share by NPR 200 in a year and invest capital of NPR 100M for development of technology and infrastructures.**

- To market its new debit cards and prepaid cards in Kathmandu, Bhaktapur and Lalitpur to get a market share of 20% in Nepal by 2012.
- To increase customers by 20% in comparison to previous years for education and housing loans by the end of 2013.

## **1. 4 Marketing Strategy:**

### **1. 4. 1 Ansoff's Matrix:**

The Ansoff matrix is one of the important strategy which can be tabulated as follows:

#### **Constraints**

#### **Strategy**

#### **Importance**

Market Penetration

(Existing Products in existing market)

- Should penetrate its services as Visa card services, telephone banking, online banking etc.
- Should add upon its existing services as locker services, SMS banking, telephone banking etc

This is important as this will help in to broaden the market with the additional services, increasing more customer strength, profit and increase in competition. Also, the monopoly market will exists if penetrated.

## Market Development

(Existing products to new market)

- Should have strong marketing campaigns, distribution channels.
- Need to make proper research and develop new schemes suited to the residents in the new market.

The market development is important in order to expand the business in new areas. This will hence increase the customers, more usage of services and increase in competitions.

## Product Development

(Existing market with new products)

- Should focus on to improvement of its existing services.
- Focus on to launch MBL Visa Credit cards, online deposit service by ATM machine etc.
- Should advertise its new services.

New products will always attract customers. E. g. Consumption of Apple I-phone 4 This is important in order to increase more business from the same customers resulting in more profit generation.

## **Table 5: Ansoff's Matrix to MBL**

### **Segmentation, Targeting and Positioning:**

#### **Segmentation:**

MBL's customers are segmented on the basis of following elements as:

- Geographic segmentation: The segmentation is done according to the regions as Nepal have three different regions namely, Hilly, Mountain and Terai. They can be segmented in to major part of Nepal as Kathmandu, Pokhara and Birgunj. those parts of Nepal are economically and socially stable being it modernized and industrialised area, it will help in to grow the major portion of the business of MBL.
- Demographic segmentation: The demographic segmentation means segmenting as per age, sex, religion, occupation etc. In case of MBL, various account opening schemes with benefits could be launched as for childrens- scholarships aids, adults- easy finance to start up a business, womens- proper development of career services etc as major segments. They are the major customers upon which MBL can gain more profit as with youths, womens and adults who are physically stable and can earn money.

#### **Targeting:**

Targeting could be the another strategy which MBL could follow. This would include targeting to different groups of peoples. E. g. McDonalds targets to childrens by launching their Happy Meal which is an individual target. A differentiated strategy could be used to target these segments as for children, different strategy as scholarships schemes, educational gifts

hampers etc., for adults- certain credit services, old age peoples- retirement plans etc. could be used. The reason for choosing differentiated strategy is because the customers of MBL are different in regards to age, religion and occupation. Thus to meet the demands of these segments and to gain competitive advantage it is must to have different benefits. E. g. Scholarship benefits can't be that useful for adult peoples whereas credit facility can't be a good benefit for children.

### **Positioning:**

Positioning is the strategy of putting its brand while entering into new markets. This can be designing company's offer and image so as target into customer's mind. A repositioning strategy have to implement in order to attract customers and keeping the old ones. Repositioning its brand will ensure to help in getting potential customers and improving the brand image. Hence, as an important strategy MBL should focus on to position its brand image either focus or perceptual mapping or differentiating. E. g. Natwest's brand image of Helpful Banking would make an image on customer's mind of having good service

A positioning map can be drawn in order to illustrate the positioning of various products and services upon customer's satisfaction upon its usage. A variety of products are highlighted with different sizes in regards to price and quality representing them of higher satisfaction with big shape and vice versa. Please refer to appendix no. 4 pp 30 for the diagram of positioning map.

## **Marketing Mix- The 7p's**

### **Constraints**

### **Strategy**

### **Impacts**

#### Product

New Product Development: MBL should focus on to develop new products to different age groups as follows:

-Youths and adults: Various products as Visa, Master card etc. in zero balance that can be used worldwide.

-Children: Fixed interest rate for children and education loans in discounted rate.

-Pensioners: Retirement plans, Bonuses, dividends.

- Development of new products will increase customer's attention towards the new products. E. g. customer's attractiveness towards Apple Iphone 4.

- The products being relevant to their needs will increase the business as customers would prefer to have business where they get benefits with affordable rates.

#### Price

MBL needs to adopt customer based pricing strategy as well as benchmarking with competitors according to different age groups of peoples as follows:

Youths and adults: Reasonable price with discounted added facilities as 50% off in remittance, affordable rates on loans and advances, offers with various external products as clothing, transportations, restaurants. E. g. Natwest's Railcard.

Children and pensioners: Low price with basic service.

Affordable and different prices would help into gain competition on the market as this will lead into growth of customer's interests on to this.

Majority of people would prefer to have business where they can afford and get in good returns. E. g. Fee account opening for students and children whereas certain maintenance charges for adults and premium customers.

Place

MBL needs to apply selective channel strategy for its services. E. g. Educational Consultancies, Various firms etc. In addition, MBL also should follow the keynotes as follows:

- Proper Location where the business can be expanded needs to be allocated. E. g. business location of Nepal.
- Easy access to the branches.



A proper location and easy access to the customer would help into gain customer's attractiveness. E. g. Customer would prefer to have their bank nearby rather than miles away.

### Promotion

MBL could adopt both above-the-line as well as below-the-line promotional activities that includes following:

- Various promotional activities as business fairs, exhibitions needs to be conducted.
- Regular ads in newspapers targeting to different standards of readers as Kantipur Daily for local peoples whereas The Financial times of Nepal etc. for corporate customers.

Differentiation in promotion would lead into growth of customer's awareness of all age groups and of different standards. E. g. Most people would prefer to read free newspapers rather than purchasing them, hence advertising in free newspapers means promoting the services to those group of peoples e. g. students, retired peoples, House wives etc. as well.

### Process

A systematic process in consideration to customer service should be applied.

They can be as follows:

- Aim for any transactions or customer queries within 3 minutes it not possible to the earliest time frame.

- Secure and step wise process for any services changes as upgrades, degrades etc.

The professional process would lead to have customer's confidence and trust upon the services. This will hence diverge the customer to have business where they can get trust and peace of mind. e. g. Customers prefer to buy Apple products because of its brand as well as trust that Apple products are modern, strong and stylish.

### People

MBL should focus and allocate its budget into staff development by various measures as follows:

- Trainings, conventions, workshops to be conducted for employees as per their level and department.
- Readily availability of in house opportunities, internship programs etc.

Customers would be attracted when the employees of the organization provide them excellent customer service and professional environment. Also, opportunities being readily available would lead into promotion of the business as well as increase in competition in the market. E. g. News on Sainsbury's to open 1200 new jobs leading to free publicity and goodwill in the market.

### Physical Evidence

MBL also needs to consider physical evidence so as to increase reputation in the market. Some of them can be as follows:

- Professional attire for employees.
- Proper designing of websites to make it user friendly and operative.

Customers would prefer to have business with the organization who have professional employees, services etc.

User friendly and operation websites would make customer to access their account easily making customers loyal to the service.

## **Table 6: The 7 P's of Marketing Mix**

### **Implementation:**

#### **Key Plans:**

- To launch MBL Visa Credit cards system used worldwide. Future planning are to be having credit cards as Master Cards and American Express.
- To launch 3 minutes rule to serve any customer and finish the transactions in counters, if not possible to the nearest time frame to make customer service faster and efficient.
- To launch the facility of opening account from abroad for foreign nationals in United States, Canada and United Kingdom as well as international clients.
- To establish additional 15 branches and 200 ATM's in 5 years time frame.

- To launch graduate internship programs for students, in house opportunities for employees, rewards system etc.

### **1. 5. 2 Forecasting and Budgeting:**

Forecasting is a preliminary projection of the possible outputs. Since, the political and economic situation of Nepal is unstable, MBL needs to follow Scenario Planning as one of the forecasting methods. It is essential because the technology and the economy fluctuates rapidly, hence a series of futures needs to be indentified by different departmental chiefs. Similarly, in the budgeting part MBL needs to consider two types of budgeting methods as Objective and task to estimate budget required for to fulfill the objectives on the first year and then incremental budgeting method to the following year.

### **Key Plans**

#### **Resource allocation**

#### **Estimated Budget**

#### **Estimated Time frame**

#### **Responsible person**

- Launch 3 minutes customer serving rules.
- Trainings.
- Queue Management.
- Increment of professional peoples as one of the marketing mix.

NPR 100K-150K

1yr

Branch Managers, HR Manager, Training and Staff Development Manager.

- Graduate internships programs
- Agreement with colleges and universities.
- Agreement with Ministry of Education and Sports, Nepal.
- Market promotions as one of the marketing mix.
- Recruitment events.

NPR 250K-300K

1. 5 yr

Marketing Manager, HR Manager.

- MBL Visa, Mastercard and American Express credit cards.
- Agreement with VISA, AMEX to use their card systems,
- Permission from NRB.
- New product development, price fixing as well as promotions as one of the marketing mix.
- Integration of payment processor servers and POS facilities.

NPR 1M-3M

2. 5 yrs

IT Manager, Finance Manager and Marketing and Planning Manager.

- Establish 15 more branches and 200 ATM's
- Human Resources – ATM machines.
- Focus on to physical evidence as developing buildings, office equipments etc.
- Allocation of place as one of the marketing mix.

NPR 18M-30M

> 4. 5yrs

- Deputy General Manager, Finance Manager, Marketing and Planning Manager, HR Manager, IT Manager.

## **Table 7: Implementation table for MBL's long term plan**

### **Fig 2: Gantt's Chart for MBL's Plan**

#### **1. 6 Control**

After the planning is done and implemented, control over the plan needs to be undertaken. The control is required to perform in order to find out what is the results and what can happen with this whether it is positive impact or negative impact. There should be some mechanisms to find out whether the plan is being productive or not. A balanced scorecard can be constructed which provides a framework upon how is the plan going on and will project

on different analysis. It provides managers with holistic view and helps to understand the relationships with various perspectives.. Please refer to appendix no. 5 pp 30 for the diagram. Words Count : 3, 142

## **CHAPTER 2: EVALUATION REPORT**

### **2. 0 Introduction to Marketing Audit and Plan:**

The marketing audit defined by Kotler and Keller (2006) as a comprehensive, systematic and periodic examination of a company or business unit is a systematic review and appraisal of the company's environment and its operations. Similarly, marketing plan is the series of tasks to perform which would help any organization to grow. It is a simple report that helps into understand the tasks and accomplish it.

#### **2. 0. 1 Marketing Audit as a part of Marketing planning process to MBL:**

The marketing audit and marketing planning process are both integral part as without one the other part is incomplete. The importance of marketing audit can be forecasted by conceptual and practical perspectives.

Conceptually, the marketing audit is the key path for to develop the marketing plan. Westwood (2002) says It is used to describe the methods of applying marketing resources to meet the objectives. Without a proper marketing audit, the development of a proper marketing plan is reluctant.

Practically, the marketing audit is important and is an important part of the marketing planning process because the marketing audit is the tool to know what is to be planned. E. g. To make a project successful, the resources, budget and time are required to be allocated, however to understand what

resources, how much budget and how much time are required an analysis or audit needs to be undertaken.

In regards, to MBL the audit had analyzed a clear projection of the current status, internal and external, micro and macro environment. A clear concept had been generated upon the current status of the company and the status from different view lines. The marketing audit has been performed not solely by only one model or frameworks but using various other models and frameworks to find out the key components of different aspects. The audit has indeed helped a lot to understand MBL's picture in the form of various analysis. An understanding of the strengths and weakness, core Competitive, barriers for being the market leader etc, had been generated which thus had helped to understand the current status of MBL. Pahl and Richter (2007) says it is influenced by various internal factors as material and human resources, internal immaterial resources etc. Also, without a proper audit, the need of new changes and adoption of new strategy would have merely been possible. It is of course undaunted and unnecessary to have the same planning as the time changes and so is the needs and demands of the customers. Thus the audit had projected the needs and the right pathway about the marketing plan.

The market auditing process was very vague and didn't cover large sector of internal and external environment. The major difficulties on to gather information and analysis was majorly in external or macro environment which I experienced. Since, Nepal is more likely politically unstable, it is unsure that what changes might happen. The nation frequently followed by



riots, political issues, disagreement between labour and trade unions etc. makes the major industry of Nepal including banking in dilemma. Thus, the problem on gathering the right information of external environment of MBL was bit difficult because of lack of full conformity and I couldn't find out what exactly is happening on to the day to day activities because of these unwanted incidents happening in the nation. Also, the frequent changing of rules and regulations of NRB, MBL needs to regularly change its business tactics and how it operates causing the analysis slightly more harder. Internally, the problems were very less in comparison to external environment as the internal environment is within the control of the managing bodies which I experienced in collecting information as the internal environment were well managed.

## **2. 1 Marketing Planning as benefactor for MBL**

Marketing planning is a process of analysis, strategy creation and action at the heart of organizational survival and longer-term success. Simkin and Dibb (2008) The marketing plan of MBL is prepared in recognition of both internal and external analysis. All the models, frameworks are summarized to make a plan leading to be a benefactor in Competitive generation. The key long term plans are drawn so as to increase the sustainability and create a revolutionary change in to the banking of MBL in consideration to the time frame and budget allocation. An assessment can be projected for marketing planning being a benefactor for generating market Competitive pressure as follows:

## **2. 1. 1 Marketing planning as increasing Competitive pressure in the market of MBL:**

The marketing planning of MBL are more focused into increase in Competitive pressure in the market. It can be tabulated as follows:

### **Long term Plans**

### **Projected results**

### **Impacts on Competitive pressure**

### **Benefits to MBL**

- To launch MBL credit cards systems used worldwide.

An expectation of rise of credit card users can be expected. This will enhance in maximum use of credit cards in various parts of the world on online shopping, POS services, cash transactions, bill payments etc. Also, a projection of rise of domestic and international customers as tourists can be expected to increase making an increment on both revenue perspective and stability of new technology.

The impacts of the marketing plan would lead on to the increment of attractiveness of customers towards it. This will lead on to have high volume of customers to MBL increasing the competition to other banking organizations.

The new MBL credit cards system will help the bank by attracting new potential customers as well as organizations which would prefer to have liquid money transaction than hard cash transactions. This would thus increase more number of customers to use this as well as the existing

customers to upgrade to this service. The bank would be then benefit by high number of customers meaning high number of deposits, loans and advances, commissions as well as goodwill in the market.

- To launch the facility of opening account for foreign nationals.

The expected results from this plan is to increase the foreign currency transactions as well as building up the services range internationally. This plan is even expected to bring up better results in the remittance of Nepal as many of the foreign nationals intend to send money to Nepal either students, business persons etc.

The impact of the marketing plan would lead into dual perspectives as revenue generation as well as increase in Competitive pressure. With the facility of opening a bank account from abroad, the funds in foreign currencies are likely to enter Nepal increasing more business. This will thus increase the Competitive in the market by the diversification of customers towards this new service not only locally but internationally too.

Transactions from abroad means bringing foreign currencies to Nepal. This would of course result in to extra income for the bank in terms of foreign exchange rates which are swinging on daily basis. Also, the bank could use these funds in investing and fulfilling its key plans which requires a heavy budget.

- To launch graduate internships and apprenticeships programs.

A projection of the rise of more interaction with the public is expected. Also, the possibility of participation from shareholders in terms of funds are projected upon increment of goodwill and increase in share value.

This would impact in to various key points which lead into increase of the Competitive pressure. The company will benefit from free promotion.

Government donations and increase in goodwill in the market. These will all lead in to become MBL as the