

Wells fargo case study essay sample

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Wells Fargo Group

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Wells Fargo:

Marketing Plan

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Executive Summary

Our team constructed a marketing plan of the company Wells Fargo. The first half of the report covers the company background by finding information about it, its competition, and the environment to see how the company stands. The second half of the report deals with a new product, tax preparation, and how it will be implemented into Wells Fargo.

When analyzing the company, we found that it is viewed as the largest bank in the United States by physical size. The company have "2000" child companies and their advertising style is very recognizable with the stagecoach theme. The biggest competition to Wells Fargo is Bank of America.

There are many trends that are looked at that could affect the banking industry. Some trends include the environment, government policies, technology, and much more. These trends show how the industry should

view what is going on in the market that could affect how consumer's perceptions are changing in the market.

After the trends were analyzed, our team analyzed the customers and put them into segments. These segments are relevant because of the different ways that consumers look at the bank industry. The segments were then used to

make the target market of the age range of 26 to 60 years old and lower to middle class consumers.

Then we made a SWOT table; that shows our strengths, weaknesses, opportunities, and threats. All this information was then used to make our marketing plan.

Through examination of the information in the situation analysis, our team came up with a new product service, tax preparation. This service will coincide with our home loans by making it a free service to customers who have a home loan with us. If a customer does not have a home loan with us; the service can still be used in-house with a specialized and licensed tax preparer or with software for a fee.

Our target market is people in the age range of 26 to 60 years old and lower to middle class. Our team will initially setup a test market in the San Francisco Valley in June 2007 and end in May 2008. After implementation, the findings will be reviewed so the service can be setup to all customers.

Finally, our team feels confident in our recommendations of this new service. The service is expected to bring in 58 new home loans per year, which will

insure brand loyalty and enforce Wells Fargo’s customer loyalty. Table of Contents

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History of Company

Wells Fargo is a publicly traded company that was founded by Henry Wells,

William G. Fargo, and associates on March 18, 1852. During the era in which it was founded, stagecoach robberies were infamous. At that time, they focused on safely transporting their money from Nebraska to California. Now, Wells Fargo uses this stagecoach image as their company's background and main marketing techniques. Current Situation

Out of all companies worldwide, Wells Fargo is the 26th leading company based on sales, assets, profits, and market value (The Forbes 2000). Their debt ratings are ranked positive and stable as well as having the highest possible credit ranking from Moody's Investing Services, Aaa (Appendix A). When ranked by American Banker based on assets, they ranked 5th against all other American banks. (American Banker) Human Resources

They employ over 155, 000 individuals and that number grows more every year.

Within these individuals Wells Fargo understands the importance of diversity, and works to employ people of all races and personalities. Diversity helps them to deliver quality services by further understanding their diverse customers' needs. The chairman and CEO of Wells Fargo, Dick Kovacevich, sees that as a team, Wells Fargo Company shares common values on responsibilities, and how they live and work. Their company also instills those values and hard work ethics into the over 2000 separate "child" companies they own, such as; Crocker National Bank, First Interstate Bancorp, and Northwest Corporation. Wells Fargo knows the quality of customer service is very critical to customers. The Branch Customer Service Manager is responsible for managing quick, smooth, and quality customer

experience. Meaning the manager must make sure the customer gets all questions answered, speedy service, and to wait no longer than 5 minutes for service. This position focuses on proper production management skills. Managers pinpoint problems by going to the source to solve them instead of using band-aid solutions. Managers motivate bank workers to treat customers nicely, and more importantly make them feel comfortable. Enough workers are always employed to satisfy the banks busiest times. When customers call the bank to report a problem or ask for information they get taken care of with fast friendly service. Managers analyze existing procedures and devise new ones to increase efficiency. For example the time it takes a teller to help a customer can be reduced by rearranging the physical layout of the bank. All the tools teller's need is positioned close by for easy access. The qualitatively improved services make the bank more competitive and more attractive to customers. Financial Resources

With a stock market value of over \$110 billion, Wells Fargo Company has become the largest financial institution on the west coast of the United States. Wells Fargo also has a high cash volume of over \$480 billion in assets (Appendix C). Product Portfolio

Wells Fargo Company focuses its skills on many aspects of banking; investing, insurance, brokerage services, trust and estate services, financial consulting, international banking, foreign exchange, as well as online and ATM banking. Their products include diversified financial services, banking, consumer finance, home loans, commercial real estate, and specialized lending. Their company is always conducting economic research

to better their financial market strategies. They believe that understanding what is going on around them increases their understanding of investing. They use agricultural reports, country reports, regional reports, housing situation analysis, economic forecasts, growth charts, and local banker observations to find all types of economic information. Current Target Market Defined

Our current target market is anyone that has or can make money worldwide. In the United States, a person can have a savings and checking account if an address, social security number, and signature is given. For other types of services a credit score and other information must be used to determine eligibility. Current Pricing Strategies

The way that Wells Fargo decides on pricing for different products goes by the Fed's interest rate, also called the prime rate. Then Wells Fargo looks at competition and the industry to decide on what to charge consumers to get consumers interested in receiving that particular product or service from Wells Fargo. Current Distribution Strategies

Wells Fargo has many banking stores in the United States. When a consumer needs a certain product or service, all that a consumer needs to do is go into the branch and apply for that particular product or service. Current Promotion Strategies

Wells Fargo has many promotions to show consumers the products and services available to them. Wells Fargo advertises on their own website,

<http://www.wellsfargo.com>, the company advertises on television, radio, billboards, internet, the Yellow Pages, and in-store. Company Strengths

Wells Fargo is a very strong financial lending company. Their strengths include high cash volume of over \$480 billion in assets as well as a powerful distribution of advantages in the Banking Industry (Appendix C). They also have strong ties to several different industries including financial services, energy, gaming, media, communications, municipalities, real estate, retail, solid waste management, and technology. Since 1852, they have grown roots into the mind of individuals as being strong and trustworthy. Their name is well known and they're marketing strategy, the stagecoach specifically; can be identified easily with individuals. They have strong, hard working, and smart employees from all types of diverse lifestyles. They are considered " America's [Most Admired] large bank, and [ranked] 12th most admired company in the world" (Barron's). They are the # 1 bank in total stores, the 3rd in banking stores, 1st in mortgage stores, 1st in personal credit market share, 3rd branded bank ATM owner, the 2nd debit card issuer, and the 1st prime home-equity lender in states they do business in Wells Fargo. Company Weaknesses

Wells Fargo's weaknesses include confusion due to large-scale activity. Being an enormous company it is hard to personally know all individuals within the banking community. They are often the targets of fraud, and counterfeiting due to how large they are. Other weaknesses might include ability to obtain brand loyalty. In today's society, with so many other large scale competing banks, getting brand loyalty from individuals can be complicated. Many

people have accounts in more than one bank, and several individuals' change from bank to bank depending on offers they are given at different times. Industry

1. Competition

According to the report from Americabanker. com in December 2006, our team could find out the market leader, market challengers, market followers, and market niche in the bank market and the results of all bases on bank's total assets. Assets were used to determine size mainly because the services that these banks offer do not necessarily have fixed prices, and many products do not have any prices at all. As the result, our team found that Bank of the America is the market leader in the commercial bank industry in the United States with a market share of 21% based of assets. But according to Gardner, " After [Wells Fargo's] foray onto the tundra, the bank's 2, 900-branch network spans almost 3, 500 miles across 23 states and five time zones, from Van Wert, Ohio, to Bethel, Alaska, and that's more miles and more time zones than BofA" (Gardner). From this the claim can be scene to be that Wells

Fargo could be considered the biggest bank by physical size.

In the result, we can see that J. P. Morgan Chase Bank, Citibank, and Wachovia Bank are the market challengers. Their total assets are less than Bank of America's at around 2 percent to up to 50 percent. In the report, we can find out that Wells Fargo and U. S Bank are the market followers. For our team's research, we found out a lot of market niches in the commercial bank industry, specifically we will look at Wauchula State Bank.

In the banking industry, there is a lot of competition. The competition is not only with direct competitors, but also with indirect competitors such as ING Direct, which is a financial company. These companies offer several services in insurance, asset management, investment, internet banking, and other such products to various customers.

There seem to be no “gaps” in the market which could be filled. The closest things that could be seen are the foreign market shares, which seem to be taken care of by small individual banks. If a large bank stepped into the field offering a different type of promotion for, let’s say, Chinese Cantonese speakers. Then perhaps they could corner that small part of the market as well. These types of customers are the only ones that really seem to fall between the “gaps” of the big companies and fall into the smaller companies businesses. The position that most banks take on such matters is to open up branches in neighborhoods of these types of individuals and hire employees that can speak the language of the consumer, but generally the stores still look the same and act the same otherwise. This can still scare away these customers.

Bank of America:

BofA held \$1, 082, 242, 862, 000 total assets ever since its merger with MBNA, listing them as #1 on total assets by American Banker (Appendix B). BofA has a market share of 21% based on assets. Also, Bank of America has 161, 318 full-time employees and 5, 808 branches around the United States. All the branches are distributed within 50 states. Their main products include those listed in Appendix E as well as risk management and financial

management

(Overview: Corporate Profile 1). Appendix F shows the amount of revenue generated in each of their main fields of business.

Their products do not generally have a set price, since the diversity of the banking world has several different interest rates applying to different credit scores as well as sizes of corporations.

BofA aims their products for the big businesses more than individual consumers. They have over 20 million active users that are currently banking with them, and from those 20 million they serve “ 98% of the U. S. Fortune 500 companies... [as well as] ...80% of the Global Fortune 500 [companies]” (Overview: Corporate Profile 1). Mostly they serve consumers and small businesses; secondly they serve individual banking customers.

Most of their banks can be found near businesses in high growth communities, such as business and retail districts in Los Angeles. They have fewer banks near residential districts, and do not aim for the “ in supermarket” banks like Wells Fargo. This can be seen as a weakness. Their strength is their capabilities with big businesses, but their weakness is that of not being connected with individual customers.

To promote their products they generally have word of mouth and big business advertising. They advertise in big money magazines and business reviews, such as Forbes, Fortune, U. S. News, The Wall Street Journal, and American Banker, while rarely advertising over television or to the average American consumer. J. P. Morgan Chase Bank:

For the J. P. Morgan Chase Bank, it has \$1, 013, 985, 000, 000 total assets, ranking it #2 by American Banker.(Appendix B) Their market share is 20% based on assets. Also, it has 131, 868 full-time employees and 2, 667 branches in the U. S. They focus most of their services towards commercial and corporate companies, and very little on private banking.

Their products include all of the regular banking services (Appendix E) as well as treasury services and asset management. They focus on asset management inside of large commercial and corporate companies to increase revenue, and then their secondary product is commercial banking.

Physically they have several banks in which they do business, including their Chase banks which they do business with individual customers. They are generally located in cities and suburban areas, and less in rural. They focus on fast, busy business people and market their products towards them (Chase - About). Although their bank company Chase is aimed more at individual customers than businesses, JP Morgan is still losing a great deal of customers to smaller banks. Their biggest weakness is that they do not concentrate on small customers, but their biggest strength is that they have a large amount of the big money customers, making it so that their profits are high even with lower market segment.

Chase is a brand inside of J. P. Morgan. It is focused on individual customers and small businesses more than big businesses, but they still focus towards the same types of individuals. Business going white collar workers and privately owned businesses can get J. P. Morgan's advanced security systems in their normal checking and savings accounts. They also offer

federal rate loans for college students. To market to these students they use a marketing technique geared towards the academic calendar, saying the origination fee will be paid by Chase themselves for the first academic year.

To promote their products, J. P. Morgan advertises in major political, news, and business magazines such as Forbes, Fortune, U. S. News, The Wall Street Journal, and American Banker, then focus their TV advertising on Chase Bank.

CitiBank:

Citibank has \$706, 497, 000, 000 total assets, 184, 489 full-time employees and 286 branches with a market share of 14% based on assets. For the Wachovia Bank, it has \$472, 143, 000, 000 total assets, a market share of 9% based on assets, 78, 571 full-time employees, and 3, 193 branches. Their rank by assets is 3 according to American Banker (Appendix B). They offer all the main banking products (Appendix E), as well as Identity Theft Solutions and the ThankYou Network.

They focus these products towards individual consumers and private customers. Their main products are online banking, which they have been made famous by. Through online banking, they have been able to reach out to customers in various ways that they wouldn't have been able to before, and contact more customers by doing so. Specifically they target the market of online investing more than other comparable banking industries, helping customers to earn money investing, as well as saving money in their accounts (Online Investing). Their online strategy is their biggest strength and weakness at the same time. While it is very innovative and attracts

younger consumers, it can easily scare away those who still think the internet is insecure and those who are confused or scared by new technology.

Besides their online locations, they also have physical banking locations. Though significantly fewer locations than market leaders and challengers, they are still found in almost every strong community in the southern California area.

They promote their product using magazine ads, TV ads, and web advertising techniques such as banner ads and pop ups. Their specific marketing technique uses their name as their logo. The Citi name is well recognizable, and easily remembered. When promoting products they talk about internet security and investing relations, while not promoting their loans or financing directly.

U. S. Bank:

US bank is located in 24 states nationwide. The head quarter is located in Minneapolis. They have over 2, 472 branches in convenient locations. They rank as the 6th largest bank according to American Banker, based on their assets of over \$200, 000, 000. (Appendix B) They have a market share of 4% based on assets. US Bank's main services include checking accounts, investing, loans money transfer, insurance, debt consolidation, saving accounts, student credit cards, and home mortgages. During the tax season, they offer a program called TurboTax over the internet for their customers to calculate their income taxes. Using TurboTax to help customers do their taxes is an example of one of their strengths. They concentrate on helping

the customer, and making the customer happy. This makes customers brand loyalty grow more than most other banks in the industry. US Bank offers check cards with rewards for their customers, such as cash bonus to redeem for gifts. They have an expert to help their customers to do their finance and investments. Also they have online services for management customer's bank account and investments. Their biggest weakness seems to be their innovativeness when it comes to technology. The website is hard to get around on, and it is not really up to par with the other big banks in the industry that it is competing against.

Omni Bank:

Another market nicher is Omni Bank. The bank will locate in some specific spaces to help their customers. Omni bank is located in Southern California. The head quarters is in the city of Alhambra. They have only five stores. All the stores are located near the Chinese districts of Los Angeles County. It provides some mortgage and loan services for their customers. For example, one of their branches is located in Monterey Park, California. This branch mainly helps people who live in the area with mortgages and loans.

The company's biggest strength is also its biggest weakness. While focusing its products for the Chinese communities might get them a great deal of those individual consumers, it has the problem of not attracting outside customers. Therefore they may have a great percentage of the Chinese customers in the area while only having a very low percentage of the non-Chinese customers. If they made their banks less specific to Chinese immigrants they might lose a portion of their market share of Chinese

customers, but they would gain more business through the non-Chinese customers in the area.

Omni bank principally offers some loan and mortgage services for their customers. Also they have other special services to satisfy their customer's needs, such as safe deposit boxes, ATMs, night depository services, lockbox depository services, and traveler's checks. Omni bank attempts to offer the lowest interest rate payments and easily qualifies programs to help a customer to get a loan. They also help people who do not have credit history by qualifying them for first time loans.

2. Environmental Trends

Where does the Industry do business?

The industry does business worldwide with individuals and businesses that deal with money. Economic Environment

An economic trend that could affect the banking industry could be stock market trends starting to slow or move in the negative direction. This usually shows the state of the economy. If the economy of the United States starts to fall, less people will be saving and investing into the economy. When analyzing the Great Depression, it can be seen that people pulled their money out of banks, so there was little national savings. Today, America's government has developed the FDIC to help prevent something like that from happening. But there is still the prospect of a negative shift in the economy. This will slow down the funds that banks will receive. If they have fewer funds, there could be layoffs due to shortage of supply. Also, if no one can pay back funds to the bank, there will be a lot more bankruptcies,

making it so the company loses money that way. To stimulate the economy, Wells Fargo and their competitors can offer lower interest rates on loans and higher interest rates on savings. The economy can be defined as, “[A] collective measure of the production, distribution, and commerce in a given area, from a small village to a state to a nation” (Canton 50). An affect to the change of this economy is, “[T]he fact that twenty-first-century economies will survive and prosper only if they embrace innovation” (Canton 50).

Political Trends

The main political trend in the United States is that political policies are always changing. The main one right now is war. Whenever there is war, it can stimulate the population with more federal jobs that are geared toward supporting the war. Also, businesses can profit from this by selling goods to the government that are used for war. More money coming in due to the war can create more jobs to the public causing the population to have growth.

On the other hand, if the government makes policies that can affect the public, like shutting down free medical clinics, people lose jobs that they had at the free clinics, and people that once had free care will have to pay for it or not get care at all. This can make the population growth rate go down or you will see less money being spent on miscellaneous goods.

Different sectors can be affected in different ways, “ Certain industries are particularly affected by the actions of government authorities. While all businesses are influenced by regulation to some degree, regulation, licensing, and certification can dictate in large part how certain industries conduct business” (Abrams 80). Regulatory Trends

As discussed before with government policy, regulatory trends can change all the time. Those that regulate banks are; “ Federal Reserve Board, the Office of the Controller of the Currency, the Office of Thrift Supervision, or any one of 50 state regulatory bodies” (Bank Regulation).

There are many different policies in affect to help people in poverty, help small business, and in essence, make sure that the individual gets representation so that their money is protected. Some poverty regulations are those of welfare and grants to those that need it, “ Income support policy occurs mostly through social insurance, but also through universal grants (‘ demogrants’) and means-tested social assistance (‘ welfare’), with different policy mixtures in different countries” (Sherraden 3). Without government regulations, individuals with less money would not get representation.

Social Trends

As discussed earlier, if a society as a whole has a trend one year of buying an Apple IPOD® there will be a huge societal trend to buy that item. If society is in a buying trend, you will see fewer savings and more people borrowing money from banks.

The social trends are always changing in all aspects of life, “...[H]uman activities create new systems with emergent behaviors that are both unpredicted, and, perhaps, unpredictable, as the ever-increasing integration of human and natural systems leads to a concomitant increase in importance of the particular forms of complexity that characterize human evolution” (Allenby 159). A social trend that society is geared toward in the banking industry is online banking. Wells Fargo and their competitors have online

banking available to everyone that has the internet 24 hours/7 days a week. Social trends have changed to the point of following technological trends. If there isn't technology in items, there is usually no social trend that will follow that particular item. Technological Trends

This can be tied to social trends as well as other trends. If technology is growing, you will see a trend for people to want to buy more products that are more technological than ever before and always want the most technological item available. At the same time, more jobs will be available for those people that know how to make and market those items. If the market is flooded with a lot of people that can make more technical items, the price range for receiving a job in that market will go down. At the same time the price of items get more expensive at first, but then get cheaper so that more people can afford them. As stated in Deconstructing the Computer, "...[T]he price index for PCs has been falling more rapidly in recent years the index for mainframes..." (Jorgenson 12). If these items are always changing to a newer item, more items will be sold but the market price for items might change at a higher rate. This relates to us because if the economy is stimulated to work, more money will be spent. If more people are buying, there is more of a market to borrow and spend, which the banking market will have more growth.

A technological trend recently is being able to access the internet in a wireless environment, " Internet access over mobile devices is becoming increasingly pervasive, particularly in consumer spaces" (Tan 9). With the

need to be mobile is an ever more serious need for security. Banks need to look at ways to become mobile as well as secure. Demographical Trends

This trend goes with the trends of generations of people. The biggest one out there right now is the “ baby boomers.” Marketing goes with what are the needs of this big generation. So if there are a lot of baby boomers that are going into retirement or close to it, you will see a trend of more people needing health care or retirement funding, or things that they can do while on retirement. So, there will be a trend associated with money being spent on these plans or needing to have accounts to hold those funds. A current trend in the banking industry today is the need for society to have the latest and greatest technology at fast speeds and before anyone else. The banking industry has satisfied this need by giving society the opportunity to use online banking 24 hours a day and 7 days a weeks. Whenever a transaction is made, it is instantly posted to the account making it obsolete to need to balance the checkbook. Other Trends

International Trends

Changes in international banking can also affect the way that Wells Fargo does banking. As noted in Banking International Regulation’s website, “ It is an appropriate subject to discuss, since all of the forces that are operating the international level are affecting national economies too. Mexico, with its growing integration into the world economy and global capital markets, is as expose as any to these trends” (Banking Supervision and Regulation), Changes that can occur in other countries can affect the money supply in the

United States. Any international events that occur need to be looked at as to how it will affect the economy of the United States. Marketing Trends

Marketing trends in today's culture have to do with selling the product in a different way than before. One of the new changes in selling is the idea of developing existing products in new fields instead of creating new products. In Foghound's 2006 Marketing Predictions: 10 trends that are heating up, Swaysland describe an example as " Buying music online is a big new market concept, which is why iPod and iMusic are so successful." (Swaysland par. 2) Bankers have also taken on this trend by offering online banking as opposed to normal " in bank" banking activities. The idea of developing products further instead of coming up with new products in a way that can increase productivity and get new customers is a growing trend in the marketplace today.

Another change is that of creating a meaning-making objective in advertising as opposed to normal promoting. " Customers are tuning out advertising, promotions and spin,"(Swaysland par. 6) while they are starting to want to buy services from companies that they can trust by making their own choices based on what they believe the companies mean to them. In the banking industry where many of the companies are offering identical services at nearly identical prices, simply promoting a brand name and product line will not do anymore. Banking firms will need to sell the ideas and concepts around their products and services more than selling their products and services directly. Impact of Trends

The impact that these trends have on Wells Fargo, its competitors, and the industry are that there is always a need to watch consumer behavior to see how people will spend their money and why they choose a certain bank or lender to help them make the decisions to spend or save their money. Banks always have to see what motivates consumers to pick the banks they pick. Technology can play a major role in that decision, so banks always need to find ways to be up to date on technology as well as given that to the public securely. These trends pose opportunities to the banking industry because the more a bank like Wells Fargo can keep up with the trends of society, the more business they will receive. Customer Analysis

Customer Description at Industry Level

Wells Fargo provides, “[B]anking, insurance, investments, mortgage, and consumer finance to more than 23 million customers from more than 6, 100 stores and the internet” (Nine par. 8). Wells Fargo does not discriminate on race. The main thing they look at is financial history. In fact, Wells Fargo recognizes that certain areas can have a large population of different nationalities. For example, Wells Fargo understands that the Hispanic community is increasing, representing \$1. 8 billion in buying power for 2005 (Estrella par. 2). In response, Wells Fargo looks at the demographics of an area and tries to get as much bilingual staff as possible. Altogether, “ Wells Fargo provides financial services and products to more than one million businesses with annual sales up to \$20 million in all 50 states, Puerto Rico, and Canada” (Quantcast 2).

Relevant Variables to Describe Segment

The variables that are relevant to describe the segment are age, level of schooling, how many people they support or that are in the household, and amount of income coming into the household. Age is relevant because if someone is new to receiving money, they are not thinking about buying a house or getting a car; whereas if someone has been working for a while, they will be a little older and thinking about buying a car or a house. The level of schooling is relevant due to the fact that people that go to school longer will have more knowledge of their money resources. Also, when they are going to school, they are using their money for school and not thinking about renting or buying anything unless it is school related. The amount of people in a household can determine the amount of money spent on food and clothing and also how people decide on where they will live by renting or buying a household depending on the amount of people that need to live in one location. The last relevant issue discussed is the amount of money that is coming into a household that can determine if the household is renting or how much they will spend on the house they are looking to buy. All these are relevant to the segment because it will determine how customers will use the services of the banks and where they will spend their money or save their money.

From this information our team has separated the banking industry's customers into several different categories, and then we described those categories and their needs as follows: Young Adults:

Young adults are between the ages of 18 and 25. Even though they may have had a savings account, these people are at a place in their lives where

they need to start a bank account for the first time. They look for free checking and savings accounts and have much less money to put into a bank account than other customers. As college students, these individuals may be taking out their first loan. The most common way they look for banks is by looking for those that are easily accessible, nearby their homes and workplaces. Their attention is more geared toward TV advertising rather than advertising in magazines. Young adults are looking for quality and unique goods instead

of trendy ones (Lorranye). These consumers have great potential for being future clients when they grow older. Therefore, building brand loyalty now helps banks to keep these clients when they get to ages where they start to need larger loans and banking. New Families:

These individuals have just started a family. They may be looking for homes to raise their new family. This may require them to take out their first home loans. They have high involvement when looking for the best rates for the loan. Low Income Families:

These families have already developed themselves as a unit. " 40% of bank customers were low to middle income (Korets)." They may be struggling from paycheck to pay check. This means savings is not much of an option. Rather, credit card loans might be of interest to them. Tax accounting cannot save them much money except if the tax accountant is cheap. Middle Income Families:

The middle-income family looks for improvement on their status. These families are most certainly have or are looking for homes to establish

themselves. Therefore, financing or refinancing is always options for them. Tax accounting can save them money that they desperately need to pay off loans. Wealthy Families:

These customers are looking for a bank that will help them to make more money from their money. They do not need many loans unless they are starting a business. They are also investing in CDs, mutual funds, real estates, and anywhere they can make profit. Also, a good tax accountant can help them save a lot of money Foreign Families:

These families are looking for banks that can fulfill their language barrier needs. They look for people they can trust and help them understand the product. Preferable, they would like to speak to someone who has their native tongue. Advertising does not affect them as much, due to the fact that they don't understand it as much Seniors:

Senior may be trying to secure their retirement. They are also looking for security and might be considering investing. They want people to manage their estate and assets. Generally, this is the most brand-loyal demographic, because they look for familiarity and brand they know they can trust from past experiences. Farmers:

Farmers are looking for a bank that knows what they want. Their bankers should be friendly and get along with them. Farmers can have big or small bank accounts depending on their profits, but they always look for the same things: reliability, trust, and goodwill. Small Businesses:

Small Businesses are looking for a bank that can help them managing their assets and their financial needs. Often times they will need quick short-term loans in order to purchase materials or equipment. They may also need larger long-term loans to start up the business Middle Businesses:

These businesses are normally the market followers in an industry. They look for the same things as a small business, while also needing more diverse financial support. Big business / Corporations:

Big Businesses look for something completely different from the rest of the consumers. They need large short-term loans to acquire smaller companies. These Businesses are looking for everyway possible to make their profits bigger. This includes investing, marketing, and accounting.

Customers use Wells Fargo products for many reasons. Age, credit scores, and income are relevant. One reason is to buy now what they cannot afford with financing. Since small businesses usually do not have enough capital to start, Wells Fargo targets

If the customer owns a small business, they seem to get more loans out of Wells Fargo than any other bank. According to CRA (2005), Wells Fargo is the number one lender in terms of total volume of dollars to small businesses in the United States (Nine par. 2). Finances from commercial real estate seem to be on the rise, “ Avg. commercial and commercial real estate loans grew \$11b or 10% from 3Q05 and \$2. 2b or 8% annualized on a linked-qtr. Basis” (Event Brief par. 1). Needs and Wants

The internet seems to be a growing tool for Wells Fargo customers. According to PR Newsweek, Wells Fargo currently has 8.3 million active users (Event Brief par. 1). They also say that “ One-time visitors make up 30% of Wells Fargo online audience” (Quantcast par. 2). This means 70% of the online audience might be habitual users. There are many innovations on the internet, which keeps the customer coming back online and away from long lines in the offices. Customers being able to see and edit their accounts online statements save them a lot of time in a world where there is never enough time. Evidence of this is stated by the CFO of Wells Fargo, Howard Aktins, “ Continued to achieve significant growth in usage of desktop deposit service ... Seeing greater usage of the commercial electronic office (CEO), used by two-thirds of the Co.’s middle market and large corporate customers.....” (Event Brief par. 2). Consumers are using banking to secure funds. Insurance is used to protect assets. Mortgages are used to finance homes. Financing is used to raise money for businesses. Through the use of internet, Wells Fargo can now cater to anyone around the world.

High or Low Involvement

Involvement usually depends on the amount of money the decision deals with. The trend is that the higher the money involved, the higher the involvement. When it comes to large financing like home loans, decisions are usually having high involvement. Naturally, if it were a larger corporation buying an eight-story building, the involvement would be even higher. Some basic checking accounts to students would be an example of low involvement. Especially since these checking accounts are free. Decision

Process

Interest rates are the major factor involved in decision making. Given that there are so many banks out there giving various rates; Wells Fargo prides itself on customer loyalty. Another major factor is the Complexity of the product Wells Fargo sells. Since Wells Fargo advertises itself as a friendly service, many customers choose Wells Fargo when the product is complex.

Roles Consumers Play in the Decision

A joint decision in a family would consider two spouses. Both are users of finance. Usually, the financing goes under both names in title, so both spouses are also buyers. Either spouse can be the decider or gatekeeper

Demand Forecast

Industry Profits as a whole have steadily increased since 2001. Recently, business lending has increased, but commercial lending has decreased in most regions (Bavio). Short term loans have decreased due to competitors (Bavio). Commercial business also seems to have more money on hand to pay for their costs. Taking risky loans have become a trend in the market due to increased competition. As a result, a lot of banks are losing money on those risky loans. SWOT Table and Analysis

(a) Strengths

Size

Star/Still Expanding/Growing Market

FDIC Insured

Solid Reputation

Highly recognizable advertising campaign / Marketing Recognition Business Environment (open counters)

(b) Weaknesses

Not International

Internet Security

Government Policies/ Fed. Regulation

Recession

Economy

Highly Competitive Market

Low Brand Loyalty

(c) Opportunities

International

Ease of Use for Internet Usage

Tax Services/Free/Internet

Branches

ATM Service

24 Hour Services

(d) Threats

Highly Competitive Market (Major)

Low Brand Loyalty in Industry (Major)

Government Policies (Potential)

Depression (Potential)

Economy (Potential)

Civil Unrest/War (Potential)

Interest Rates (Minor)

Inflation (Minor)

New Competitor Sales Promotions and Strategies (Minor)

When analyzing the strengths of Wells Fargo Company we noticed that Wells Fargo's overall size is their biggest strength. As noted under the company section, they are physically the largest bank in America. We identify the banking industry as a still expanding and growing market; therefore we see Wells Fargo's banking services to be a star instead of a cash cow when using the BCG matrix. When our team analyzed the advertising and marketing measures that Wells Fargo uses, we noticed that they are a highly recognizable brand, and therefore their marketing recognition is a strength..

Weaknesses include the fact that they are not international when many of their competitors are, as well as general banking weaknesses such as security, policies, regulation, and problems with our current economy that banks face.

Opportunities that our group points out are easily brought down from our weaknesses, but also from our research. When doing research we found that US Bank helps with customer's tax returns, perhaps Wells Fargo could follow the same type of idea. Maybe a merger with a company like H&R Block could gain customers.

Finally, threats that we noted are mostly self-explanatory. One thing our team would like to talk about though is the problem with brand loyalty. In the banking business the biggest threat is that of brand loyalty. How does a company keep its customers loyal, and what if a new competitor's promotions exceed the company's? A big threat is that of losing customer loyalty through such measures. General Marketing Strategy

Marketing Objectives

The objective of this marketing campaign is to create a new service for Well's Fargo's customer base to create more brand loyalty, reinforce brand image, and extend customer base in home loans. The campaign will start in a specific area, which was chosen by general population of the target market in the area. This area is the San Fernando Valley, which includes Northridge, Canoga Park, Tarzana, Woodland Hills, and many other smaller communities. This community contains a great diversity of classes, from upper lower class to upper middle class, all of which are targets in the marketing strategy.

Campaign Strategy

The campaign is going to focus on implementing a new tax service to existing customers and new customers, particularly those who have or are trying to get home loans. An appropriate time given for this project is from June, 2007 to May, 2008. These dates were chosen because the campaign needs to have the attention of the consumers and the consumers need to understand that Wells Fargo will be offering this service before the consumers begin looking for this service. That way they have Wells Fargo in their mind when they think of their taxes next season. June was chosen because it is an appropriate time frame for Wells Fargo to prepare to implement this service. They will need time to gather information, hire any new employees, make mergers, or any other actions required to carry out such services. May was decided because it would be the appropriate time to decide whether or not Well's Fargo gained an appropriate customer base to the amount of costs which it incurred, mainly because this is the month after

tax season. Therefore, it would be the best time to review the performance of this project.

Performance Measurement

In May, 2008, Wells Fargo will measure the effectiveness of the marketing plan on their home loans and general profits. To measure, first they will calculate new costs given to them by this marketing campaign, such as new job salaries and any increased marketing or advertising costs from last year. There is an expected increase in home loans by this project. Home loans are where Well's Fargo makes the majority of its profits, especially their margins. So to measure how effective this campaign is, they will use the following steps: 1. They will calculate the % increase in home loans, profit, and profit margins over the past 5 years to figure out an effective average increase. 2. They will calculate the % increase in home loans, profit, and profit margins from last year and this current year; where the new service was implemented. 3. They will compare the % increases in step 1 to step 2 to see if there was a significant difference between average increase and increase from the year of implementation.

Segmentation Analysis

The customer base was divided into different segmentations based on age and income for individuals, and then size and income for businesses. The reason that the customer base was divided into these various sections was because these are how a bank would identify and treat them different. Age and income reveal large differences' in the amount of money a customer can qualify for a loan as well as the length of the loan. A young person would

likely have a short term car or school loan, while an older person or business owner would be likely to qualify for a larger, longer term loan. Also, individuals and businesses would take completely different types of loans.

Target Market

The target market for this campaign is lower to upper middle class individuals between the ages of 26 to 60. The younger market share and lower middle class would be more likely to be taking out home loans, which is where Well's Fargo makes a great deal of money, and the older upper middle class customers would be likely to refinance their existing loans into one large loan, which would constitute as a new loan at Well's Fargo, as discussed in the customer section in the situation analysis.

Positioning Statement

Wells Fargo is currently the market leader in southern California for home loans with lower to upper middle class customers. These consumers choose Wells Fargo because of the brand image and because they are well known to be helpful and friendly. Wells Fargo's main competition includes Bank of America and Chase Mortgage. Because these banks generally deal with larger corporations and not individuals, they are often viewed by those who are trying to take out home loans to be too business-oriented to care about small families. They also intimidate small families with their complexity and cold nature, where Wells Fargo tries to be as friendly and warm to the consumer while explaining things in detail to make them less complex and easier to understand.

Marketing Mix

The Marketing Mix consists of 4 factors; Product, Price, Place, and Promotion Mix. These factors are taken into account to describe the benefits of the new product, if it will be profitable, and if it will add to the company's overall product line in a positive way. The marketing mix is also used to decide how the product would best be suited for placement and promotion, and how to implement such strategies.

Product

Description

The new service proposed to Wells Fargo is an extension of its current financial services provided to its customers. Currently, Wells Fargo has several branches for financial consulting and mortgage consulting. The goal of this campaign is to make the company more accessible and add an accounting division to bring more customers into offices. This would include in-house consulting or free tax software called FastTAX (much like TurboTax), to help costumers with their taxes.

Benefits to Consumer

The target market, middle class Californians, often uses services such as H&R

Block to process their taxes. Many also use TurboTax or other products. By bundling these services into home loans and bank accounts, Wells Fargo can increase brand and product equity at very little cost. The company wants to help customers in all financial situations, that way they know they can depend on us.

When surveyed, 57% of those who were surveyed said that they would be interested in a bank doing taxes, and 57% said they would be interested if the bank offered free tax services (appendix k). While this may seem like a small percentage at first look, it is actually quite large, if 57% of those with home loans switched to our bank because of our service that would be a ridiculously large growth. Realistically, probably only a small fraction of these customers would change, but hopefully 57% of people would think it's a great deal.

There will be two different ways this product will be given to the consumers. The first is in-house consulting. These services would be given at already available financial branches of Wells Fargo. These services will be confidential, and in no way affect any accounts or transactions the customer has with Wells Fargo. This service can be made by either procuring a joint venture with H&R Block, or by creating our own firms inside of our existing financial services departments. We analyzed costs and found that the most cost effective plan would be to hire our own professional tax consultants, and to train current employees to assist them during tax season.

The second way is a take home accounting product such as TurboTax. This is valuable to the consumer because it is versatile and can be used easily by the customers themselves. Also, Wells Fargo would have a weekly two hour lecture on how to use this product, where customers can come in and find out how. Personal help could also be provided. The product might use either a pre-existing product, such as TurboTax or H&R Block's TaxCut program, or the IT department could create its own at a costly price. Therefore it has

been decided that the strategy that should be used is to use a pre-existing tax program, either through procuring a company or a joint venture. The most cost effective at this time would be to try a joint venture with a company such as TurboTax. Either way the packaging would look the same, just with a different product name. In this example, this product line would be called FastTAX, and would be packaged as below.

Branding Issues

When considering making a new product or service such as this, the company must take into account any impact that associating its current brand name with this new product might have. These issues include how the product will impact the current brand name and how this product will impact pre-existing product lines. The company must analyze if these impacts will be negative, and to what degree, in order to realize if this will be a profitable decision.

Potential Impact of New Product Using Wells Fargo's Name

Issues that Wells Fargo might have to consider when creating this product is that if there is a fault in the product, the company would not want its brand name associated with it. It could also make customers think that the company is going too broad with its services and no longer specializing in specific fields, making them less likely to count on us when it comes to those specific needs.

Potential Impact of New Product on Pre-Existing Product Lines This product would not steal business from any other sections of our company already in

development, due to the fact that accounting services are not already in place. However, the company could consider that there is a potential for loss in our financial division if customers end up finding that they do not need financial advice after speaking with our accountants. Also some customers might find a conflict of interest between our accounting confidentiality and the fact we have home loans with them. If someone is unable to pay their taxes because of loss of income, a customer might get frightened and move their loan to a different bank when afraid that we might foreclose on their loan.

Marketing Objectives and Target Market Needs

The company's marketing objectives are to increase home loan rate, brand loyalty, and overall profit of the company. The product is expected to do all of these things. Our current target market, lower to upper middle class individuals, have to file taxes every year. This can be a burden on individuals that do not understand how to manage their finances. According to our survey, 65% of individuals in our target market pay for some program or service to file their taxes (appendix k). That is a very large percentage, if we can help these individuals in our target market with their taxes while getting new loans, it would be a win-win situation. Wells Fargo already helps many of their current customers with financing, if they were able to bundle in a product that would lure a larger customer base than they would be at a great advantage. The individuals targeted specifically want to have more money to spend, and they want their bank to help them. If Wells Fargo offers them refinancing along with a package that would include free taxes, than they

would have even more of a reason to switch to Wells Fargo for all of their banking and mortgage needs.

Price

Pricing Strategy

The basic pricing strategy for this product will be a competitive customer-perceived value approach. The product will be free to those who refinance with Wells Fargo; this is a customer-perceived approach. Those who actually refinance under the agreements that allow them to have the free tax service have a minimum refinance or loan amount required for them to get the service. This amount is decided upon by the financial analyst in charge of their case. The analyst will also take into consideration the interest rate allowed to by the customer, then from there tells the customer which of our tax services he or she qualifies for. Those who have lower loans with lower percentages will give Wells Fargo a low rate of return on those loans, meaning that these customers would only be eligible for the less costly software, FastTAX. This product is also available to other customers of ours for only \$30 if they do not have loans (a competitive price based on TurboTax pricing).

Those with higher loans, such as home loans, and those with high interest which we are expecting a large rate of return; can qualify for full tax service in-house. While these services may sound like they are free, in all actuality our financial analysts will be negotiating the terms of the loan with this in mind, and explain to the customers how this is a bonus. This will draw

customers to higher interest rates and larger loans, actually bringing in more profit than to the customers that pay for the services.

Pricing the Products

As previously mentioned, our take home software will be a program that is used on a computer that allows individuals to do their taxes at the convenience of their home. This software will be \$30, the same price as competing products (TurboTax Pricing). The products will actually be our business affiliates product, and because of this the majority of the profits on this software will go straight to them, leaving us just the amount of money it costs us to distribute and sell the products.

The in-house tax services will be offered for free from our financial analysts, but those who do not have loans