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Faculty of Business and Economics

Business Strategy of a Selected Banking Service

Bachelor thesis

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Abstract

The topic of the bachelor thesis is "Business strategy of a selected banking service". The goal is to evaluate the external and internal environment of a loan called Půjčka ProBydlení of Wüstenrot Company in the Czech Republic, and to formulate a suitable strategy. The evaluation of the external environment will be done by SLEPT analysis, Competitive analysis, Analysis of Substitutes and Market development analysis. The internal environment will be analyzed with the help of the extended marketing mix. Summary and final analysis will be performed thanks to SWOT analysis using internal and external factor evaluation matrices. The result of this thesis is a strategy which the Wüstenrot Company can implement to improve the loan's current business situation, strengthen its competitive advantage and attract more clients.

Keywords

Building savings, Housing loan, SLEPT analysis, Competitive analysis, Analysis of substitutes, Market development analysis, Extended marketing mix, SWOT analysis, Internal factor evaluation matrix, External factor evaluation matrix

Abstrakt

Tématem této bakalářské práce je "Obchodní strategie pro vybraný bankovní produkt". Cílem je zhodnotit externí a interní prostředí úvěru Půjčka ProBydlení společnosti Wüstenrot v České republice a formulovat pro něj vhodnou strategii. Zhodnocení externího prostředí bude provedeno SLEPT analýzou, analýzou konkurenceschopnosti, analýzou substitutů a analýzou vývoje trhu. Interní prostředí bude analyzováno za pomoci rozšířeného marketingového mixu. Shrnutí a finální analýza bude provedena díky SWOT analýze s použitím matice hodnocení interních a externích faktorů. Výsledkem této práce bude strategie, kterou bude moci společnost Wüstenrot aplikovat ke zlepšení aktuální obchodní situace půjčky, posílení její konkurenční výhody a přilákání více klientů.

Klíčová slova

Stavební spoření, Půjčka na bydlení, SLEPT analýza, Analýza konkurenceschopnosti, Analýza substitutů, Analýza rozvoje trhu, Rozšířený marketingový mix, SWOT analýza, Matice hodnocení interních faktorů, Matice hodnocení externích faktorů

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1 Introduction

In general, the very first thought about building societies in Europe dates back to the year 1921. Before this year there was no society providing a service which could help people to increase the value of their money through interest rate. There was even no building society providing credits to enable buying or reconstruct the living. In the year 1921 there was founded “der Gemeinschaft der Freunde Wüstenrot” (GdF) (translation: “Association of Friends”) by Georg Kropp and his friends in German city called Wüstenrot. It is highly likely that almost everyone could have already deduced that Wüstenrot building society is named after the German city. Their main motto was „Für jede Familie ein Dach über dem Kopf. “ (Translation: „To each family roof above head.“). Three years later, appeared the naming „Building society“ for the first time. Development of this process continued in 1925 when 141 savers put together financial means in total amount of 2, 5 million marks.

After moving the headquarters of the company to Ludwigsburg in 1930, the company was renamed to “Building society Association of Wüstenrot Friends“ in commemoration of the place of its foundation. In the beginning of 1930-ies there were made changes in the conditions of providing building savings and credits. In 1934 the building society was supported by and cooperated with the state in form of state contributions to client’s building savings for the first time. After 1945 the motto of the company along with other building societies had to adapt to the new conditions which were created meanwhile. Building societies became a firm part of banking system.

Nowadays, banks, building savings companies, including Wüstenrot Company, and other financial institutions are emphasizing mainly on their products’ and services’ development and innovations. It comes from the enormous rivalry and amount of substitutes in the market. All the companies are trying to gain the competitive advantage and strengthen the position of its products and services. Each company modifies and develop its product, or service, according to the external and internal environment in order to make their offers both profitable for the company, and more attractive to their clients.

For this reasons, the thesis will be focused on a business strategy of a housing loan called „Půjčka ProBydlení“ of Wüstenrot Company in the Czech Republic. The first aim of the thesis is to analyze the housing loan’s environment based on the theoretical knowledge gained from the literature and author’s personal experience in the company. According to these results of the environmental analyses, there will be proposed recommendations for implementation with a final solution leading to improve the current situation of the housing loan in the market.

2 Objectives and Methodology

2.1 Objectives

This bachelor thesis deals with business strategy of a selected banking service which can be specifically described as a loan for housing of the Wüstenrot Company. This loan is called „Půjčka ProBydlení“. As well as other loans of similar type, this one has to fight for its competitive advantage in order to maintain interesting and suitable for both, clients of the company and the new potential clients, who may find it useful for buying and reconstructing their households.

The main objective of this thesis is to formulate a suitable business strategy for this housing loan. Strategic recommendations will come from the analysis of the external and internal environment. The sources for creating those analyses include data and information obtained by author's personal experience while working in the Wüstenrot Company as well as information provided by the company itself. Further on, there will be performed own research of the author with the focus on theoretical sources related to particular tools of environment analysis and their application, and on available industry data. Based on the acquired data, there will be proposed a suitable strategy for the loan leading to the improvement of the loan's situation in the market along with the competitive advantage.

2.2 Methodology

Theoretical part of the bachelor thesis will be based on literature sources in order to describe each analysis which was used to analyze the external and internal environment.

The practical part will start with brief introduction of the Wüstenrot Company itself, specifically its foundation and development in Czech Republic. Secondly, there will be introduced the basic information about the company, its net profit during a certain period of time and the goals of the company.

Moving on to the strategic analysis, there will be used several methods focusing on the loans external and internal environment. External environment analysis will be done through SLEPT analysis, which consists of following factors: Social, Legal, Economic, Political and Technical. Further on, there will be performed Competitive analysis, Analysis of substitutes and Market development analysis. Internal environment analysis will be analyzed by the extended marketing mix which consist of components as follows: Product, Price, Place, Promotion, People, Processes and Planning. Both external, and internal influences, will be further evaluated with the help of MAP (Monitor-Analyse-Predict) approach focusing on their expected future development.

Identified factors of external and internal environment will be further evaluated with the help of External Factor Evaluation (EFE) and Internal Factor Evaluation (IFE) matrices. These matrices are based on assessing the importance of the particular factors in terms of their weights. Weights will be derived from pair comparison method, which will be applied by the author of the thesis together with district director, regional director, business director, director of product development and housing loan's trainer. These evaluations will be then summarized, and the calculated average evaluations will be used as an input for the EFE and IFE matrices. The next step will be (similarly done) evaluation of the reaction of the company to the particular factors, and calculation of the weighted score. Summary of the weighted scores for the external and internal factors represents the total evaluation of company reaction to the external/internal factors.

Thanks to the Internal factor evaluation matrix, there will be chosen the housing loan's strengths and weaknesses, and thanks to the External factor evaluation matrix, there will be chosen opportunities and threats. The principle of choosing the right factors lies in identifying the highest weight for strengths and opportunities, and the lowest weight for weaknesses and threats. Selected factors will be summarized in SWOT matrix and there will be purposed several strategic alternatives by matching the selected external and internal factors enabling the product to match the market situation.

3 Literature overview

3.1 Strategic Business analysis

The strategic business analysis is done as an examination of a certain company and its environs. In this analysis, there can be used two approaches – analysis of the external environment and analysis of the internal environment of the company.

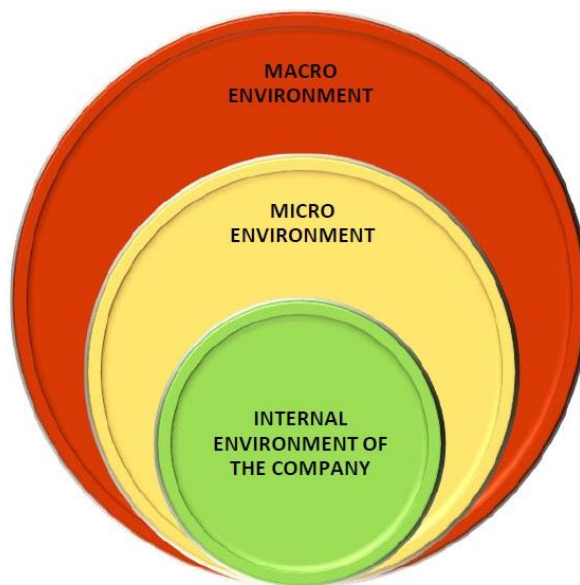


Fig. 1 Business Environment

Source: MALLYA, 2007

Firstly, there is the analysis of external environment which can examine the environment both on the macro environment level, and the micro environment level. As for the more general macro-environment, there are several factors which influence the activities and opportunities of the company. For instance, SLEPT analysis can be used so there will be examined social, legal, economic, political and technological factors. As for the micro-environment, there can be used Porter's five forces model, or certain parts of the model. Micro-environment still examines the surroundings of the company but on the closer level.

Secondly, there is internal environment analysis which takes closer look on the actions of the company and its overall products and services. It can be analyzed by Porter value-chain analysis but when the product, or services, is going to be the analyzed factor, there can be used the extended marketing mix which examines both the business activities, and the product, or service, itself.

3.2 Analysis of the external environment

3.2.1 Macro-environment

“It is important for managers to understand the environments in which they operate, since these are a major influence on what their organizations need to do in order to survive and succeed.” (HABERBERG, RIEPLE, 2008, p. 21) There are several methods and analysis which can be used while examining the macro-environment. One of the most common analysis is PEST analysis. It consists of political, economic, social and technologic factors which are used to scan the mentioned external environment and its possible influence. There are many variants of this analysis. There is, for instance, PESTLE analysis which includes legal and environmental factors. As for this thesis, there was chosen SLEPT analysis.

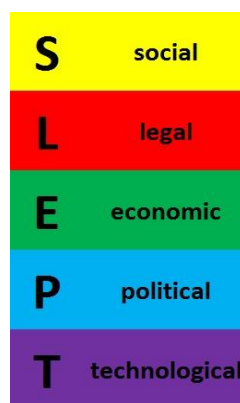


Fig. 2 Slept diagram

Source: own elaboration based on author's knowledge

Generally, SLEPT analysis is analysis of the external marketing environment focusing on social, legal, economic, political and technological factors. This analysis can be used for both strategic analyses which focuses strategies at the higher level like corporate, or business strategy, and for marketing strategy. From the point of view of previously mentioned strategies, the structure of the SLEPT analysis remains the same. The part of the analysis which changes is the orientation on concrete development trends. (HANZELKOVÁ, KEŘKOVSKÝ, ODEHNALOVÁ, VYKYPĚL, 2009, p. 97)

The SLEPT analysis is of benefit to a company because it maps opportunities and threats which arise in the distant environment of the company. It assists not only to identify but also to evaluate potentially significant opportunities and threats in areas which the company cannot influence. If the analysis is made correctly, it provides complex appraisal of the company's environment and prevents overlooking some significant trends which may be both positive, and negative. On the other hand, the

SLEPT analysis has disadvantages as well. There is a risk of subjective perspective while making estimations of influences of each factors. When a company identifies the factors which affect the company, it is necessary to use the most of objective information like prognosis, reports on current and predicted development, researches, etc. However, in the part of realization of the SLEPT analysis, there are estimated the potential impacts of the identified factors and these estimations are done by the company's deputies and their subjective point of view. Another disadvantage of the SLEPT analysis is that it is inaccurate and its estimations of future development of various aspects are uncertain.

3.2.1.1 Social factors

Social factors reflect influences connected with attitudes and living of citizens and its structure. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 18) Generally, these factors include social, demographical and cultural factors, which are closely connected with the living standards of the society. (POŠVÁŘ, CHLÁDKOVÁ, 2014, p. 39) Lifestyle of citizens reflects in a way of spending free time, style of clothing, etc. Another important factors worth discussing are demographical factors. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 18) The main demographical factor, which should be monitored, is population and its development as the population creates not only the market, but also work force. Organizations have to be aware of the development of the structure of population from various points of view. Other demographical factors are for instance age, education of citizens, geographic shipments of citizens, etc. Another social factor is the socio-cultural environment. Companies create opinions, values and attitudes which influence taste and preferences of its clients and customers.

While analyzing social factors, there are data provided on the webpage of Czech Statistical Office. Czech Statistical Office issues reports and publications on the demographical characteristics of citizens and its development. Socio-cultural environment can be monitored while using social researches.

3.2.1.2 Legal factors

Enterprises have to continuously monitor current legislative requirements and its changes in order to be able to adjust their activities to them. These requirements represent summary of legislative requirements of civil service and public administration. The legal factors may influence the company both positively, and negatively. Legal factors include for instance current legislative (Civil law, Business law, Labor Code, legislative restrictions), prepared changes in the current legislative, other factors (work of courts, enforceability of law, patents, copyrights).

Most of the companies have a department, or at least an employee, who is responsible for ensuring of all legal aspects of the company. Law department should have general knowledge of the legal requirements, which the company has to follow, and changes in these legal requirements.

3.2.1.3 Economic factors

Economic factors come out of the economic core and basic directions of the economic development. These factors are characterized by the situation of the economy. While decision-making, enterprises are significantly affected by the development of the macroeconomic trends. Basic indicators of the state of the macroeconomic environment, which have an influence on fulfilling each company's goals, are rate of the economic growth, interest rate, inflation rate, tax policy and exchange rate. The rate of economic growth affects the successfulness of the business in the market. The effect lies in direct elicitation of opportunities, but simultaneously also threats, to which the enterprise has to face. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 17)

While monitoring the current and future trends and situation of the economy, organizations may use information from available data and its extrapolations. The source of the information in the Czech Republic may be Czech Statistical Office which regularly provides data of economic indicators of the Czech Republic. Another sources may be information and predictions issued by Ministry of work and social affairs.

3.2.1.4 Political factors

Political environment and its factors are connected with legislative aspects. On the other hand, except for the legislatives, organizations may be influenced by a large scale of other events and factors in the political environment, in which the organization operates. These factors can be both positive, and negative. For instance, political restrictions are influencing each business by means of tax laws, anti-monopoly laws, regulations of export and import, pricing policy, environment protection, etc. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 16-17) Organizations should monitor, evaluate and implement the potential opportunities and threats which arises from the political environment into their planning and actions.

3.2.1.5 Technological factors

In the view of the fact that enterprises are trying to avoid underdevelopment and show innovative activity, it has to keep informed about the technical and technological changes which are happening. These changes may abruptly and dramatically affect the environment in which the enterprise operates. Nowadays, organizations are forced to invest bigger amount of financial means into development, researches and technologies which are affecting them while running a business. (POŠTÁŘ, CHLÁDKOVÁ, 2014, p. 39)

Foresights of the development of technologies' directions may play a significant role in the company's success. The key of successful foresights in this area lies in precise predictions of future abilities and possible influences. The overall analysis of influences of technical and technological changes presents studies of expected effects of new technologies on both the environment, and competitive advantages. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 18)

3.2.2 Micro-environment

Branch environment of a business is mainly influenced by its competition, suppliers and customers. This micro-environment analysis can be also called as a branch analysis. According to Kotler, Keller (2003), a company should look for attractive opportunities in the micro-environment and use them properly. As a general rule, Porter's Five Forces model is widely used and really effective tool for analyzing the branch environment. (KEŘKOVSKÝ, VYKYPĚL, 2006, p. 89) The micro-environment analysis in the thesis will only come out from the Porter's model.



Fig. 3 Porter's Five Forces Model

Source: <http://crackmba.com/porters-five-forces-model/>

As can be seen in Fig. 3, Porter's Five Forces model consists of five basic forces which helps to determine state of competition in the industry. Firstly, there is threat of new entrants. A company has to analyze and measure the costs of entry at first. Further, the company examines possibility of distributional channels, legislative and technological barriers, behavior of customers, occupancy of the market, etc. Secondly, there is degree of rivalry which basically means the rivalry among existing competitors. Companies determine the situation of its competition such as competitor's products and services, prices and price policy of its rivals, marketing strategy, strengths and weaknesses, etc. Thirdly, there is a bargaining power of suppliers where a company should explore the amount of possible suppliers, specialization of deliveries, alternatives to deliveries, costs connected with the mentioned changes. Fourthly, there is bargaining power of buyers, which is focused on the amount of buyers, heterogeneity of offered products in the market, complementary services and costs connected with possible changes which may occur. Lastly, there is threat of substitutes.

A company should be aware of the amount of substitutes and the differences between the company's products and these substitutes. The difference can be in the quality, features, technical parameters and also in the relationship of customers to the substitutes.

The Porter's Five Forces Model's main advantage is that it is widely used and can be considered as a strong tool for analyzing the competitive structure within an industry. It may be also used in strategic planning and help to decide if a company should, or should not, enter into the industry. On the other hand, this analysis is not considering the fact that markets and industries are not static, especially their structure. The model provides only a schema of the evaluated environment; therefore, it is not completely precise.

3.2.2.1 Competitive analysis

Competitive advantage is the core of the company's performance in the markets where the competition exists. Basically, competitive advantage arises from the value, which the company is able to create for its customers. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 7) While analyzing competitiveness, there are several factors which influence the size of rivalry among competitors in industry. The most common factors are as follows:

- *Number and size of competitors* – The more competitors, the more likely new, creative and strategic moves. If the competitors have similar amount of resources, similar quality of abilities, it is not likely that one of them will become dominant in the market. On the other hand, markets with one dominant business are more stable.
- *Familiarity with the brand and loyalty of customers* – When a new company enters the industry, it may have troubles with enticing customers away from their current suppliers. Potential competitors have to take into account necessity of investing time and money into advertising and several sales promotion in order to break the barrier of customers' loyalty. Competitors can also consider their products for lower prices with providing special services.
- *Rate of a market growth* – Markets with quick growth are accompanied with smaller rivalry as the competing business can achieve their goals through the growth of demand. On the other hand, while markets are growing slowly, the competitors are concentrating on its expansion on the market.
- *Technologies and special know-how* – This factor influences mainly industries which are based on technologies and abilities which are protected by patents. These patents are not freely available and may create significant entrance barriers. (SEDLÁČKOVÁ, BUCHTA, 2006, p. 49-52)

3.2.2.2 Analysis of Substitutes

Substitutes can be defined as anything which can somehow replace a product, or service, that a company offers to its customers. Customer can purchase the same product, which one company offers, in other company, which offers the same product of better quality, lower price, or just because of brand preferences.

To be more specific, there are several factors which increases the threat of substitutes. Firstly, companies produce substitutes with lower costs and so with lower prices, than is the price of the existing product, and the utility value is still comparable. Secondly, when companies offer more and more substitutes, it rises the amount and number of offerings in the market. It results in the fact that customers have a wide variety of the same goods and have a possibility whether to purchase the product at one company, or the other one. Last but not least factor, a customer can transfer from the existing product to the substitutes with no, or low, costs. (HANZELKOVÁ, KEŘKOVSKÝ, KOSTROŇ, 2013, p. 78)

3.2.2.3 Market development analysis

Market development analysis is enabling to predict future development of the market where a company exists. It also enables to ascertain if a new company has a potential when entering the specific market and how to use the potential in a favor of the company.

Prognosis of the market development is one of the analysis which is necessary to be made before formulation of a business strategy. (HANZELKOVÁ, 2013, p. 95) Market development analysis can be made not only by MAP method, which is based on dividing the analysis in three following steps, but also by discussing with experts who know the analyzed market and they are able to estimate and predict with sufficient accuracy its development while having a team discussion. (HANZELKOVÁ, 2013, p. 95)

3.3 Analysis of internal environment

3.3.1 Extended marketing mix

Marketing mix represents a set of tools which are used by marketing manager to help him with creating features of products, or services, provided to customers. The manager can organize each component of the marketing mix in different order and in different intensity. (VAŠTÍKOVÁ, 2008, p. 26) Marketing mix has to be drawn up in the best and most flexible way as possible in order to respond to changes of the environment, lead to full satisfaction of customer and enable fulfillment of not merely marketing, but also strategic goals of a company. (JAKUBÍKOVÁ, 2008, p. 149)

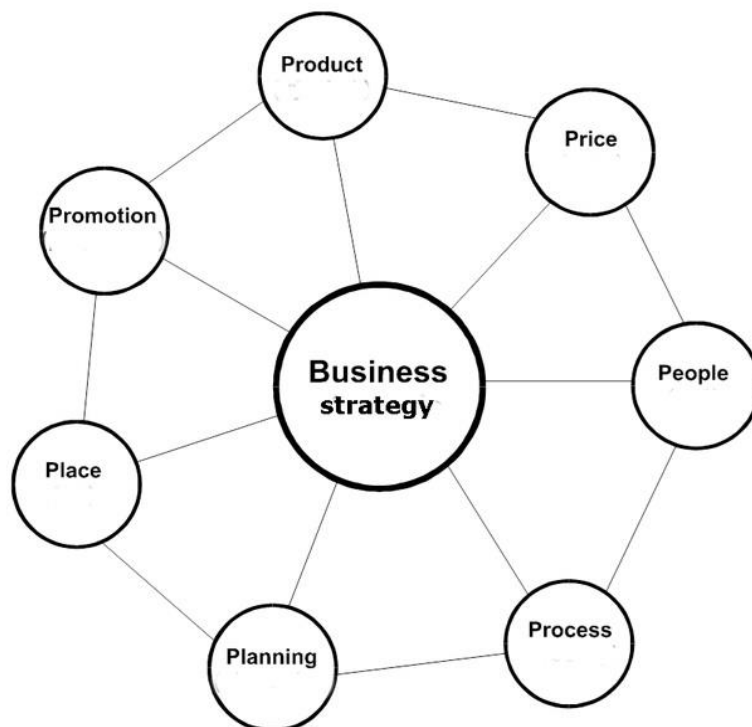


Fig. 4 Extended Marketing Mix

Source: <http://strategy4smes.mendelu.cz/en/article-details/3-6-business-strategy>

Originally, the marketing mix consisted of four components, known also as 4 P – product, price, place and promotion. The application of marketing orientation in organizations which provide services showed, that the four components are not enough to create an effective marketing plan. Therefore, it was necessary to extend the

original marketing mix by another three components – planning, people and processes. (VAŠTÍKOVÁ, 2008, p. 26)

3.3.1.1 Product

Generally, product may be anything, which is possible to offer to purchase, use, or consume, in the market. Product should also satisfy customer's need or wish. It includes physical objects, services, people, places, organizations and thoughts. (KOTLER, 2007, p. 70)

Even though, technical parameters of products are sufficiently competitive, design of a product is usually being neglected. Design of a product represents competitive advantage in the marketing competing among companies in the market. It can ensure higher functionality of a product, improve its utility features, increase its esthetic value and increase the quality of the product as well. (FORET, 2012, p.102)

3.3.1.2 Price

Price can be identified as an amount which customers pay for the product, or service. (KOTLER, 2007, p. 71) In case that product represent a value for customer, it is necessary to arrange a counter value in the exchange. Price is the only component of the marketing mix which brings a profit to the company. All the other components, like product, place, promotion, require costs. Despite the fact that price seems to be exact, indisputable and most importantly invariable due to its numerical formulation, it is fallacious and the company has to work with the price. There are several ways of how to calculate and determine the price, and they are as follows:

1. *Cost-based pricing* – it is one of the most common and frequently used way to determine the price. By means of the procedures of calculations, it enumerates the costs on production and distribution of a product. This method is mainly used for its simplicity and relatively easy accessibility of sources for its calculation.
2. *Demand-based pricing* – comes from the estimation of the volume of sales depending on various amount of prices and particularly from the influence of the change in prices on the size of the demand.
3. *Competition pricing* – if the company has similar products as its competitors, it may consider comparable prices. This method is used especially while entering to the new foreign markets.
4. *Pricing according to marketing goals of the company* – this method depends also on what the company wants to achieve in the market. If the aim of the company is to maximize the volume of sales, the prices will be lower in general accepted level. On the other hand, if the company wants to eliminate its competitors, the prices will be low and it will lead to so-called price war. Last but not least, if the company's aim is to strengthen its image and products' position, the prices will be higher in order to express prestige.

5. *Pricing according to perceived value of the product by customer* – is grounded in the knowledge of value which a customer assigns to the product. There are usually used results from the marketing research. The price is determined to respond the amount of value which the product represents to the customer. By this method, the company should reach the satisfaction of the customer. (FORET, 2012, p. 111-112)

The aims of the company while setting prices can be for example obtaining profit, maximization of the profit, market share, rise in the amount of sales, return ability of investments, high quality of products/services, maintaining the current position in the market, gaining new customers, etc.

3.3.1.3 Place

Decision-making about place is closely connected with facilitation of the access of the customer to the service. For instance, it is connected with location of the service, choice of the potential intermediary of the supply of the service. (VAŠTÍKOVÁ, 2008, p. 27) The aim of distribution is to deliver the product in a right way to a certain place, which is the most convenient for the customers, in a certain time, in which a customer wants the product to be available, in a certain amount, in which a customer needs a product to be, and also in a quality, which a customer requires. (JAKUBÍKOVÁ, 2008, p. 188)

There are three types of distribution – intensive, selective and exclusive. Intensive distribution means, that a company's policy is to provide its product/service to the customers at anytime and anywhere they need it. In this type, a company uses as many distributional places as possible. The opposite of intensive distribution is exclusive distribution which policy is primarily paying attention to the experience which is connected with the providing of the product to customers. Companies using exclusive distribution are intentionally limiting the number of distributional places. Last but not least, selective distribution can be considered as a certain compromise between the both already described types of distribution. Company using selective distribution usually have limited amount of chosen distributors. (VAŠTÍKOVÁ, 2008, p. 112)

3.3.1.4 Promotion

Promotion consists of every type of controlled communication which a company uses to inform, convince and influence its customers, business intermediaries and certain groups of the public. It is intentional and targeted creating of information which are intended for the market. Promotion is characterized to be primary communication and its sense is mainly to communicate, give out information, stimulate and support sales of products, and lastly, work in harmony with other components of the marketing mix. (BOUČKOVÁ, 2003, p. 222)

Advertising

Advertising may be considered as extraordinarily important constituent of marketing communication. (BOUČKOVÁ, 2003, p. 223) It is an impersonal form of communication when various entities through various media appeal on its current and potential customers. The aim of the advertising is to inform the customers and convince them about the usefulness of the company's products and services. (PŘIKRYLOVÁ, JAHODOVÁ, 2010, p. 66)

Advertising enables to reach a customer in time and place, where it would not be possible to reach him in person. It has an ability to create image of a company in a way that a company wants to be seen. On the other hand, the advertising informs the general public, thus it is not possible to target only a specific group of customers. Many customers are sated with advertising and they are not perceiving them. The last disadvantage is that advertising can be of high costs because the company has to calculate with the production costs and with costs on the public presentation (e.g. in television, radio).

Sales promotion

Sales promotion is targeting both the final consumer, and business intermediaries. (PŘIKRYLOVÁ, JAHODOVÁ, 2010, p. 92-93) When targeting final consumer, it is spoken mainly about discounts, special offers, or products provided with additional service. For instance, if a customer buys a washing machine, he may get a delivery service, or installation, for free. The aim of sales promotion is to convince business intermediaries to sell the producer's brand, be willing to accept, order and promote their products, and also to increase the awareness of the product's features and advantages. As stimuli can be used for instance several types of discounts, goods for free, promotional objects, etc. (PŘIKRYLOVÁ, JAHODOVÁ, 2010, p. 92-93)

As already explained, sales promotion stimulates a customer to buy the company's product, or service. Generally, it makes the product more attractive for a customer, for example when it is provided with a discount. Sales promotion is also flexible as the discounts can be implemented literally over a night. On the other hand, these advantages are only short-term.

Direct marketing

Direct marketing represents direct communication with chosen customers. The aim is to obtain immediate feedback and build long-term relationships with customers. (PŘIKRYLOVÁ, JAHODOVÁ, 2010, p. 94) Among the main forms of direct marketing, there are catalogue sales, mail order sale, telemarketing, teleshopping, etc. (BOUČKOVÁ, 2003, p. 240)

The first advantage of direct marketing is that it aims the target group of customers which the company is willing to keep in touch. It also builds effectively relationships

with these customers. Thanks to direct marketing, companies obtain feedback which gives them opportunity to operatively react on the customers' responses. The disadvantages may arise when a company has no database of contacts on their clients, and therefore has nobody to contact.

Public relations

The activities of public relations are not aimed to directly support sales of certain products. Their main sense is to create awareness of positive ideas of the company and its purposes. The aim is to make the customers aware that the company is not only interested in making profit, but is also interested in donating a part of its profit for realization of events, which will be beneficial to the whole society. (BOUČKOVÁ, 2003, p. 234) Significant component of public relations is positive publicity. Thanks to the aim of publicity, which is providing the public information about characteristic features, advantages and utility of a product or service, publicity is so-called information component of public relations. There may occur negative publicity as well. Negative publicity cannot be controlled so that each company should have a prepared plan of crisis communication. (PŘIKRYLOVÁ, JAHODOVÁ, 2010, p. 106-107)

The costs for public relations are lower than for example on advertising but the company has to expect them. There may arise costs for employees which prepare and issue regular press releases, costs for printing, costs for contacts with media, etc. (PŘIKRYLOVÁ, JAHODOVÁ, 2010, p. 106) Activities in public relations are more trustworthy than other common forms of paid communication as these activities are not considered as commercial. Public relation keeps the company in the subconscious minds of its clients. On the other hand, information, which are thanks to public relations shared with the public through intermediaries, cannot be controlled and it is expected that the information may be slightly distorted.

3.3.1.5 Planning

"Planning involves planning, managing, organizing (including organizational structure) and the company culture of a specific SBU/company - just like the other strategic variables (P), it should significantly contribute to the company's generic competitive strategy."¹

3.3.1.6 Process

Interaction between customer and provider of the service during the process of providing service is the reason why the companies should be more aware of how the service is actually provided. Therefore, companies should make analysis of these processes, create its schemas, classify them, and particularly simplify more complex processes step by step. (VAŠTÍKOVÁ, 2008, p. 27)

¹ <http://strategy4smes.mendelu.cz/en/article-details/3-6-business-strategy>

3.3.1.7 People

While providing services, customers get into touch with employees of the company. It is the main reason why people became one of important components of the marketing mix. People have direct influence on the quality of the company offerings whether it is a service, or product. Organizations have to target choices, education and motivation of their employees as well as paying attention to determine rules for the customers' behavior. Both these viewpoints are important when creating pleasant relationships between customers and employees. (VAŠTÍKOVÁ, 2008, p. 27)

3.4 SWOT analysis

The base of the strategic analysis is created by analysis of strong and weak aspects, opportunities and threats of a business. (MALLYA, 2007, p. 84) The aim of SWOT analysis is to identify how much are the current strategy of a company, and its strong and weak aspects, relevant and able to deal with changes which occur in its environment. (JAKUBÍKOVÁ, 2008, p. 103)

Originally, SWOT analysis consist of two analyses – SW analysis and OT analysis. It is recommended to start with OT analysis – opportunities and threats, which come from the external environment of a company. There is considered both the macro-environment (consisting of political, legal, economic, social-cultural, technological factors), and micro-environment (consisting of customers, suppliers, competition, the public, purchasers). After thoroughly made OT analysis follows SW analysis, which comes from the internal environment of a company. In this part, there are evaluated for instance goals, systems, procedures, company's sources, interpersonal relationships, organizational structure, etc. (JAKUBÍKOVÁ, 2008, p. 103)

The main advantage of the SWOT analysis is that it is relatively simple, unequivocal and quickly prepared. On the other hand, SWOT analysis can be in question because of being processed from the subjective point of view. If one employee will be given to create SWOT analysis without any help, or opinions of others, the results will be based on his subjective perspective. The employee may overestimate the strengths of the company, leave out some weaknesses. For instance, he can even see opportunities which will not be necessarily beneficial for the company. In order to prevent the subjective evaluation, the task to create SWOT analysis should be given to more than one employee, or if given to one employee, he should ask for the opinions of others in the company but working on different positions. The last disadvantage of SWOT analysis is that it is not as effective and beneficial as for instance situational analysis.

Internal factors External factors	Strengths (S)	Weaknesses (W)
	Opportunities (O)	Strategies S-O
Threats (T)	Strategies S-T	Strategies W-T

Fig. 5 SWOT matrix template

Source: Own work

SWOT analysis is usually made in a form of matrix as it is shown in Fig. 5. Based on mutual comparison of internal and external factors, there arise four strategies which may help the company react on the changes of its external environment. The strategies are as follows:

- *S-O strategy* – it focuses on utilization of strengths from the internal environment in order to achieve advantages from opportunities from the external environment.
- *S-T strategy* – focusing on utilization of strengths in order to reduce, or even eliminate, threats which the company may face up.
- *W-O strategy* – this strategy concentrates on overcoming of the company's weak aspects while using advantages from opportunities.
- *W-T strategy* – the aim of the strategy is to minimize the weaknesses of the company as well as reduction, or even elimination, of threats. (POŠVÁŘ, CHLÁDKOVÁ, 2014, p. 60)

4 Practical part

4.1 Wüstenrot Company in Czech Republic

As it was already mentioned, the first appearance of Wüstenrot Company was in 1921. However, the company appeared in the Czech Republic only in 1993 after the country accepted the law of building savings. Even though the main aim was providing building savings and credits, the company has expanded its portfolio and in 1998 it has established Wüstenrot, life-insurance company. The next aim of the company was to provide their client's with both, banking and insurance products. In order to provide it, the company has established Wüstenrot – mortgage bank in 2002. From 2002 to 2006 the company also added non-life insurances into its portfolio and it lead to creation of Wüstenrot – insurance company. Wüstenrot – building savings company belong to specialized banks which are known for providing qualitative services but on the other hand, there is high competition. (REVENDA, 2008, p. 87)

At present the Wüstenrot Company has made a major decision about its part of life insurances and non-life insurances. The company's decision leaded to selling these two parts to its strategic partner – Allianz insurance company. Allianz insurance company has become the only shareholder of Wüstenrot – life insurance company and Wüstenrot – non-life insurance company since 4th January 2016. Financial advisors are providing insurances of Allianz company since then.

The latest news of Wüstenrot – building savings company approves its quality and attractiveness in the financial market in the Czech Republic. In 2015, this part of the company has been elected in a competition of Fin Centrum Bank as “The Building Savings Company of the year” for the fifth time in a row. This long-term success is a convincing factor of the company's good name and quality of its product and services. As for the housing loan “Půjčka ProBydlení”, the loan has been awarded by specialized jury as well and won the third place. To sum the success up, in 2015 the company has won all three positions in the building savings category.

4.1.1 Basic information about the company

Trade name:	Wüstenrot – stavební spořitelna, a. s.
Headquarters:	Na Hřebenech II 1718/8, 140 23 Praha 4
Legal form:	joint-stock company
Identification number:	47 11 52 89
Commencement of business activity:	11 th November 1993
Registered capital:	1 070 364 160 CZK

4.1.2 Net profit 2009 – 2014

As the annual report of the year 2014 claims, the company has ended the year with positive results and has accomplished its fundamental goals which are the basic factors for stable development of the Wüstenrot Company.

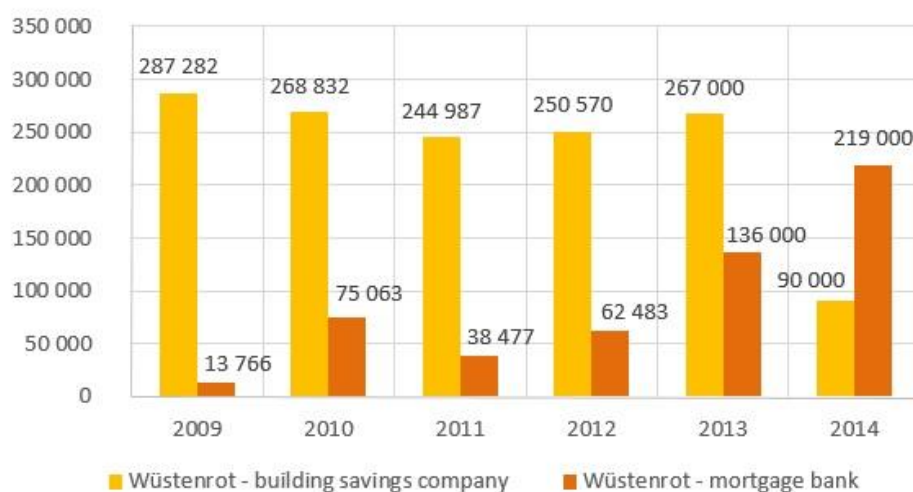


Fig. 6 Comparison of net profits between Wüstenrot - building savings company and mortgage bank (in thous. CZK)

Source: Annual reports of the Company

In the last few years, the housing loans' dealings of the building savings company are rapidly influenced by strong competition of mortgage banks. Since the interest rate of mortgages decreased almost to its historical minimum, the building savings companies has to pay more attention to its strategy of being profitable thanks to housing loans. The exactly same case has influenced the net profit of two parts of the Wüstenrot

Company. Since the company lowered the interest rate of mortgages, the net profit of Wüstenrot mortgage bank has greatly increased. In 2014, the profit after taxation was about 219 mil. CZK. On the other hand, Wüstenrot – building savings company's net profit has declined for about 177 mil. CZK. As the graph shows, in 2014 the net profit of mortgage bank has been higher than the net profit of building savings company's part.

4.1.3 Goals of the company

Since Allianz – insurance company has recently bought Wüstenrot – life insurance and non-life insurance companies, and therefore has become also the partner with Wüstenrot – building savings company and Wüstenrot – mortgage bank, one of the goals is to make this partnership work easily and effectively in favor of both parties.

With regard to the partnership with Allianz – insurance company, Wüstenrot company is managing only its part of banking products at present so the other goals are dedicated to them. The housing loan “Půjčka ProBydlení” is still a relatively new product because before the year 2014, there were several types of housing loans. Since 2014, all the types were put into one and created the one and only “Půjčka ProBydlení”. Therefore, it may be obvious that the main goal of the company is to increase the amount of provided housing loan and also get it into subconscious of clients' minds. If this goal will be fulfilled, the company will attain the expansion of the overall amount of its clients.

4.2 Analysis of the external environment

4.2.1 SLEPT analysis

4.2.1.1 Social factors

According to comparison within European Union, all member states except for Czech Republic, Poland and Slovenia have a law saying that the real estate acquisition tax is paid by the buyer. As for the Czech Republic, the government has approved the same law. There is also a prediction about rise in the purchase prices of real estates² in the near future. Further research in this area revealed that real estate acquisition tax is even not only predicted. The government of the Czech Republic has already approved the change in the real estate acquisition tax³. Since April 2016, this tax is expected to be 4 % of the purchase price and it will be paid by the buyer of the real estate. People will be highly likely in need of a higher amount of money required for buying a new house, or flat. As a result of these rises, the housing becomes even more interesting investment option with a higher return rate.

Other important factors are lifestyle and aging of both current and potential clients. These factors change simultaneously. Simply said, as people grow up, their lifestyle changes. For instance, young adults are in the need of moving out from parents, adults may have a desire for reconstruction or modernization of their living, etc.

Last but not least, there is a brand preferences factor. Financial market in the Czech Republic is overloaded by banking and building saving companies which have been established ages ago. Since their foundation, each of the companies has already spreaded their brand names resulting in so-called brand preferences.

4.2.1.2 Legal factors

Generally, the financial market in the Czech Republic is under supervision of the Czech National Bank according to Act No. 6/1993 Coll., on the Czech National Bank.

The building saving companies and their services are operating under conditions and rules of Association of Czech Building Savings Banks. As the legislations change, companies are supposed to adopt and act as required. Specifically, the building saving is set in the Law of building savings.

There are also regulations given in the Civil Code. For instance, Civil Code in the Czech Republic, which has been valid since 1st January 2014, says that clients who opened or

² <http://artn.cz/cz/novinky/ceny-nemovitost%C3%AD-letos-i-p%C5%99%C3%AD%C5%A1t%C3%AD-rok-porostou-dojde-k-o%C5%BEiven%C3%AD-investic1>

³ <http://www.qara.cz/clanek/100/ceka-nas-vyrazne-zvyseni-nakladu-pri-koupi-nemovitosti>

will open a building saving for their children are not allowed to terminate this contract. The only person who can terminate it is their child while reaching 18 years. If the parents are still willing to terminate the building savings, they have to send a request to the district court and explain the reason why they do not want to continue saving, or why they need the money that had already been saved up there. Since this regulation is valid, the building savings companies have lost many of their clients as most of the companies are not prepared to these changes brought by new regulations. The advice for the companies is that they should use a pro-active approach and be ahead of these changes rather than making alterations to product in a reactive way.

4.2.1.3 Economic factors

Economic factors are influencing the activities and potential sales of every bank and building savings company. Factors, which are further evaluated, were chosen as the most important and influential for the Wüstenrot Company.

Tab. 1 Inflation in the Czech Republic

Year	2009	2010	2011	2012	2013	2014
Inflation rate	1,0	1,5	1,9	3,3	1,4	0,4

Source: Czech Statistical Office – Price, Inflation

One of the economic factors is inflation, which can be defined as a change in price level caused by decrease of the value of money. Since 2013 the Czech Republic is in type of inflation which is called creeping inflation. When the inflation rate is 2% or less, it is actually beneficial for the economic growth. Additionally, people trust the value of money and so they are more likely to take a credit or loan.

Tab. 2 Average interest rate in the Czech Republic

As at 31 Dec (%)		2009	2010	2011	2012	2013	2014
Deposits	households and small entrepreneurs	1.4	1.3	1.2	1.2	1.0	0.8
	non-financial businesses	0.9	0.6	0.5	0.6	0.4	0.3
	to households and small entrepreneurs	7.0	7.0	6.8	6.5	6.0	5.6
Loans	for consumption	13.9	14.4	14.6	14.5	14.6	14.5
	for residential real estate	5.2	5.3	5.1	4.8	4.3	3.9
	to non-financial businesses	4.6	4.1	3.9	3.7	3.2	3.0

Source: Ministry of Finance – Report on financial market developments in 2014

As can be seen in the Tab. 2, the average interest rate of loans to households for residential real estate has been declining since 2012. However, the average interest rate⁴ does not include another important indicator, which consists of other costs associated with the loan, the so-called annual percentage rate of charge (APR). With regard to the Report on financial market developments in 2014, the APR indicator has been slightly declining as well. The lower the interest rates are the better for the banks and building savings companies. When the interest rates are low, the company may expect rise in demand of its services.

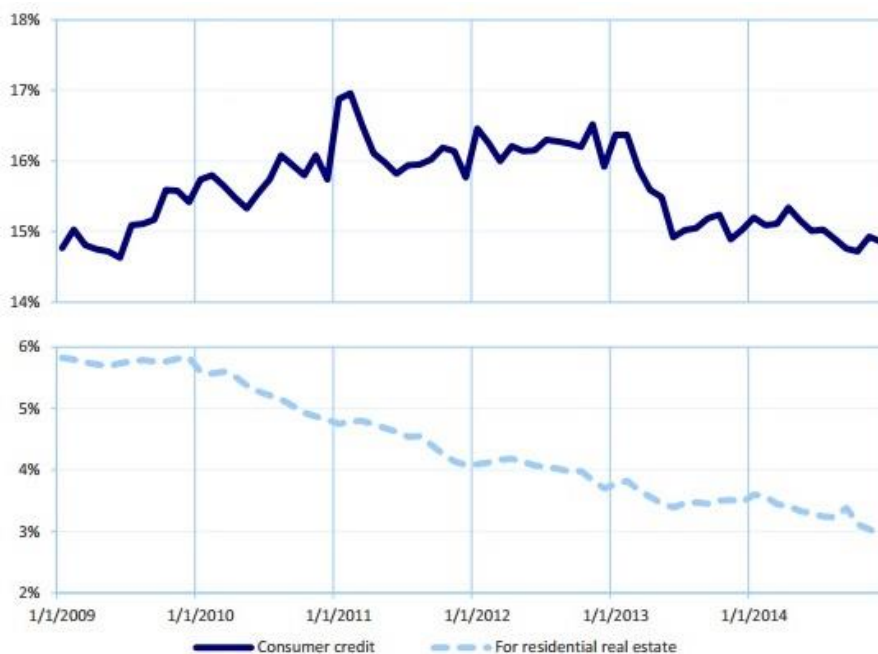


Fig. 7 Annual Percentage Rate of credits in the Czech Republic

Source: Ministry of Finance – Report on financial market developments 2014

In the Fig. 7, there is shown a continuous decline of interest rates of credits for residential real estate loans since 2009. Even though there are little increases, mostly there is a visible decreasing trend. However, it is spoken mostly about the APR decline of mortgages loans, the housing loans APR has declined as well in order to equalize the potential threat of substitutes. At the end of the year 2014, the annual percentage rate⁵ for residential real estate is thus at a historically low level. It can be taken as a consequence of banks reacting to the interest rates set by the Czech National Bank

⁴ <http://www.mfcr.cz/en/statistics/financial-market-analyses/report-on-financial-market-developments-21857>

⁵ <http://www.mfcr.cz/en/statistics/financial-market-analyses/report-on-financial-market-developments-21857>

along with the developments in the financial markets. Following up the start of the year 2015, the annual percentage rate decreased even more and reached lower level than the previous historical minimum⁶.

4.2.1.4 Political factors

Generally, the government affects the performance of banking sectors mostly by legislature. The main institution in charge is the Ministry of Finance. However, the housing loan is influence also by other institution like Czech National Bank, or Ministry of Regional Development.

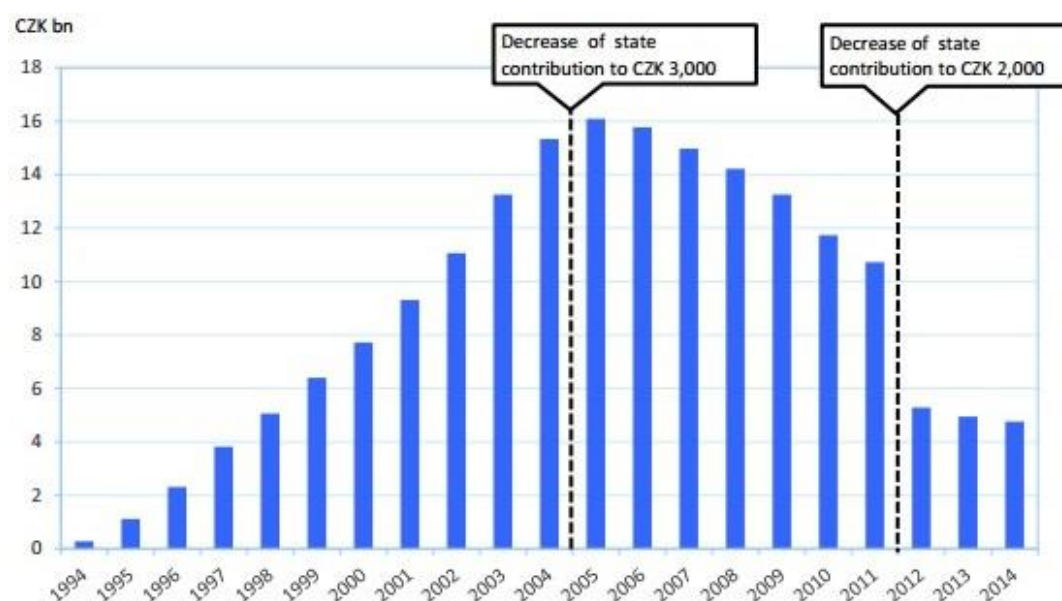


Fig. 8 Amount of building savings with highlighted change of state contributions

Source: Ministry of Finance – Report on financial market developments 2014

One of the most positive factors is state contribution⁷. This contribution is given to a building saving where a client requests for it. The condition is that client can apply for state contribution only on a single building saving. It is calculated as 10% of the client's annual deposit. The maximum annual state contribution is 2 000 CZK, though, which means that the optimal amount of clients' savings is 20 000 CZK annually. These state contributions are also provided, when a client has a housing loan from the building savings. There no signs that the state contribution will be lowered in the 2016.

⁶ <http://www.hypoindex.cz/uvery-ze-stavebniho-sporeni-jsou-historicky-nejlevnejsi-prumer-poprve-pod-4-procenty/>

⁷ <http://www.acss.cz/cz/prakticke/otazky-a-odpovedi/jak-vysoka-je-maximalni-statni-podpora/>

Another political factor is driven by the Ministry of Regional Development. In this case, it is spoken about its call⁸ to submit an application for subsidy of entry housing. Specifics for each entry housings are as follows: "In the case of housing constructions is the subsidy provided at maximum 600 thous. CZK on one repairable flat and maximally 550 thous. CZK on the repairable parameters not complying the entry flat. Entry housing can be also constructed by purchase or auctioning. In this instance it is possible to gain 80% of purchase costs, maximally 400 thous. CZK on one flat though." The whole subsidy is limited to 200 thous. EUR. The budget of subprogram has been limited to 160 mil. CZK so far. There are two ways of influence on the building savings companies of these subsidies. On one hand, they can have major effect on demand of housing loans as it would make them their substitutes. It is likely that potential clients in need would ask for subsidy instead of putting themselves into debt. As for the positive effect, subsidy is provided to socially disadvantage groups of people which could have reach for the housing loan only thanks to this subsidy.

4.2.1.5 Technological factors

Nowadays, modern communication technologies are developing and improving very quickly. One of the developments influencing the housing loan of Wüstenrot Company is the improvement of the company's electronic system and subsequent addition of electronic loan application which resulted in speeding up of the process of approving the loan to 24 hours. Thanks to the electronic loan application, financial advisors are capable of informing their clients within one day whether their loan application has been approved or rejected.

Another important progress in technology can be considered the EMS post system⁹. Express mail service has become more beneficial while working with the Wüstenrot Company's improved electronic system. After approving the loan, the final documents are sent with this service and a financial advisor receives them within a day. On the other hand, EMS has also become well-known and is used by all companies to achieve the post faster.

Further, there are services developments, specifically when it comes to service parameters itself. As for the housing loan, each of them differs in purpose parameters. To make the purpose parameters more obvious, it means parameters such as purpose of buying real estate, purpose of reconstruction or modernization. As for the reconstruction, there are some specific types of adjustment on which a client can borrow money. Every building savings company has different parameters for each of their housing loans.

⁸ <http://www.mmr.cz/cs/Ministerstvo/Ministerstvo/Pro-media/Tiskove-zpravy/2015/Vyhlasujeme-vyzvu-k-podavani-zadosti-o-dotaci-na-P>

⁹ <https://www.ceskaposta.cz/sluzby/psani/cr/ems>

4.2.1.6 Summary of the SLEPT analysis

Monitor (factor identification)	Analyse (factor influence)	Predict (expected development)
Adjustment of the law of real estate acquisition tax	<i>Opportunity:</i> Clients will be in need of higher amount of money	Rise in the demand as the law becomes valid
Aging of potential clients	<i>Opportunity:</i> Young adults will be in need of borrowing money to buy a real estate, or reconstruct the current	Rise in demand
Brand preferences	<i>Threat:</i> Large amount of competitors	Continuous rivalry, possible new entrants
New Civil code which is valid since 1 st January 2014	<i>Threat:</i> Loss of clients because of new law about termination of children building savings	There will be another termination so that another loss of company's clients may be predicted
Inflation	<i>Opportunity:</i> Low inflation rate	The inflation rate is predicted to stay as low as it is now or even decrease
Interest rates and APR	<i>Opportunity:</i> IR and APR has been reaching their historical minimum	IR and APR are predicted to rise again
State contributions to building savings and housing loans	<i>Opportunity:</i> The amount of contribution can be interesting and attractive for clients	Remains the same for 2016
Subsidy of entry housing	<i>Opportunity:</i> Subsidy will help some people to afford housing so that these people could meet the requirements to take a loan	This subsidy may bring some new clients to the company
Development of communication technologies	<i>Opportunity:</i> in the sense of possible attraction of new customers through electronic loan application, fast post system and adjusting the parameters of the housing loan	Growing influence of technology, addition of new parameters to meet the requirements of the clients in larger scale

4.2.2 Competitive analysis

In the competitive analysis, the most important factors for both the Wüstenrot Company and the loan for housing are the number and differences of competitors and its offered products and services. The company finds its competitors not only in other building savings companies but also in mortgage banks that are providing mortgages for housing.

According to data freely provided by the Czech National Bank, there are 59 financial institutions in the Czech financial market. These institutions consist of banks, building savings companies, building savings and loan cooperatives, funds of money market and the Czech National Bank itself. When comparing rivalry between housing loan and mortgage, the loan for housing is suitable for clients who do not want to put their new house, or flat, in pawn. Another advantage is that the overall process of approving and transferring the borrowed money on the client's account is faster. On the other hand, the mortgage loans have lower interests and a client can ask for higher amount of money than at the housing loan. Globally, when a new building savings company or bank enters the financial market¹⁰, it does not have to be considered as a threat at first. The main companies have still larger influence on the final consumers because they are better-known than a new entrant. On the other hand, there is still a risk arising from the entrant. If the company's policy will be properly drawn up and attractive promotion will be chosen, clients could be willing to take a loan there.

Tab. 3 Comparison of the amount of provided loans in the first half of 2015

Building savings company	Amount of provided loans (in mil. CZK)	Year-to-year change	Total amount of contracts (in ths. CZK)
ČMSS	11 966	10%	1 548
SSČS	2 744	0%	806
MPSS	2 544	68%	594
RSTS	3 676	-3%	669
WSTS	754	113%	417

Source: <http://www.hypoindex.cz/stavebnim-sporitelnam-se-dari-poskytovat-uvery/>

¹⁰ <http://finparada.cz/536-Studie-se-zamerila-na-konkurenceschopnost-ceskych-bank.aspx>

The competitive analysis will be specialized only on the five main building savings companies. In the Tab. 3, there is shown that the Wüstenrot company has the lowest amount of provided loans and total amount of contracts among its competitors, while being the most dynamic of them. There are quite large differences among the particular competitors. In spite of the current negative position of the company, the over one hundred percent rise provides a good potential for the future. The year-to-year change shows that the company succeeded with its marketing activities. The rise is caused by change in the company's policy of housing loans. In the past, the company had several types of housing loans. Nowadays, it has only one housing loan which is called "Půjčka ProBydlení" which simplified the offer, made it more transparent, and, apparently, it also succeeded to attract more clients.

4.2.2.1 Summary of Competitive Analysis

Monitor (factor identification)	Analyse (factor influence)	Predict (expected development)
Environment of competitors	<i>Threat:</i> Large rivalry	The rivalry is predicted to remain as it is, or even rise a little
Provided loans and total amount of contracts among competitors	<i>Opportunity:</i> Wüstenrot has the lowest amount among its competitors	Wüstenrot can be considered as dynamic company so that increase may be expected
Year-to-year change	<i>Opportunity:</i> Wüstenrot has the largest year-to-year change	Wüstenrot can be considered as dynamic company so that increase may be expected

4.2.3 Analysis of Substitutes

One of the main threats for the loan of housing is definitely substitutes. Nowadays, each bank as well as building savings companies are offering similar type of the housing loans which results in the ability of customers to have many options to choose for financing their plans.

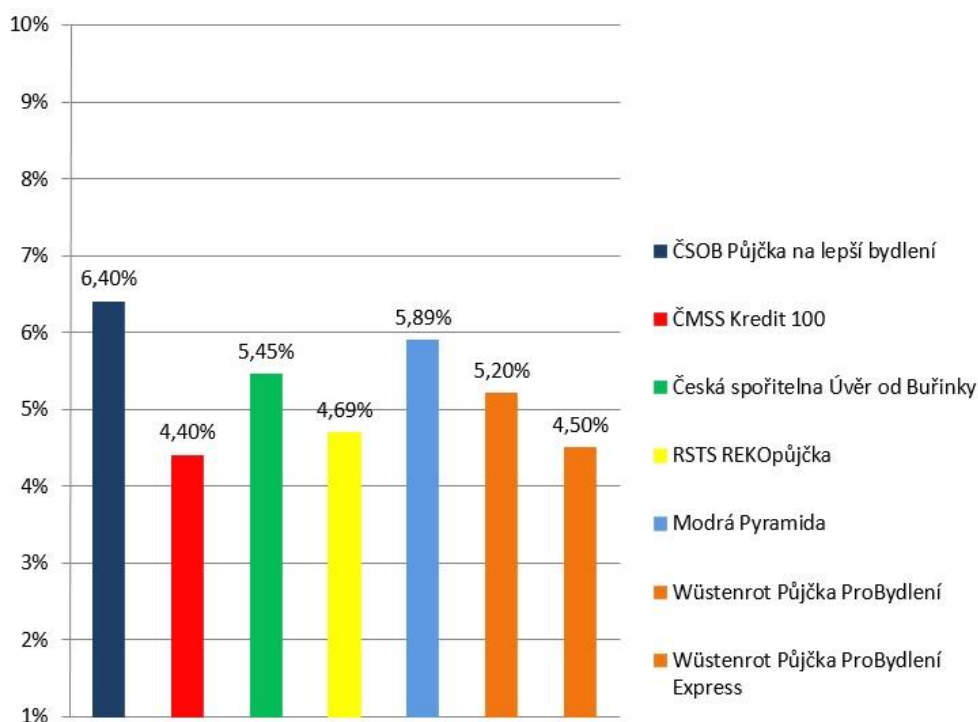


Fig. 9 Comparison of housing loans and their interest rate

Source: Own research, 1. 1. 2016

One of the differences between the housing loans is interest rates. These interest rates are the lowest possible which a client can obtain from each company. They are found in representative examples from the companies' websites. Generally, the interest rates of banks and building savings are deduced from the interest rates at interbank market which are reacting on the adjustments of the basic interest rates set by central bank¹¹. As for the clients' interests, they are looking for housing loans with as low interest rate possible as it will not burden their family budget. The Wüstenrot Company has the second lowest interest rate at its Půjčka ProBydlení Express which can be one of beneficial factors for attracting potential clients over its competitors.

¹¹ <http://www.penize.cz/80356-co-jsou-urokove-sazby>

Tab. 4 Comparison of fees among banks and building savings companies in the Czech Republic

	ČSOB Půjčka na lepší bydlení	ČMSS Kredit 100	Česká spořitelna Úvěr od Buřinky	RSTS REKO půjčka	Modrá pyramida Rychloúvěr	Wüstenrot Půjčka ProBydlení Express	Wüstenrot Půjčka ProBydlení
Fee for establishing and providing the loan	free	0,5% from the total amount	1% from the total amount of loan	1% from the total amount of loan	free	free	free
Annual loan account charge	free	330 CZK	free	360 CZK	free	324 CZK	324 CZK
Annual percentage rate (APR)	6,60%	4,72%	5,72%	5,52%	6,21%	5,01%	5,70%
Date of research: 1. 1. 2016							

Source: Own research

Annual percentage rate is a measurement which helps clients to evaluate if the loan is advantageous, or not. In the APR, there have to be taken into account fees, for instance fee for establishing and providing of the housing loan, annual loan account charge account charge, charge for annual bank statement, etc. In this case, Wüstenrot Company has again the second lowest percentage which can be considered as a positive for attractiveness.

4.2.3.1 Summary of Analysis of Substitutes

Monitor (factor identification)	Analyse (factor influence)	Predict (expected development)
Interest rate	<i>Threat:</i> The IR are very similar and change very often	There is expected change in the IRs
Charges and fees	<i>Threat:</i> Changes and fees change very often as well as all companies have similarities in the fees and charges	There is expected change in the charges and fees

4.2.4 Market development analysis

In the past, the very first idea of the building savings companies started just with the Wüstenrot Company and its following foundation in the year 1921. Before that, there were only “prototypes” like various self-help societies whose aim was to ensure the possibility of savings and primarily lending to people who did not have at disposal such amount of financial means to be attractive for the then financial institutions. As for the Czech Republic market, the law of building savings became valid exactly on 1st April 1993. Principles of this law came out from the proven German model. In the year 1993, there were also founded four building savings companies – AR stavební spořitelna, Českomoravská stavební spořitelna, Wüstenrot – stavební spořitelna, Všeobecná stavební spořitelna. One year after, the Czech Republic increased in number of two other building savings companies – ČS – stavební spořitelna and HYPO stavební spořitelna. All of the mentioned building savings companies are working on the Czech market until present, even though some of them have changed their name. The only exception is HYPO stavební spořitelna which united with Raiffeisen stavební spořitelna in 2008.

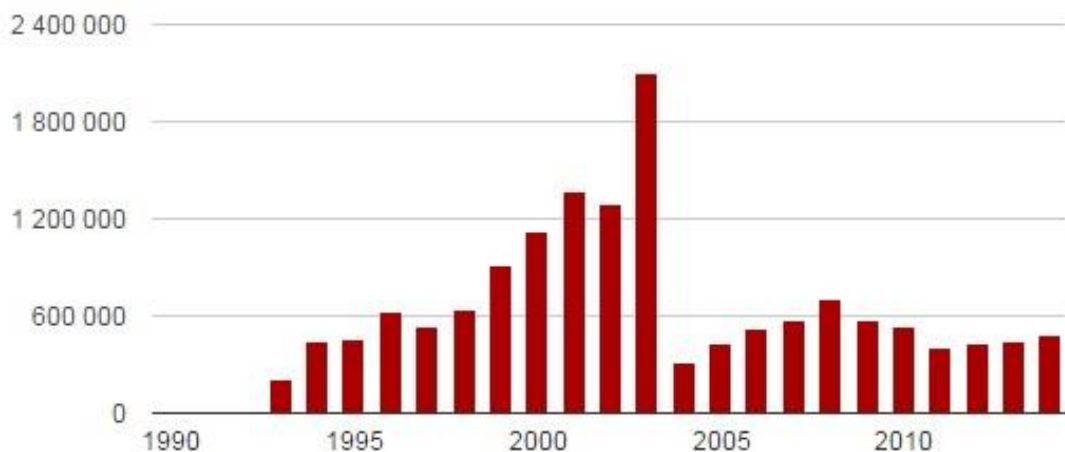


Fig. 10 Number of new concluded contracts of building savings

Source: <http://www.stavebky.cz/zakladni-ukazatele-vyvoje-stavebniho-sporeni/>

As for the development, the building savings companies succeeded in arousing interest in potential clients from the beginning in 1993 when the first 220 thous. of contracts has be concluded and the number was still increasing. The top of the interest in building savings was in 2003 which was supported by announced decrease in state contributions. The support resulted in 2,1 mil. of concluded contracts in just 2003. In

the first half of 2015, 214 thous. of new contracts had been concluded which was about 66 thous. contracts less than the previous year.¹²

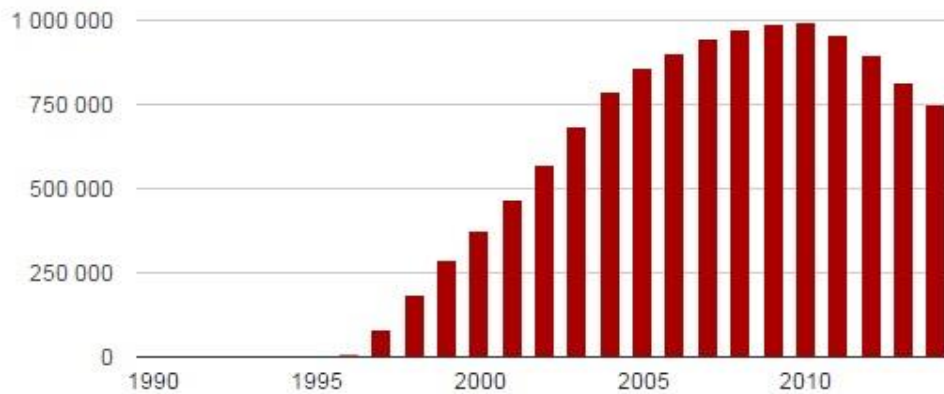


Fig. 11 Number of provided housing loans

Source: <http://www.stavebky.cz/zakladni-ukazatele-vyvoje-stavebniho-sporeni/>

Housing loans were rapidly increasing since the year 1996. The largest amount of the provided housing loans was in 2010 and reached almost 1 million. From this year, the amounts are decreasing. Probably, the cause of the decrease was thanks to mortgages which almost reached its historical minimum. In the first half of 2015, there were about 722 thous. of housing loan provided which decreased in 30 thous. in comparison with the previous year.

4.2.4.1 Summary of Market development analysis

Monitor (factor identification)	Analyse (factor influence)	Predict (expected development)
Number of concluded building savings	<i>Threat:</i> In the 2003 there was a boom with building savings, since then, they are decreasing	There is a prediction of decrease
Number of provided housing loans	<i>Threat:</i> The number of provided loans was increasing since 1996, after 2010 the number is decreasing	There is a prediction of decrease

¹² <http://www.acss.cz/cz/novinari-a-odbornici/vyvoj-statistik/>

4.3 Analysis of the internal environment

4.3.1 Extended marketing mix

The extended marketing mix is from the author's point of view the most suitable analysis for one specific product or, in this case, service. The extended marketing mix consists of 7Ps which will be examined as follows:

4.3.1.1 Product

In 2014, the company has provided 69 172 housing loans in total amount of 37,3 mld. CZK. As can be seen in Fig. 12, it is obvious that due to high competition of low interest rates of mortgages, there has been not such a significant year-to-year declines in the last 3 years. Thanks to this decline, Wüstenrot Company planned to create more profitable type of housing loan which would meet the requirements of its customer more efficiently and become more attractive for them as well. It led to formation of one type of housing loan called "Půjčka ProBydlení".

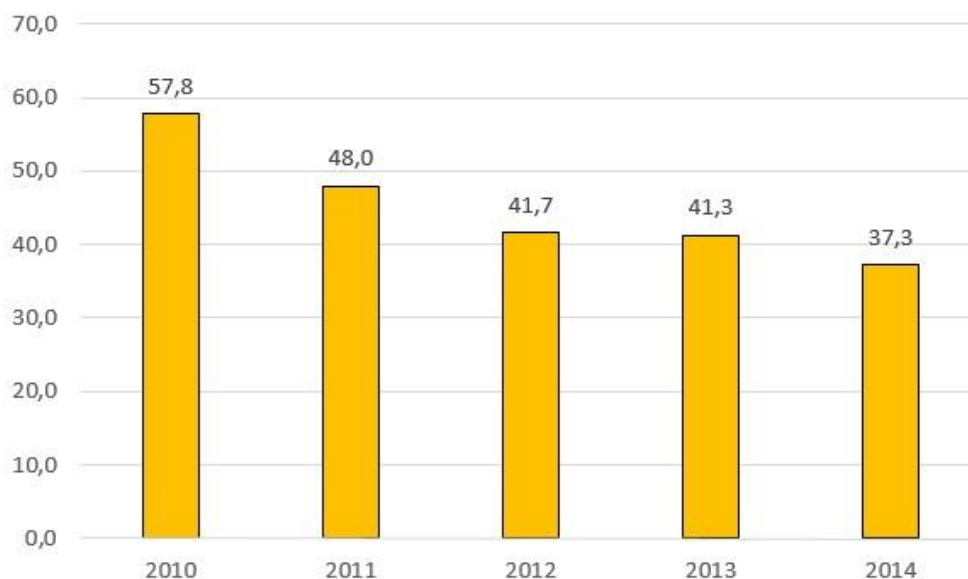


Fig. 12 Amount of provided housing loans (in mld. CZK)

Source: Annual reports of the Company

When it comes to the product itself, it consists of two parts. Firstly, a client concludes a building savings contract. Then he has two options – either he can save his money on this account, or he can take a bridging loan from it. Subsequently, the company provides the bridging loan which will become a loan from a building saving after certain time according to the loan's overall payback period. This housing loan can be

provided only with a purpose of buying a real estate, or any other intention bound to the housing, for instance reconstruction, modernization, financing cooperative housing, etc.

Some of the parameters are listed below:

- Fast assessment and decision on the loan application within 24 hours
- No advance payment
- Constant credit repayment with possibility of extraordinary deposit
- Several options of the payback period length
- Opportunity of deduction of the interest rate from the tax
- State contribution

Since the company's policy of the housing loans changed, the process of assessing and decision, whether the loan application is approved or not, has become faster. Client knows the result within 24 hours at present. Before the loan application, client has a possibility to choose from several lengths of payback period which are as follows: 6, 10, 14, 18 and 22 years. If a client chooses 6 or 10 years, the housing loan is called "Půjčka ProBydlení Express". The lower the payback period is, the higher is the monthly credit repayment. Even though the credit repayment becomes higher, the interest rate gets lower.

4.3.1.2 Price

Generally, the price for a product, or service, is the amount which customer pays for it. In the case of housing loan, the price is in a form of interest rate. The interest rate and other charges are set according to the current interest rates and charges of the company's competitors and substitutes.

For instance, a client takes a 200 000 CZK loan with interest rate 4,9 % and payback period 10 years. Eventually, he will pay around 259 000 CZK. Precisely, the 59 000 CZK is the price for the housing loan. On the other hand, if the payback period is 22 years with interest rate 5,6 %, the total payment will be about 371 000 CZK which means that the client will overpay 171 000 CZK.

Clients also pay for charges like opening accounts of housing loans and building savings, monthly fees for those accounts, paper year banking statement, etc. These charges are changing simultaneously with the highness of interest rates. In the beginning of 2016, there is predicted rise in interest rate as well as 1% charge from the total amount of opened building savings account.

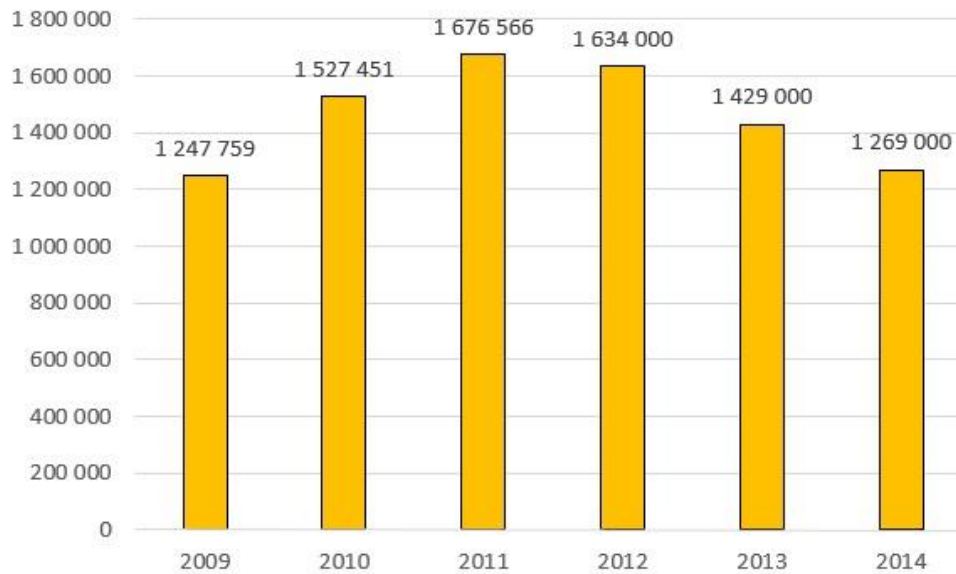


Fig. 13 Profit earned from the interest of credits and loans

Source: Annual reports of the Company

When speaking about price that client will overpay, it makes a profit that company earns from these repayments of interest of credits and loans. As already mentioned, the company's total amount of provided housing loans has been declining so there is also expected a reduction in the profit earned from the interests. On the other hand, the profit of housing loans is balanced with profits earned from the mortgages. To sum it up, when summing these two profits, the slump is not that major.

4.3.1.3 Place

When it comes to placements for housing loan, Wüstenrot Company has several offices around Czech Republic, where each client can go and conclude a building savings contract, insurance contract, apply for housing loan, or just ask for information, he currently needs.

Broadly speaking, the Wüstenrot Company has four types of office centers. Firstly, there is a central office which is seated only in Prague. This office does not primarily serve to clients. It is also used for the company's departments like management, marketing, commission, etc. There are also employees of the company which are in charge of erranding loans and approving them, accepting insurances. Secondly, there are regional offices which consists of a space where are financial advisors which are waiting for clients, and another space for the regional director, regional director's assistant and regional consultant, which are responsible for advising financial advisors with client's requests and sending contracts, or other documents, through post mail. Thirdly, there are district offices. Each region has a few of them. Those are both for district directors, and for clients. Last but not least, there are contact offices which are

established by a single financial advisor in his/her appropriate location. These types of offices serve particularly for financial advisor's clients.

The most beneficial fact of the place is that the company tries to extend their offices' locations. Each regional director is motivating their financial advisors to open their own contact office in locations where there are no other offices. On the other hand, there are still many locations where are either no offices, or the city is too far away from its nearest ones.

4.3.1.4 Promotion

Promotion is one of the most important factors concerning the increases in the provided housing loans. Wüstenrot Company invests in promotion mainly for this service. Housing loan is promoted by several types of promotion.

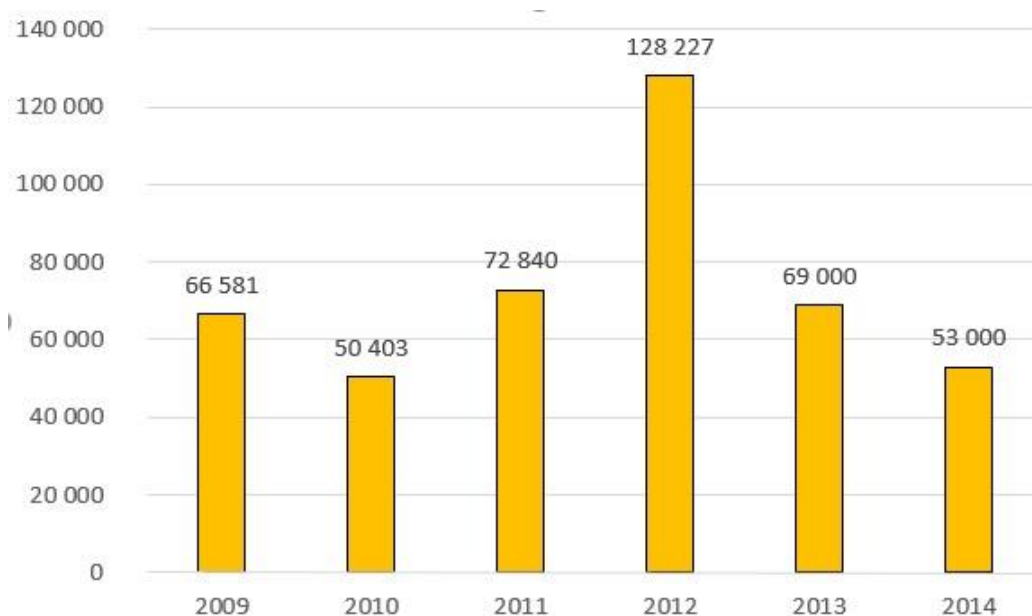


Fig. 14 Expenses on marketing (in thous. CZK)

Source: Annual reports of the Company

Wüstenrot Company uses for spreading the knowledge of its housing loan by a few advertising types. Firstly, there is an internet advertising. Most of all, it is used internet advertising through banners on internet websites. When a client clicks on the banner, he is automatically redirected to the company's website, exactly the housing loans page. Secondly, there is television advertisement. In the beginning of 2015, the marketing department did its best on making attractive TV spot. At first, the main period of its broadcasting started in spring 2015 and lately in autumn 2015. The TV spot was about a couple in their flat, they started squabble for fun and destroyed

almost the whole apartment. The aim was to show potential clients that financing of the housing can be “easy”. Another advertising worth mentioning is outside advertising in a form of billboards. The housing loan had through the year 2015 several themes, for example during the summer there was an advert consisting of written “1 000 000 CZK”, where the zeros were replaced by melons. It was meant to be a metaphor. The autumn theme was about opened can, where was drawn a tiny flat in it. This advertisement should show the clients that they do not have to live too “cozy” and they can utilize the housing loan in order to buy a larger housing.

As for the sales part of promotion, Wüstenrot Company uses both sales promotion, and personal selling. Briefly, the sales promotion is provided by lowering the interest rates, or by decreasing, or even eliminating, extra charges and fees. During the 2015, the company’s main sales promotion was in the both described ways. Primarily, the housing loan was processed and provided for free with no charges for loans’ accounts. Then, the company tried to lower the interest rate in order to attract clients as well as keep the loan profitable. Further, there is the already mentioned personal selling. It is done mostly through the financial advisors, or the company’s call center. The financial advisors are trained to stress out important and most attractive features of the housing loan while having a meeting with the client.

Continuing with the promotion tools, there is a direct marketing. This kind of promotion is arranged through both electronic form, and post system. The company has several “Support Campaigns”. As for the electronic form, the clients are targeted via e-mails. In the post system form, clients are sent a letter with special offer for the housing loan. The company is aiming its current clients, who for example have already conclude a building savings, or have already repaid their loan. They are offered with more favorable parameters of housing loan such as lower interest rate.

Lastly, the company uses sponsorship not only to help but also for good word of mouth. This enterprise supports athletes such as Ester Ledecká, Tomáš Kraus, or Kateřina Emmons. These athletes are on return representing the brand Wüstenrot and take part on social events of the company. Wüstenrot Company supports also a few projects. For instance, it supports citizens’ association called “Helppes” which ensures training of assistance dogs for disabled children. Some of the company’s employees help voluntarily with organization called “Superdne”, during which the trained dogs are given to disabled children. The company is participating financially on the dogs training itself as well.

4.3.1.5 People

People are another important component which can either help, or harm, the offered service. To prevent the mentioned harm, the Wüstenrot Company is being very precise and strict when it comes to training its employees and financial advisors. The company also pays attention to communicate with them as well as motivate them in order to achieve better performance in sales.

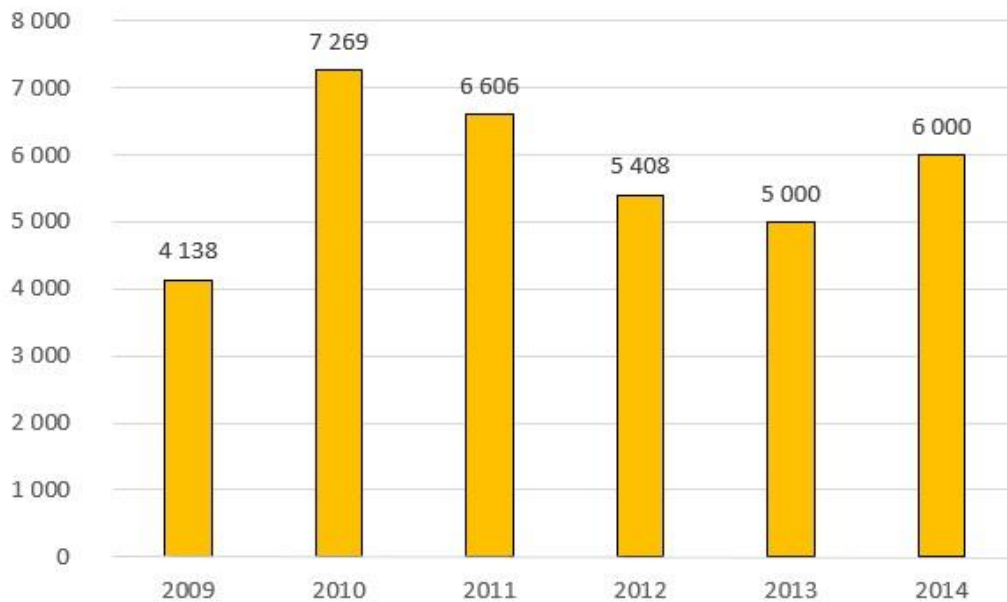


Fig. 15 Expenses on trainings (in thous. CZK)

Source: Annual reports of the Company

As for the training, when a new financial advisor enters the company, he has to go through training which consists of six training blocks and is lasting for 3 months in total. In these trainings, he gains knowledge about company's products, main procedures such as concluding, changing, or terminating a contract, and skills about dealing with clients. After the financial advisor is properly trained, he can join the business process and start dealing with clients. Nevertheless, it is not the only training financial advisor has to attend. There are several trainings during every year which results from changes that the company makes.

To keep in touch with its employees and advisors, the company publishes a magazine called "Zrcadlo". The magazine is emitted twice a year and sums up important information, simply, about what happened. Further, the company accepts feedback from financial advisors. On a regular basis, there is done a research of satisfaction and motivation of employees. There are held interviews with regional directors where financial advisors can express how much they are content with the work, working environment, company's culture and pass proposal for improvements. The motivation of employees and financial advisors is primarily investing and creating opportunities for reaching their personal and professional goals. Another motivation is done through benefits which are provided in a form of making an opportunity to obtain the best market conditions on banking and insurance products not only for them, but also for their family members.

4.3.1.6 Planning

Each year the company makes an annual report of the whole year to sum up its sales, activities and accountancy. Thanks to that, it has the overall view of its acting in the financial market. Company's plans are aiming mostly the housing loan since the beginning of 2015 as in the second half of 2014 the company has changed its housing loans' policy completely. The company tries to improve the specifics and procedures of housing loan to make it more profitable and attractive for clients. As for the 2016, the company will be targeting both the profitability and attractiveness of the housing loan, and also utilization of the strategic partnership with Allianz – insurance company.

4.3.1.7 Processes

Processes play crucial role in the Wüstenrot Company, especially when it comes to providing housing loan. As can be seen in Fig. 16, the company is also investing tens of thousands into telecommunication and computer technologies, in order to provide qualitative and developed services for its clients.

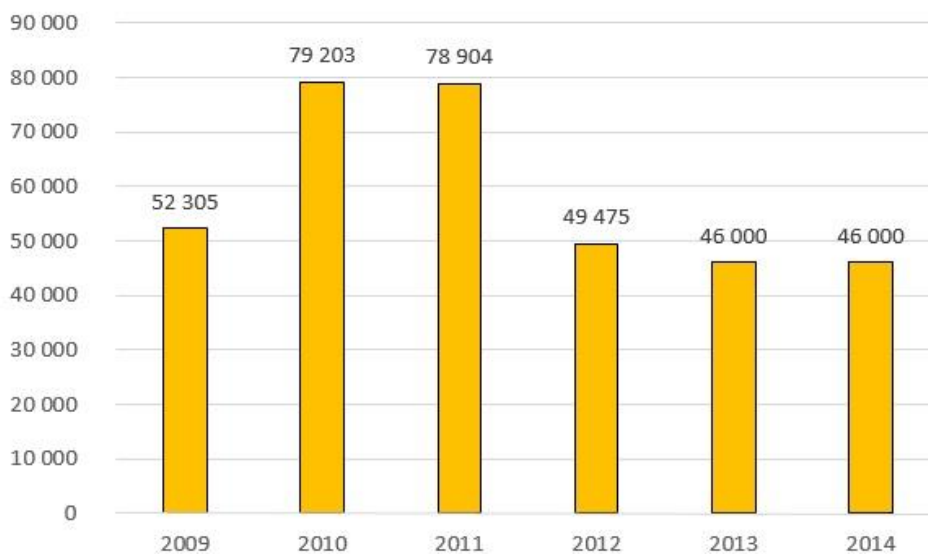


Fig. 16 Expenses on telecommunication and computer technologies (in thous. CZK)

Source: Annual reports of the Company

In general, systems are used to deliver service. As was previously stated, the company is providing housing loan via electronic loan application which was newly reconstructed to meet one of the clients' most preferred requirement – fastening the loan application's processing. In 2015, the Wüstenrot Company had totally changed the standard routine system as it had also remade the housing loan to make it more attractive to its clients. Nowadays, the system is faster because it ensures the processing of application within 24 hours. The housing loan is processed by an

employee of the company who has to follow strict rules and also examine the clients' solvency through CBCB which is an abbreviation for company called Czech Banking Credit Bureau. After approving the application, client has to provide specific documents according to his/her loan's purpose. If all the documentary is approved by the employee again, the loan can be paid out. This whole process takes about a week in case that all the documentary was correct and there was no need to deliver any other documents.

Further, there are also processes which are aiming specifically the product itself. As already mentioned, there are modifications and adjustments of the housing loans and its intentions to meet the requirements of clients and provide larger scale of purposes in which the housing loan can be used for. In the Wüstenrot Company, there are modifications of the housing loan very common. Since the housing loan has been changed, the company tries to improve it constantly and adding purposes to extend the loan's usefulness.

4.3.1.8 Summary of the internal environment analysis

Monitor (factor identification)	Analyse (factor influence)	Predict (expected development)
Product	<p><i>Strength:</i> There have been changes in the product parameters</p> <p><i>Weakness:</i> The product has still similar parameters as the competitors' ones</p>	Another changes and improvements can be predicted as the company is willing to meet the requirements of their clients
Price	<i>Weakness:</i> Amount clients overpay and the earnings of the company	Thanks to the modification of housing loan, the earnings are predicted to increase
Place	<i>Weakness:</i> Even though there is quite large amount of offices around CZ, there are still many places with no office, or the nearest ones too far away	The company is motivating its financial advisor to open their own contact offices so it can be predicting rise in the amount of offices
Promotion	<i>Strength:</i> The company is investing in many types of promotion and supports' projects	Continuous investments in the promotion of housing loan
People	<i>Strength:</i> Well-trained and skilled employees and financial advisors	Effort in expanding its team of employees and financial advisors
Processes	<i>Strength:</i> Development in approving application, fastening the whole process thanks to post system, modifying the product	Simultaneous improvements to attract more clients
Planning	<i>Strength:</i> Continuous plans about improving the housing loan	Clients will be more attracted in the new housing loan

4.4 SWOT analysis

The SWOT factors were further evaluated by a method of internal factor evaluation matrix (IFE) and external factor evaluation matrix (EFE). All the results were put together as an average and summed up in Tab. 5 and Tab 6.

4.4.1 Internal factor evaluation matrix

Tab. 5 Internal factor evaluation matrix (IFE)

	Weight	Evaluation	Weighted score
Trained workforce	0,16	3,17	0,49
Advertising	0,12	3,00	0,36
Long-term history	0,08	2,83	0,21
Personal selling	0,15	2,83	0,42
Product modifications	0,14	2,83	0,39
Changes in interest rate	0,13	2,67	0,33
Changes in charges and fees	0,11	2,50	0,27
No uniqueness of product	0,05	2,17	0,11
Offices' location	0,08	2,50	0,21
	1,00		2,79

Source: Own work

According to calculation of particular weighted scores and summing them up, the total score of the IFE matrix is **2,79**. This number means that the company is reacting on the identified factors on an average level.

The largest strength, which the Wüstenrot company has, is its trained workforce. As already said, the company cares about the trainings and provide the financial advisors with constant possibilities to improve their knowledges about both housing loan itself, and its sales. On the other hand, among the weaknesses, there are product modifications which are necessary as the company is facing large rivalry and needs the product to gain competitive advantage.

4.4.2 External factor evaluation matrix

Tab. 6 External factor evaluation matrix (EFE)

	Weight	Evaluation	Weighted score
Development in technologies	0,10	3,17	0,33
Low inflation	0,05	3,17	0,15
State contributions	0,13	3,33	0,42
Brand preferences	0,15	2,83	0,42
Subsidy of entry housing	0,11	2,00	0,22
Low interest rate of mortgages	0,13	2,83	0,36
Substitutes	0,14	2,50	0,35
Large rivalry	0,13	2,33	0,31
Legal changes	0,06	3,67	0,23
	1,00		2,80

Source: Own work

According to calculation of particular weighted scores and summing them up, the total score of the EFE matrix is **2,80** which is similar result in comparison with strengths and weaknesses. It means that the company is reacting on these factors on an average level as well.

The biggest opportunity are state contributions which are provided with every loan. On the other hand, every building savings company provides the state contributions with each housing loan. It leads to the largest threats, which are brand preferences and availability of substitutes.

4.4.3 SWOT matrix

According to the results of the pair comparison and the goals of the Wüstenrot Company, which are described in Goals of the company, there were proposed several strategic alternatives. These were discussed with the same people who contributed with their professional knowledge and experience in the part of pair comparison. Each of them has subjectively chosen the most important strategy of the proposed set, and these will be further elaborated in detail.

Tab. 7 SWOT matrix

<p style="text-align: center;">Internal factors</p> <p style="text-align: center;">External factors</p>	<p style="text-align: center;"><u>Strengths (S)</u></p> <p>Trained workforce Advertising Personal selling Long-term history Product modifications</p>	<p style="text-align: center;"><u>Weaknesses (W)</u></p> <p>No uniqueness of product Changes in interest rate Changes in charges and fees Office's location</p>
	<p style="text-align: center;"><u>Opportunities (O)</u></p> <p>Development in technologies Low inflation State contributions Subsidy of entry housing</p>	<p style="text-align: center;"><u>Strategies S-O</u></p> <ul style="list-style-type: none"> - make advertisement campaign with highlighted state contributions - using the development in technologies for making on-line trainings for financial advisors
<p style="text-align: center;"><u>Threats (T)</u></p> <p>Low interest rate of mortgages Brand preferences Similar substitutes Large rivalry Legal changes</p>	<p style="text-align: center;"><u>Strategies S-T</u></p> <ul style="list-style-type: none"> - more frequent TV and internet advertisements with highlighted interest rate - more frequent trainings for financial advisors to support the sale of the housing loan 	<p style="text-align: center;"><u>Strategies W-T</u></p> <ul style="list-style-type: none"> - expanding the purposes of housing loan utilization - foundation of offices in new locations

Source: Own work

4.5 Recommendations for implementation

4.5.1 Fortifying the strengths and exploiting the opportunities

Make advertisement campaign with highlighted state contributions

Generally, Wüstenrot Company is using advertisements many times a year. The most common seasons for the advertisement waves are spring and autumn. Most of the competitors are using advertisements as a promotional tool as well but each advertisement is a little bit different because of the different concepts and strengths of each product. Mainly, there are advertised interest rates, even though, there may be more interesting features of a specific product. Therefore, it has been suggested to make an advertisement with highlighted state contributions.

Since the company sold its life-insurance and non-life insurance parts, it has been in charge only for its banking and building savings' services. It means that the company does not have to invest in promotion of insurances anymore and because of that may invest more into the promotion of its banking products. According to annual report of the company, in 2014 the company invested 53 mil. CZK into marketing. Even though, the expenses for the advertisements and the overall marketing decreased from the year 2012, the Wüstenrot Company has still a certain part of its budget dedicated to advertising campaigns.

Nowadays, Wüstenrot Company has not any advertisement spot in television. In the past, there were several TV spots with highlighted state contributions and another one highlighting the possibility of taking a loan without pledging a real estate. The company may use the state contributions' advertisement and make use of it in television in order to target potential clients with its housing loan and also spread its brand name.

With regard to the benefits of the strategy, it may bring several utilities. Firstly, advertising already belongs to one of the strategies of the company, so the costs will not be any news for the company. Secondly, the company and the housing loan will get into conscious of clients' minds. Thirdly, it may increase the willingness of clients to purchase for the product, in the case of company – to apply for a housing loan, because of this purchase signal.

4.5.2 Eliminating threats through utilizing strengths

More frequent trainings for financial advisors to support the sale of the housing loan

One of the company's strengths are trained financial advisors. On the other hand, not every financial advisor manages both the methodology, and the sale of housing loan, in

such a professional way. This issue results in a kind of “fear” of financial advisors to solve problematic cases of clients, or even to offer the clients possibility to finance their need by the housing loan. Considering also the fact that every client requires, or is in need of, different financing with different purposes, they need individual approach, by financial advisors, to meet all the clients’ requirements and set up for the client the best possibility of how to finance the needs. That is why the company should pay more attention to the knowledge and skills of the financial advisors as they are the company’s intermediaries.

Wüstenrot Company is taking into account costs for trainings for financial advisors every year. For instance, in 2014, the company invested about 1 mil. CZK more than the previous year. The rise was caused by the housing loan “Půjčka ProBydlení” as it was created that year. Following years, the company’s aim is still increasing the sales of this housing loan so it is expected that further trainings will be necessary as the financial advisors play crucial part in supporting those sales.

These trainings’ topic will be about advantages and main features of the housing loan, and how to sell them. Every financial advisor of the Company, who would like to improve his, or her, skills in housing loan and its sales, will have a possibility to participate. As the trainings are usually managed with help of the director of product development and housing loan sales trainers, the decision on the length of the training will be in their hands. The trainings should take place in regional centers in order to eliminate costs for renting other places. Periodicity should be once a quarter of the year and will start in the 3rd quarter of 2016. The final benefit and effect of these trainings should be controlled by district directors who will have interview with their financial advisors and discuss how did the skills and knowledge gained in the trainings’ sessions contribute to improvement of their sales of the housing loan and the overall success in selling.

This strategy may definitely bring many improvements. The financial advisors will improve their knowledge about methodology of the housing loan and also gain skills in the proper offerings and sales. It is highly likely that these improvements will lead to increasing the clients’ knowledge about the company’s loan, excite their interest and finally expand the overall amount of company’s clients.

4.5.3 Eliminating weaknesses using opportunities

Lowering the interest rate, or elimination of fees and charges

When the competition is taken into consideration, it can be seen that the main differences are in the interest rate and the charges and fees the client has to pay to obtain the housing loan.

After discussion with colleagues from the Wüstenrot Company, the most appropriate strategy to eliminate weaknesses while using opportunities will be elimination of fees and charges of the company’s housing loan. Clients will not have to pay any costs when

applying for housing loan and they will not have to pay any monthly fees for the account of building savings and housing loan. Even though the company will lose profit from those charges, it will still get profit from the interest rate so this strategy is definitely possible and applicable.

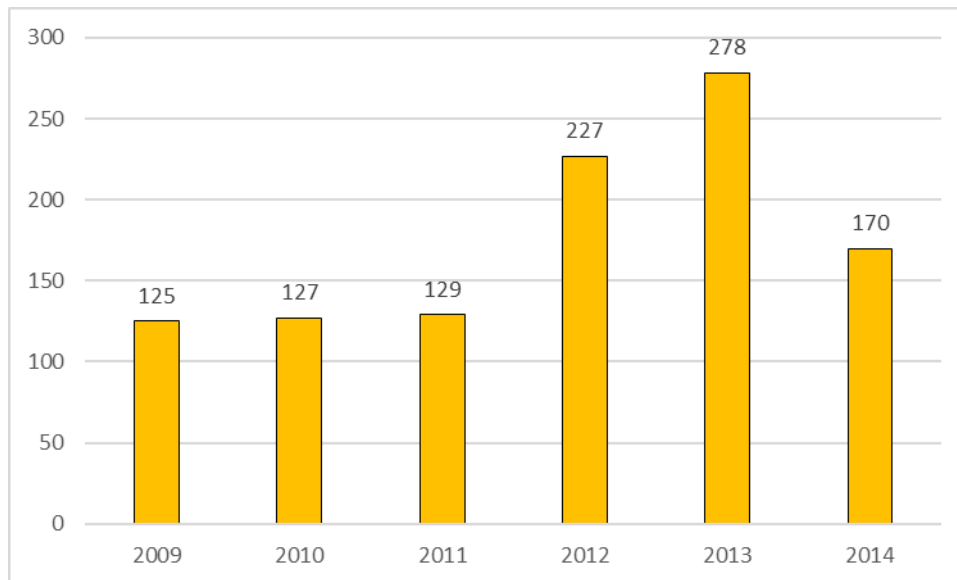


Fig. 17 Revenues from charges and provision for accounts (in mil. CZK)

Source: Annual reports of the Company

The main amount of revenues of the Wüstenrot Company comes from building savings. Specifically, it consists of providing bridging loans and loans from the building savings, and accepting deposits on accounts of building savings. In the Fig. 17, the revenues consist of the already provided loans and building savings as well as revenues from new ones concluded in the actual years. Suggesting the elimination of the charges and fees only for the new housing loans, the Wüstenrot Company will not lose the whole amount of revenues which can be considered as a reason that makes this strategy applicable. While keeping the interest rates, the company will still obtain profit from it as well as the new clients who will save a part of the costs connected with their concluded housing loans.

As for the benefits resulting from strategy of elimination of fees and charges, it may bring the higher amount of “sold” housing loans as many competitors are charging the fees. Moreover, the amount of Wüstenrot Company’s clients will increase and since the company is offering more type of products, it can lead in the increase in selling insurances and so that strengthen the new partnership with Allianz – insurance company as well.

4.5.4 Elimination of weaknesses and prevention of threats

Foundation of offices in new locations

In order to expand the amount of company's clientele and sales of its housing loan, the company needs to keep increasing the number of offices in the places where they are not already founded. Strategy of foundation of new offices is closely related to well-trained and skilled financial advisors. In the view of the fact the new office will be founded, it will not bring new sales and clients by itself. The offices need help of financial advisors who will be there and be helpful for the clients.

The costs connected with opening new offices will be definitely for the renting of the office and other costs related to the actual running of the office. In the Wüstenrot Company, the management along with regional and district directors are motivating financial advisors to open their own office.

New offices will be very beneficial for both clients, and the company. Clients will not have to commute to distant offices. As for the company, each office will bring new clients and new sales, which will both fulfil the aims of the Wüstenrot Company.

5 Discussion

In the previous chapter Recommendations for implementation, there have been identified and discussed four strategies that can help improving the housing loan's competitiveness and increase the amount of its sales. These strategies have been made thanks to the theoretical knowledge gained from the literature, evaluation of the environment with finalizing it into the SWOT matrix and eventually, with the information received through discussion with district, regional and business director, director of the product development and housing loan's trainer.

The first strategy comes from fortifying threats and exploiting opportunities. The strategy is based on the strengthening of the brand name and the housing loan in the market. Launching more frequent TV spots will certainly ensure the company's and product's strengthening among its competitors and substitutes.

The second strategy comes from eliminating threats through utilizing strengths. Discussing the financial advisors' skills and knowledge of the housing loan with the directors and colleagues, there was discovered a possibility for improvement. The improvement will be arranged by trainings for the financial advisors. The strategy will be both manageable from the point of view of the company's costs, and beneficial.

The third strategy comes from elimination of weaknesses using opportunities. This strategy is based on elimination of fees and charges connected with providing and maintain the housing loan. After evaluation of revenues from past years, the strategy was found beneficial as the interest rate will be kept and new clients are expected.

The fourth strategy comes from elimination of weaknesses and prevention of threats. There was suggested foundation of new offices which will be mainly in hands of financial advisors supported by their district and regional directors.

As the finalization of evaluation of the environment was created subjectively, there may arise many combinations and strategies. One of the main issues, which was identified, is the weakness in uniformity of the housing loan. Thanks to regulating influences, the uniqueness of the product can be strengthened and that is why, the chosen strategy is elimination of weaknesses using opportunities.

6 Conclusion

The aim of the bachelor thesis was to create a strategic analysis of the current position of the housing loan called “Půjčka ProBydlení” of the Wüstenrot Company and, thanks to the information obtained from strategic analysis, to propose recommendations for strengthening its position in the market and increasing of the sales.

The theoretical part provided information from the literature which is listed in the part Sources. Based on the knowledge gained from the literature overview, there was elaborated a strategic analysis including the evaluation of both external, and internal, environment of the housing loan and the Wüstenrot Company. The environment analyses were summarized in SWOT analysis which identified the housing loan’s strengths, weaknesses, opportunities and threats. According to the results, provided by pair comparison, there were proposed four recommendations for implementations which were further discussed in the Discussion part and was chosen one strategy which was found to be most effective and beneficial.

While elaborating the thesis, the author gained an experience with practical application of the knowledge from individual courses and literature. The elaboration also provided the author an opportunity to get to know the situation, competition and development trends of the selected Wüstenrot Company and its housing loan.

To prove the practical use of the thesis, it was written in cooperation with the district director, regional director, business director, director of the product development and housing loans’ trainer. It is expected that the proposed recommendations are beneficial to support the housing loan’s sales and position in the market.

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