A Study of Marketing Strategy in Chinese Software Market

– A Case Study of UFIDA Software Co., Ltd.

Västerås

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Abstract

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Strategic Question: What should be an Effective Marketing Strategy for UFIDA in order to Increase its Market Shares and Support its Market Leadership Position?

Purpose: The purpose of this study is to investigate and analyze the current Chinese financial management software market conditions as well as competitors and to utilize the knowledge from the investigation to consider a better application of marketing mix for UFIDA.

Theory and Method: Two theories, five forces and marketing mix, were applied in this thesis. The authors collected primary data by interview and questionnaire to learn company’s marketing operation and feedback of customers on the marketing mix. The authors also collected reliable secondary data with the guideline of five forces framework to learn the marketing situation. The analysis was conducted according to the selected theories and the collected data. Based on the analysis, the authors presented a relevant conclusion.

Target Audience: The target audience is the market managers of UFIDA. The researchers wish the result of the paper could bring some benefits for them in the market performance. UFIDA can make use of the research result to design an effective strategy. The authors believe that the research could provide a general guidance and bring benefit to marketers in similar fields and help them to learn competitive situation.

Conclusion: From the result of analysis, the authors think the market situation is good for UFIDA. UFIDA has competitive advantages to defend itself against the forces and influence them in its favor. As a consequence, in order to increase market share as well as support its leading position, UFIDA should maintain the existing competitive advantages and improve the disadvantages of marketing operation about marketing mix found from the feedbacks of customer. Through the analysis and recommendation, the authors wish that the investigation result could benefit to UFIDA and bring them some cues for designing an effective marketing strategy.
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1 Introduction

China is becoming one of the largest economies in the world. According to the data from Ministry of information industry, Chinese software industry had been sustainably grown from 110 billion RMB in 2002 to 580 billion RMB in 2007, and will reach over 1,000 billion RMB by 2010 (CFA, 2008) due to the rapidly growing number of large-scale enterprises in China. The growing number shows that the China’s market is stepping into maturity gradually. Financial management software as a portion of high-end ERP is partly underpinned by the increasing number of enterprises. The management software of UFIDA Software Co., Ltd ranks the top in the management software market and ERP software market as well as the financial software market. The continued stronger market growth attracts most famous software companies into the market causing the fiercely competition among the existing rivals to seize more market share. The ERP market in China has been increasingly dominated by Kingdee and UFIDA (Tam, 2008). The recent newest market share statistic shows that both these two giants have nearly equal market share. As the focal company of our thesis, how UFIDA could outstand from its rivals brings us the motivation to investigate its marketing strategy.

1.1 The Background of Company

UFIDA Software Co., Ltd was founded in 1988. The company is the largest and the leading supplier of management software, ERP software, financial software, group management software, human resource management software and SMB management software in Chinese software market. It provides proprietary enterprise management/ERP software, professional services and their own unique solutions. UFIDA brand name is honored as well-known brand in China. UFIDA headquarters is located in Beijing, and has its own research centers in Beijing, Shanghai, and Nanjing province, which constitute the biggest research system of application software in China. It has a team of 1400 specialists and a large number of professional technical workers. UFIDA has 41 subsidiary companies, 60 customer service centers, 150 training and education centers and 3000 service specialists, which constitute the largest service network in Chinese management software. UFIDA has over 2000 partners to provide its clients with caring service and innovative solutions. Major stock-holding companies of UFIDA Software Co., Ltd are UFIDA Mobile Business Technology, UFIDA E-Government Software, IFS-UFIDA Software System, Cellsoft, and UFIDA-Haisheng Software. Besides the alliance with the IT giants like Microsoft, Intel, and IBM in technology aspect, UFIDA also has many partners with an outstanding regional or field perspective. Apart from Chinese market, UFIDA has also established subsidiary companies in many Asian countries including Thailand, Singapore, and Japan. (UFIDA Software Co., Ltd, n.d.) The expansion of abroad operation enhances UFIDA’s ability which helps the company to increase the profit.
1.2 Company’s Products and Services

UFIDA has three types of product and production line – NC, U8 and YONG YOU TONG. It provides management software and service to large, middle and small size enterprise. It also provides appropriate solutions to various kinds of enterprises to satisfy their management requirements in different development stage. UFIDA has comprehensive production lines which cover different business fields – Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Customer Relationship Management (CRM), Human Resources (HR), Business Intelligence (BI) and Office Automation (OA). Besides its products, UFIDA provides services in training and one-line application for user as well. The management software provided by UFIDA was used to be considered as most popular financial software which can speed up the development of Chinese enterprise informationization.

Product

UFIDA products were able to make the business operations quicker to respond and more efficient in actions, and increase the enterprise’s benefits. We will introduce three types of products as beneath.

• **Yong You Tong**

Yong You Tong is developed to meet the needs of a small enterprise from its initial stage. The product is characterized with most of the standard values in terms of practicality, friendly operation interface, usability, facility, flexibility, and high price-quality rate. With the help of Yong You Tong, a small company is able to strengthen its management skill and optimize the marketing performance by linking the financial information and marketing activities together. By providing the accurate marketing data in time, Yong You Tong can help the small company to keep steps with the market changes.

• **U8**

U8 heritages core programming idea that is sophisticated management and fast doing business for the target consumer, that is a growing small and middle-type entrepreneurs. The software concludes the experience of 40,000 customers, absorbs advanced management idea from the civil and foreign, and combines the practice of developed economic zone, so that U8 is ERP software that has common and well rounded adaptability.
• **NC**

NC aims at offering enterprise and customer group a series product of which traits are internationalization, advanced technology and platform, and matured application structure. More than 1000 enterprises and customers have applied this software successfully. NC is a kind of management software for group customers and enterprises, and aims to provide the solution to large, middle sized enterprises for the innovation of management structure, and professional service in the aspect of maintaining growing energy. Based on internationalized management, and industrialized solution, there are 2000 enterprises using NC software. In its whole life circle, it can grow with the support of offering services to target customers.

**Service**

UFIDA provides different kinds of services, which contain product support service, upgrade and transfer service, consulting service, technical training service, and value added service. It provides standardized and professional service to help clients create value. Besides, it also provides caring services as follows.

- Telephone consulting service: the professional engineers answer the question asked by the customer via telephone.
- Online self-service: customer can search for the information they need from database.
- Online help service: customers submit the questions and the specialists answer on-line.
- Onsite service: according to the customers’ demand, UFID will send engineer to the customers’ company to provide technical service.

Since the diversification of services provided by UFIDA, the clients are able to improve their application of software and operation effectiveness. With the development of UFDA, it has 1 multimedia call center, 60 client service centers, 150 training and education centers, 2000 partners, and the service group which consists of 3000 service specialists.

### 1.3 General Information about Chinese Software Market

China began developing its software industry in the early 1980s. Until now, Chinese software market is divided into three main segments: Platform Software, Intermediate Software and Application Software (Suman & Yogesh, 2002). The financial management software as a branch of application software started appearing in China at that time too. The market of financial software became huge and increased rapidly. In 1996 the market sale was 650 million; in 1997 the market sale increased to 780 million. The economical rules have been gradually changed due to the rapid development in Chinese economy. For that reason, the financial software
becomes more complicated than what it has been before. The initial goal of financial software requirement has moved from the basic application for reducing accountant burdensome work to the assistant role of market analysis. At the beginning, only the domestic financial software is allowed by the Chinese tax office. Soon after China became a member of WTO, the Chinese financial software market is opened to foreign companies. Therefore, the competition in the market has been noticeably increased due to the permission of using congener foreign software.

ERP software is the abbreviated form for Enterprise Resource Planning software. It is a business management system that integrates all factors of the business, including planning, manufacturing, sales, marketing and etc. As the ERP methodology has become more popular, software applications have emerged to help business managers deploy ERP in business activities such as inventory control, order tracking, customer service, finance and human resources. China as a developing country, the demand for this kind of software is extremely increasing due to the fact that most entrepreneurs start to pursue more efficient management by employing a business management system which fits with their companies.

1.4 Competitor in Market

Recently with the development software industry, there are lots of competitors acting on ERP market including Chinese companies, for example UFIDA, Kingdee etc., and foreign companies, such as SAP, Oracle etc., in Chinese domestic market. The competition is increasing fiercely in Chinese management software. There are a lot of domestic financial software companies entering management software market and seizing market share, such as Inspur, Neusoft, Bokesoft, which are familiar with management system of Chinese enterprise and the demand of local market. Furthermore, they have service network which covers all the area of china and advantage of resource sharing. These local competitors have gradual mature product, powerful market-sale system, and large group of technical support. In addition, due to the fact that China joins WTO, more and more foreign management software companies enter Chinese market such as SAP, ORACLE, TurboCRM etc., which dedicate themselves to the research of large scale financial management system. Their capability powers in terms of capital, technique, and research experience, bring a big challenge to domestic companies. Considering the situation of market and the competition, we want to research the focal company in terms of their own strategy and its competitors to know how the focal company keeps leading position in the financial software market and increase its market share.

1.5 Problem Statement

The growing economy in China is reflected on many aspects in the country. Unarguably, computer and information technology is one among those aspects, especially the subset of the segment, such as software development of management software market in China, has been growing swiftly over the past decade. The high
growth has attracted many competitors into the market and intensified the competition. As there are many competitors trying to take part in this market, the research question we formulate is "**What should be an effective marketing strategy for UFIDA in order to increase its market shares and support its market leadership position?**"

### 1.6 Purpose

The purpose of the study is to investigate the current Chinese management software market conditions as well as competitors through the model of Five Forces and to utilize the knowledge from the investigations to consider a better application of marketing mix for UFIDA.

### Target Audiences

The target audience of this thesis is the market managers of UFIDA. We wish the result of the paper could bring some benefits for them in the market performance. As a beneficiary, the UFIDA can make use of the research result to design an effective strategy. By understanding the framework of Five Forces, the company would learn about the market situations, its competitors as well as its suitable position in the market. In addition, using the knowledge of Marketing Mix, the company could launch a suitable market mix plan which optimally combines product, price, place, and promotion. A well-planned marketing mix could support the company’s market position and strengthen its competitive advantage in the market. Moreover, the managers from other companies who engage themselves in the Chinese software market might also gain benefits from our research paper. They may learn the situation of Chinese software industry and the customer's potential needs we find. Our research result as a reference could help them to design their own unique market mix strategies.

### Delimitation

ERP stands for Enterprise Resource Planning. ERP system attempts to integrate several data sources and process of an organization into a unified system. A typical ERP system will use multiple components of computer software and hardware to achieve the integration (Wikipedia, 2007). UFIDA is a very big group company which consists of 41 subsidiary companies and has many products including ERP software, financial management software, group management software, human resource management software etc. In our paper, we will investigate the Chinese software market based on the product of financial management software because our main contact from the focal company is working in this field. Concentrating on this product’s market will also increase our paper’s reliability due to this information source.

As we know, a strategy can be formed from different perspectives. In our paper, we will mainly stand on the points of competition and product. This means we will
investigate the current competition situation in the Chinese software market by focusing on the financial management software.

A strategy’s function will be varied depending upon its objectives. In our paper, the objective of the strategy is the same as we mentioned in the problem statement, which is supporting the focal company’s leadership position in the Chinese software market as well as increasing its market shares.
2 Literature Review

Farhoomand .A (2007) described ERP as a single integrated software program that operates on a single database and serves the multiple needs of various departments in a corporation including product planning, parts purchasing, maintaining inventories, interacting with suppliers, providing customer service, tracking orders, managing finance and HR of a business. With the application of ERP, the various departments in a corporation could share information and communicate each other more easily and efficiently. However the whole process of deploying a complete ERP system is quite time consuming like what Farhoomand (2007) said many companies would need months, or even years, to implement the entire ERP package with a process that often involved five to six times the original cost of the software. The reason is that many companies need to reengineer their business processes and organization structures in a large scale in order to adapt the ERP implementation. Due to the above-mentioned negatives, some companies adopted a best-of-breed approach (Farhoomand, 2007) instead of taking an ERP package. The best-of-breed approach is to separate the ERP software into various modules or functions, then the company selects and pieces them together using custom-built interfaces. Recently, the internet technology is developed very fast which brings up a new requirement that ERP software should work under networked environment, i.e. turning ERP from the internal operations of an enterprise to external operation by linking up companies, suppliers, and customers operating in an inter-connected environment through the web computing (Farhoomand, 2007). The new technology brings new trends and structural changes to the software industry. The concepts like SOA (Service-oriented architecture) or Saas (Software as a service) are becoming popular and changing the existing software structures.

MingZhi, Li and Ming, Gao (2003) in their research report stated that the China’s software industry is still negligible in the world despite its sustained high economic growth rate since the economic reform took off in the late 1970s, and the reasons for its underdevelopment can be described as following factors:

- On the national level, the government attention has been skewed toward the hardware sector in the information and communication technology industry, and there is no clear national vision for the strategic direction for the software industry.

- On the industry and firm level, software development has been regarded as the art of individual creativity rather than an engineering process, as a result, the importance of quality and standards have been largely neglected.

- Both the rooted notion that software is an attachment to the hardware and should be a free product, and the lack of intellectual property rights protection on the government side contribute to the low spending on software and hinder software firm’s incentives to innovate.
By investigating the Chinese software marketing, MingZhi Li and Ming Gao (2003) concluded that China should focus on the domestic software services marketing and pursue a more balanced development strategy in the long run. Based on this conclusion, they proposed that alliance between Chinese and foreign software firms will help both sides gain benefit from becoming co-competitors in niche markets, and cooperation with international firms will also open up foreign markets for the Chinese software firms.

Hongli Hu, Zhangxi Lin, and William Foster (2003) in one of their article mentioned that one of the important strengths of China is its huge domestic software market that attracts domestic software firms as well as foreign software firms. Since China has gained access to WTO, the international software industrial standard becomes necessary for domestic software companies. Due to this, improving the quality and process maturity becomes a main task for most domestic software companies. In order to grow up to a leading company, it is necessary for the companies to adopt the advanced project management concepts for their businesses. This adaptation is also required due to the trend that the domestic software market is gradually merging to the international market.

Huang Chuanfeng (2007), a consultant in the Software and Service Industry Research Center of CCID Consulting, pointed out that with the development of Chinese software industry the emergence of SOA (Service-Oriented Architecture) has become an incontrovertible star in the current software market. SOA is a way for domestic companies to increase their competitive advantages. In order to outstand in the SOA, the alliance with the represented companies, such as IBM, EBA, SAP, ORACLE, is important for taking advantage of co-partners.

Liang Huiqang, Xueyajiong, Boulton William R, and Byrd Terry Anthony (2004) in their article “Why Western Vendors Don’t dominate China’s ERP Market” mentioned that despite their global reputations, the foreign vendors have been unable to take advantage of their financial strengths, expertise, advanced technology, and experience in the competition of selling ERP systems in China. In the article, the authors revealed the barriers that baffle foreign software vendors in deploying their massive ERP systems in China. Those barriers are Language, Reporting Format and Content, Cost Control Module, Business Process Redesign, Customer Support, and Consulting Companies. The authors conclude that the key for foreign software vendors to be successful in China’s market is localizing strategies as they said that “You should understand China’s history and its culture before you start doing business with Chinese companies.”

From the above literature reviews, we can clearly see a picture that the Chinese software industry currently is still on the developing stage, and the competition inside it is severe. The new concepts such as SOA, Saas are becoming popular and being accepted by most domestic companies. The foreign companies in the Chinese market are still facing the Chinese heritage problems. The literature reviews also released one fact that most relevant research articles or reports are made to gain
the general overview about the Chinese software industry or its market condition. Then based on the overview, the articles recommend common strategies for the whole software industry without the consideration of individual company’s specific condition.
3 Methodology
3.1 The Choices of Topic

At the beginning of choosing topic, we consider choosing a company called Haier which engages itself in the electric appliance market, and then we try to manage a contact with that company. Unfortunately, we cannot get any personal contact with that company, and then we change to UFIDA due to the personal contact priority. The manager we are going to interview has good relationship with our group member, so we can get the primary data conveniently.

At first, we consider to write about foreign market entry strategy for our focal company. But after the pre-search stage of relevant information about the company’s foreign marketing performance and the initial information provided by our contact, we find out that the information concerning with foreign market is too less and not sufficient for our thesis development. Furthermore, the company prefers to enhance its domestic market position rather than foreign market extension; therefore, we turn to the topic of the domestic marketing strategy. Besides, the manager from the company also would like us to develop some appropriate strategies for them on how to remain their marketing leadership and increase the company’s market share.

3.2 The Chosen Concepts

According to our thesis’s problem statement and purpose, we search for appropriate theories, and finally two theories will be introduced into our papers. They are five forces framework and Marketing Mix. The references of the Five Forces Framework used in our paper will mainly refer to Michael E. Porter’s On Competition book. This Framework consists of five elements which are the bargaining power of buyers, the bargaining power of suppliers, the threat of new entry, the threat of substitutes, and the intensity of rivalry. This theory will be used to investigate that how the competitions among the Chinese software industry have shaped the Chinese software companies’ strategies. Michael E. Porter (1998, p. 4) pointed out that strategy differences rest on differences in activities, such as the way companies go about order processing, assembly, product design, training, and so on. Therefore, the best way to understand the operational effectiveness and strategy is to divide the firms into activities which are the discrete economic processes performed by firms in competing in any business. The marketing mix is closely connected to a company’s marketing activities, for that reason it is a very good tool for analyzing the company’s marketing activities concerning to its market position, product, promotion, and place which are often mentioned as 4Ps.

3.3 The Choices of Collecting Information

We collect data in terms of primary data and secondary data. Two research instruments are used to collect our primary data, one is interview, and another is
questionnaire. Both qualitative method and quantitative method will be applied to the collection of our primary data. Via the interview with the manager who is responsible for the market department of focal company, we can gain the necessary information about the company’s marketing operation, as well as the company itself. We consider questionnaire as an important way to investigate the product usage situation, customers’ consumer behavior, and customers’ satisfaction because we want to know the potential customers’ needs to be able to provide UFIDA useful information about the market strategy design to meet its target customers’ needs.

Our interviewee has worked as a manager in the focal company’s marketing department for few years. He is responsible for the product sale control, and marketing strategy planning. Since our interviewee and respondents who are going to receive our questionnaires are Chinese, we will translate our interview questions and questionnaire into Chinese. The communication with our interviewee, as well as the respondents, is also performed in Chinese due to the consideration of convenience. In the later finding part, we will present the translation of interview outcome in English. Considering the linguistic diversity and our linguistic skill, we will strictly take care of the word’s usage in our translation with the help of English-Chinese dictionary. We do sure it is possible to minimize the potential ambiguities and generate a qualified final English version of interview questions and questionnaire.

Secondary data will be collected through various means, such as, research reports, articles, journals, etc., which are relevant to the focal company. Considering the accuracy and reliability of source, we search and choose the information carefully. The company’s official website, government official website, electronic journals and newspaper will be considered as reliable resources for our secondary source. From the company’s official website, we can collect the information about company, such as financial report, successful operation cases, and marketing activities plans etc. From the government website, we can gain the information about the national policies of Chinese management software market and the tendency of the market. From the journals, we can find the literature review and other persons’ comments in our research area. There is another mean we will use for our secondary data which is the online interview program. Online interview is a program conducted by some organizations, such as radio station, TV station. These organizations invited some famous professionals or some successful persons who have rich experiences in the selected topic area and interviewed them, then published the interview contents on internet. We will take advantage of these kinds of online interviews and filter out the information we need. This is a new way for collecting secondary data which is not used by other researchers previously as far as we know. We consider it as a good source for secondary data because it is more updated and more practical. Those programs are popular and welcome by Chinese entrepreneurs, and many of them also use this kind information as a way to conduct their marketing strategies. However, in order to increase the creditability of this resource, we will select the relative authoritative professionals and organizations, and filter the content of the
program with the referenced information from other official websites to help us understand the situation of financial management software market in China.

**Primary data: Interview**

The interview questions will be constructed according to the marketing mix theory to know the company’s operation in marketing. The method used to conduct interview is considered as a qualitative method since the interview questions are going to be opening type which allows our contact to provide as much information as he can.

Considering the geographic barrier, we cannot conduct the face-to-face interview. Nevertheless, we have a good relationship with the interviewee and contact priority. As a result, the interview will be conducted through msn video call instead of email, which can reduce the confusion in communication comparing to email way and increase the effectiveness of interview to get clear and comprehensive answers we need. A copy of interview questions will be sent to our interviewee by email before the follow-up interview is conducted. In this way, our interviewee can get sufficient time to prepare his answers for the questions, and it is also a way to increase the reliability of our empirical data. The questions of interview will be attached in the appendix.

**Primary Data: Questionnaire**

The Content of our questionnaire will be constructed from the customer’s perception with the guideline of the Marketing Mix theory and the need of our afterward analysis such as the customer’s personal information. We used structured question to design our questionnaire and attached one unstructured question at the end of the questionnaire. A structured question offers multiple choices or a scale for respondents to select one or more from the offered alternatives. An unstructured question, also known as opening question, offers the respondents chance to answer in their own words (Malhorta, 2006). We intend to use this unstructured question to cover the customer’s potential perspective which may be neglected unconsciously.

**Sampling Techniques:** we learn that the population of customer who use UFIDA’ financial management software is huge in China. In order to reduce the error margin and make our research reliable, we have to take a sample that is representative for the whole population. Fisher (2007, p. 189) mentioned that the size of sample depends partly on the size of the margin of error you are prepared to accept and the size of the population from which you are going to take the sample. Taking the limitation of time into account, we want to narrow the extent of sampling. The respondents who use UFIDA’ financial management software are limited to the urban area in Beijing, which contains eight districts – Haidian, Chongwen, Xicheng, Dongcheng, Chaoyang, Shijingshan, Xuanwu, and Fengtai. The user number in these districts is around 90000 according to our interviewee’s information. The size of sampling will follow the rules mentioned by Fisher (2007, p. 190) which is 370
persons with 5% of the error margin. Considering the limitation of time and return rate, we will try our best to send our questionnaire as many as we can.

The copies of our questionnaire were sent by both the company and us. Our contact in the focal company helps us to send our questionnaire to their customers. We also try to send the questionnaire to our acquaintances who are using or have experience with our focal company’s products and also asked them help us forwarding the questionnaire to the potential participants with similar user experience. The final turns out to be 153 copies of questionnaire back. The following is the general information gathered from the respondents:

| 1. Final respondents | - Customer who uses U8 is 92 persons.  
|                       | - Customer who uses NC is 44 persons.  
|                       | - Customer who uses Yong You Tong is 17 persons.  
| 2. Number of questionnaires gathered | - Total 153.  
| 3. Delivery of questionnaires | - Questionnaires are delivered by e-mail.  
| 4. Duration Time | - From 20th April to 20th May  

We conduct our questionnaire in terms of four aspects – Respondents’ Personal Information, Consumers’ Usage Situation, Marketing-mix effect in Buying Decision, and Customers’ Product Satisfaction – to find out the potential needs of customers. For the detailed questions in the questionnaire, please refer to the Appendix II.

**Part I: Respondents’ Personal Information**

Cateora, P. and Ghauri, P (2005) mentioned that the literacy rate in each society is an important aspect and influences the behavior of people. The education level would influence the marketing strategy and technique used. Due to this, the gathering of customers’ background information gives us chance to comprehend the levels of customer to help UFIDA classify the target customer.

**Part II: Consumers’ Usage Situation**

Marketing strategy and marketing program development require detailed customer information. The characteristics of customer provide a guideline to help the marketer know the customer’s use and further need. For this reason, we would like to collect the relevant message about UFIDA customers’ usage situation.
Part III: Marketing-Mix Effect in Buying Decision

The content in the third part of our questionnaire is prepared for the investigation of the effect of marketing-mix on buying decision of the focal company’s customers in terms of product, price, promotion, and place. Each element contains a few aspects and for each aspect, we give five options associating the value from 1 to 5. Our respondent will state one of them which represents their opinion mostly, and we will use the corresponding value to calculate the influence scale later on. The principle of Likert Scale will be applied in this part’s calculation. The details of the principles will be explained later on when we present the findings of this part. The reason for us to use Likert Scale can be referred to Malhotra’s (2006, p. 88) statement that “Likert Scale is easy for the researcher to construct and administer this scale, and it is easy for the respondent to understand. Therefore, it is suitable for mail, telephone, personal, or electronic interviews.”

Part IV: Customers’ Product Satisfaction

In fourth part of our questionnaire, we will investigate the user satisfaction of product and the impression UFIDA made on its customers in terms of marketing mix to examine the customers’ potential needs and the effect of company marketing strategy. We also conduct more questions on product services since the service is a part of product. With the development of society and increasing demand of customer, more and more people start to value the service which follows with the product. Service is indispensable part of product. The quality of service will affect the customers’ decision and is tightly related to design of marketing strategy.

3.4 How to Analyze the Information

Judith Bell (2006, p. 7) mentioned that quantitative researchers collect facts and study the relationship of one set of facts to another, while the researchers adopting a qualitative perspective are more concerned to understand individuals’ perceptions of the world.

Most portion of the thesis will be done mainly using interpretive approaches which are also referred as qualitative approach. The information from interview is adequately reliable due to our interviewee’s position and his working experience which we have introduced in the foregoing information about him. The collected information will be sorted since not all of them are helpful and useful for our thesis development. The sorting work will be done according to both our focal purpose and our theoretical framework. The final distillate of collected data will be classified into various contents and presented respectively according to five forces framework and marketing mix under the finding section. The following figure releases the general data process in our paper.
Figure 3-1: General Data Process Flow Chart

Using Five-force Framework and Marketing Mix for Data Collection → Sorting Data → Analyzing the Refined Data → Drawing Conclusion
4 Conceptual Framework

4.1 Five Forces Framework

According to what Gerry Johnson and Kevan Scholes (2002, p. 112) stated, the competition in business is about gaining the advantages over competitors. There are many factors in the business environment which influence the competition. Michael E. Porter (1998, p. 23) classified those factors into five categories, which are often referred as the five forces framework, to help people identify the sources of competition in an industry. These five forces, as shown in following diagram, are Threat of Entrants, Buyers’ Bargaining Power, Threat of Substitutes, Suppliers’ Bargaining Power, and Rivals’ Capability in Competition, which are governing the competition in an industry.

![Figure 4-1: Porter's Five Forces Framework](source: (Porter, 1998))

**Threat of Entry**

New entrants to an industry bring new capacity and substantial resources with the desire to gain market share. The companies outside the market often leverage their resources by acquisition to cause a shake-up inside the industry. However, if the new entrants know that the entry barriers are high and the reactions from the present competitors are strong, then they will not post a serious threat for current companies in the industry.

There are six main barriers for new entrants according to Michael E. Porter (1998).
• *Economies of Scale:* In an industry where most companies have large scale economies in production, marketing, service, distribution, utilization of the sales force, research, financing, or almost any other part of a business, then the new entrants have to come into the industry on a large scale or to accept a cost disadvantage. For those kinds of industries, the economies of scale are surely to be the extremely huge barrier for new entrants. However, the economies of scale is an important prerequisite for a company to be globalized in the opinion of Gerry Johnson and Kevan Scholes (2002, p. 114).

• *Product Differentiation:* If an organization has ability to achieve strategies of differentiation in advertising, customer service, and products, then the new entrants could not post serious threats for the organization. According to Porter (1998, p. 24), advertising, customer service, being first in the industry, and product differences are among the factors fostering brand identification which creates the barrier by forcing entrants to overcome customer loyalty heavily. On the contrary, Gerry Johnson and Kevan Scholes (2002, p. 115) deemed that the product differentiation is not robust and can be easily battered for many reasons, for instance, the perfect imitation of offer from competitors, or the customers become more educated and willing to exercise different choices.

• *Capital Requirements:* In an industry, if it requires a large financial investment in order to be able to compete with other rivals, then the entrance barrier is established by the financial capital. Normally, the capital may be required for either unrecoverable expenditures like up-front advertising and R&D activities, or other expenditures such as fixed facilities, customer credit, inventories, or absorbing start-up losses, etc. The amount of capital required will be varied depending on the technology and scale in the industry where the new entrants want to take part (Johnson & Scholes, 2002, p. 114).

• *Cost Disadvantages Independent of size:* Usually new market entrants face cost disadvantage, although the cost disadvantage for new industry entry might be reduced by the accumulation of the company’s experience in the market. A company’s experience, proprietary technology, access to the best raw materials sources, assets purchased at pre-inflation prices, government subsidies, or favorable locations will cut down the cost to some extent in entering a new market regardless of the company’s size (Porter, 1998, p. 25).

• *Access to Distribution Channels:* The distribution channels will determinate how fast and how wide the product can diffuse. If a newcomer cannot ensure the distribution channels for its products or services, then it will be a barrier for the newcomer. Porter (1998, p. 25) stated that the more limitation of the distribution channels is or/and the more that existing competitors have tied the distribution channels up, the tougher the entry into an industry will be. Sometimes the newcomers have to establish their own distribution channels if the access to distribution channels is too difficult for them.

• *Government Policy:* Competitions in an industry are restrained by country’s government policies. Those restraints vary from patent protection to
regulation of markets. Porter (1998, p. 25) pointed out that a country’s government plays a major indirect role by affecting entry barriers through controls such as license requirements, limitation on access to raw material, air/water pollution standards, or safety regulations.

Beyond the above six barriers, Gerry Johnson and Kevan (2002, p. 114) presented one more barrier which is Expected Retaliation.

- **Expected Retaliation**: If the newcomers feel that the retaliations from exiting rival companies are going to be very strong, the newcomers should reconsider the entry decision. Because the cruel retaliation will pose strong resistant force on new market entrants and bring up the extra entry cost. Porter thought that if the present companies possess substantial resources such as excess cash, unused borrowing power or productive capacity etc., to fight back, then the newcomers have a good chance to face the retaliation storm.

### Threat of Substitutes

The substitute product or service hobbles the company’s development in an industry, because they put the limitations on the prices that companies can charge. The more attractive the price-performance trade-off offered by substitute products or services, the more difficult that company can push up its price. In order to against the threat posed by substitute products or services, company needs to upgrade its products’ quality or differentiate its products by some means. Strategically a manager should pay special attention on the substitute products that may lead to the improvement of price-performance trade-off among industry products, or are characterized with high earning profits. Porter (1998, p. 32) thought that substitutes often come rapidly into play if some developments increase competition in industries and cause price reduction or performance improvement. In the opinion of Gerry Johnson and Kevan Scholes (2002, p. 115), substitutes can be classified into three forms: Product-for-product Substitution, Substitution of need by a new product or service, and Generic substitution. How intense the threat of substitutes will depend on the following three factors:

- Buyers’ willingness to substitute
- The relative price and performance of substitutes
- The costs of switching to substitutes

### Bargaining Power of Buyers and Suppliers

If an industry is greatly affected by its suppliers, the suppliers are able to squeeze the profitability out of the industry subsequently by raising prices or reducing the quality of purchased goods and service. Porter (1998, p. 29) stated that under the following conditions, a supplier group is going to be powerful in its buyer industry.
• A few supplier companies have the upper hand over the supplier group which is more concentrated than the buyer industry. Manifestly, the supplier group has better bargaining power if there are few suppliers and many buyers in the industry.

• The supplier group’s products are unique or at least differentiated, or the supplier group has built up switching costs and the switching costs are high. Usually, if a buyer wants to change his supplier, he has to consider whether the switch cost is low enough for that purpose.

• The supplier group does not need to contend its product with other products for sale to the buyer industry. If there are other products available for buyers, then the suppliers’ bargaining power will be reduced.

• The supplier group has the ability to pose a credible threat of integrating forward into the buyer industry. If the supplier group has the capability to prevent the buyer gaining the opportunity to produce their products, then the supplier group has a better bargaining power than the buyer group.

• The buyer industry is not a vital customer of the supplier group. If this is the truth, the supplier group will not be serious on the buyer groups, which results in the buyer group’s bargaining power becomes lower than supplier group.

• A supplier has more power if it has a good brand reputation among the buyer industry.

Under the following conditions, a buyer group is going to be powerful in the supplying industry according to Porter (1998, pp. 29-30).

• A buyer group is concentrated or purchases in large volumes. Generally if the purchasing volume is large, the buyer will gain a greater power in bargain, especially if the fixed cost is noticeable high for supplier in the supplying industry. The buyer group has also better power than supplier group, if there are few buyers and many suppliers in the industry.

• The products a buyer group purchases are standard or undifferentiated. Once the products required by buyer are standard or undifferentiated, the buyer has more choice to choose its suppliers in the supplying industry. Therefore, the bargaining power will be higher for the buyer.

• The products a buyer group purchases are the components of its product and represent a significant fraction of its cost. If this is the fact, the buyers normally will try their best to seek for the potential low-price providers with the intention to reduce their production cost.

• A buyer group earns low profits, which creates great incentive to lower its purchasing price. The low earning profits will strongly drive buyer to be more sensitive in the price offered by suppliers.
• The supplying industry’s products are unimportant to the quality of the buyers’ products or services. The buyers normally are less sensitive in the price if the products they purchasing heavily affect the quality of the products they produce, vice versa.

• The supplying industry’s product does not save the buyer money. Normally a buyer would like to pay for the value he thinks it is worth. If the potential value brought by the product the buyer purchased is many times higher than the price the buyer paid for the product, the buyer normally is rarely price sensitive.

• The cost of switching a supplier is low or involves little risk. If it is easy for a buyer to switch its suppliers without taking high risk, then the suppliers should start to worry about their bargaining power.

• The buyer group poses a credible threat of integrating backward to make the supplying industry’s product. The supplier will feel the pressure if the buyer company has the potential capability to produce the supplier’s product.

**Competitive Rivalry**

Competitive rivals are organizations with similar products and services aimed at the same customer group. The competition among rivals will be affected by a number of factors as below stated by Porter (1998, p. 33).

• The number of competitors in the industry and the competence level of them will seriously affect the intensity of competition. If most competitors are roughly equal size, the competition is going to be rather intense.

• Industry growth rate affects rivalry. If the market growth is slow, the company will launch precipitate fights to increase market share with the expansion-mind.

• The product or service’s differentiation or switching costs will influence the competition among industry. If the industry lacks of product or services differentiation or switching costs, the companies would tend to launch campaigns to lock in customers and prevent the raids on their customers by other rival.

• High fixed cost or perishable product might lead to the tough competition in price.

• Capacity is increasing significantly. The increased capacity will lead to surplus in the supply, and this surplus increases the competition intensity in the industry.

• The market exit cost is too high. The high cost for exiting market will force the company continuing with the ruthless competition in spite of the loss. The idea of the last one is the winner may keep them going on.
• The competitive rivalry is varied due to the diversification of rivals’ strategies, origins and “personalities”. Every company has different ideas about how to compete and continually run ahead of other in the process. For instance, when the competitors are pursuing aggressive growth strategies, the rivalry becomes more intense.

Porter’s theory brings a broad view about competition and discovers the implicit competitions from the five forces, as illustrated in Figure 4-1, in an industry rather than the one established combatants. The state of the competition depends on the relative connection among these five basic forces. For that reason, a company’s strategist has to dig into these five forces and analyze the source of them (Porter, 1998, p. 22). The knowledge of these underlying sources of competitive forces provides the groundwork for a strategic action such as marketing mix combination.

4.2 Marketing Mix

The marketing mix management paradigm has dominated marketing thought, research and practice since it was introduced. The reason for that is managing the marketing mix seems to make the marketing easy to handle and organize. By applying the marketing mix, the marketing is separated from other activities of the firm and is delegated to specialists who take care of the implementation of various marketing tasks such as market analysis, marketing planning, advertising, sales promotion, sales, pricing, distribution and product packaging. Actually Marketing Mix is a list of marketing variables which comprises of a set of marketing tools that a company can use in pursuing its marketing objective in the target market (Kotler, 2003, p. 15). Marketing mix comprises of four elements: Product, Price, Place and Promotion, and each P has several variables as shown in the Figure 4-2. These four elements are often referred as 4Ps. A company often uses these four Ps as parameters to manage its internal or external constraints on the marketing environment. As a controllable tool, the marketing mix can be used by managers to generate perceived value and optimal response from the target customers.
Product

According to Kotler (2003, p. 407), a product is anything that can be offered to a market to satisfy a want or need. Therefore, a product can be either physical or virtual in the types like physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas. There are few elements which should be taken into account concerning the product as David Needle (2000, p. 368) mentioned that a product comprises a number of elements apart from its more obvious features. These elements can include function, quality, appearance, packaging, after-sales service, brand name, warranty etc., as it shows in the Figure 4-2 under product branch.

Kotler (2003, p. 407) thought that product has five levels – core benefit, basic product, expected product, augmented product, and potential product. Core benefit is the fundamental service or benefit that the customer is really buying. In order to be able to sell core benefit, a marketer should turn the core benefit into basic product. Expected product is a set of attributes and conditions buyers normally expect when they purchase the product. Augmented product exceeds customer expectations and concerns to the consumer behaviors like the way of using products or services. Potential product encompasses all the possible augmentations and transformations of products or services that might undergo in the future.

Price

The price is the amount of currency that buyer pays for product. The product price is determined by a number of factors including market share, completion, material costs, product identity, and the customer’s perceived value of the product etc. The
competition among the rivals will cause discount in the price. Kotler (2003, p. 470) thought that price is the easiest marketing-mix element to adjust. Through the price adjustment, a company can pursue any of the following five major objectives – survival, maximum current profit, maximum market share, maximum market skimming, and product-quality leadership. There are few price strategies that company can apply – Geographical Pricing, Price Discounts and Allowances, Promotional Pricing, Discriminatory Pricing, Product-Mix Pricing (Kotler, 2003, p. 488).

Place

Place is the location where the company sells its product or delivers its services. Place is often referred as the distribution channel by managers and was used by marketers to display, sell, or deliver the physical product or service to their customers (Kotler, 2003, p. 13). A place can be any physical store for example distributors, wholesalers, retailers, or agents, as well as virtual stores on the internet like the shops on Ebay website. A company should specify the types of distribution channels that are suitable and efficient for its businesses. The criterion for place involves the Location Selection, Outlet Atmosphere, Inventory and Warehousing, Transportation.

Promotion

The company’s brand image is built up by its promotion activities. Promotion is related to the communications applied in the marketplace. Promotion often involves advertising, public relations, word of mouth, and point of sale. Nowadays most media types are used for advertisement such as television, radio, internet, cinema commercials, newspaper, billboard, etc. Public relation can be any form of these like press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is apparently any informal communication about the product. The word of mouth promotions are often done by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations which is also be considered as a most effective promotional tool because it involves personal interaction for immediate response.

The marketing mix is the way in which a marketing strategy is put into action according to the marketing conditions, for example the competition intensity in the market. The Figure 4-3 shows how the marketing mix is combined into a company’s marketing activities. A company can change its offering mix of products, services, and prices, and utilizes the promotion’s variables in the beneath figure to reach the distribution channels and the target customers (Kotler, 2003, p. 16).
Figure 4-3: Marketing-Mix Strategy
Source: (Kotler, 2003, p. 16)
5 Findings

In the finding section, we are going to present the empirical data gathering from questionnaire, interview, and the UFIDA’s market situation with the guidance of Porter’s five forces. The market situation is going to be shown in terms of R&D System Scale, Service Network Scale, Financial Capability, Substitution, and Financial Software Market situation and Competition. The empirical data from the interview is going to be given out in terms of Product, Price, Promotion, and Place. The gathered data from questionnaire will be brought in according to its structure, i.e. Respondents’ Personal Information, Consumer’s Usage Situation, Factors Influencing Customers’ Purchasing Decision and Satisfaction of UFIDA products.

R&D System Scale

UFIDA knows very well about the cores that keep its market leadership position. UFIDA has its own R&D teams specifically focusing on its businesses areas. The company also established many research bases around the country. UFIDA has recruited more than 1400 professionals and specialist to strengthen its R&D team. As mentioned on its website, UFIDA boosted the largest enterprise application software R&D system consisting of its Headquarters R&D Center in Beijing, Nanjing Manufacturing Industry R&D Base and Shanghai Advanced Applications Research Center, employing a team of 1400 specialists (UFIDA Software Co., Ltd, n.d.). From the documents our interviewee provided to us, we find that more organizations have been added to the above R&D system as shown in the Figure 5-1 (UFIDA, n.d.).

![Figure 5-1: Structure of UFIDA’s Research Organization](UFIDA, n.d.)
The Figure 5-1 also shows us that the core competition force of UFIDA comes from its independent innovation. Every year UFIDA invests more than 16% of its turnovers into its research activities (UFIDA, n.d.). The noticeable benefit from its largest enterprise application software R&D system is that the company holds the intellectual property rights of more than 115 patents.

**Service Network Scale**

The values that UFIDA brings to its customers are delivered by five channels – IT Consult, Systematical installation, Maintenance Service, Training Centre, and Online Application. Our interviewee told us that by these five value-delivering channels, UFIDA can provide its customers a whole service package of information management to help them reach a higher level of production and management. By that, its customers can gain a better competence in the market competition. From the company's website, we also saw follow information:

“UFIDA’s 41 subsidiaries and branches, 60 customer service centers, 150 training and education centers and 3000 service specialists make the largest service network in China’s management software industry. UFIDA has also established branch companies or representative offices in numerous Asian countries including Japan, Thailand and Singapore. Together with over 2000 partners, UFIDA provides its clients with caring service and innovative solutions.” (UFIDA Software Co., Ltd, n.d.)

**Financial Capability**

<table>
<thead>
<tr>
<th></th>
<th>Revenue (RMB)</th>
<th>Cost (RMB)</th>
<th>Revenue rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software Sales</td>
<td>902,121,527</td>
<td>23,029,936</td>
<td>97.45%</td>
</tr>
<tr>
<td>Service &amp; Training</td>
<td>360,985,900</td>
<td>76,064,181</td>
<td>78.93%</td>
</tr>
<tr>
<td>Software Accessories Sales</td>
<td>54,184,038</td>
<td>49,739,128</td>
<td>8.20%</td>
</tr>
<tr>
<td>Total</td>
<td>1,317,291,465</td>
<td>148,833,245</td>
<td>88.70%</td>
</tr>
</tbody>
</table>

**Table 1: UFIDA 2007 Sales Revenue**

Source: (UFIDA, n.d.)

UFIDA’s annual revenue rose stably in 2007 and the benefit has been increased noticeably. The above table shows that the UFIDA’s 2007 annual revenue totally is 1,317,291,465 RMB, in which the software sale is 902,121,527 RMB. The turnover of software sale is consisted of the sale of NC (238,445,911 RMB), U8 (442,154,869 RMB), YongYouTong (106,388,053 RMB) and other software (115,132,694 RMB).

**Substitution**

Traditional book-keeping in China was performed by using paper and a pen or pencil to record all daily financial transactions undertaken by companies, and then the company’s accountant further used those daily financial records to create account tables or ledgers according to the legal regulations, for example double-entry book-
keeping system, for the financial statement preparation (XingMaoXu, 2008). Before the financial management software was invented, a company normally needed a bookkeeper to record the company’s daily financial activities like business transactions into a journal manually. This process is called journal entry which tracks the date, the name of the accounts to be debited and credited, and the amounts, etc. The bookkeeper was further required to write down all the journal entries into the company’s general ledger and subsidiary ledger. This process was a very burdensome procedure because it was full with writing and rewriting of too many number of business transaction records which unavoidably occurs errors often. In order to avoid the potential errors, companies usually use trial balance to check whether the company’s accounts were in balance periodically. If the trial balance was not in balance, the bookkeeper had to track back transaction by transaction to find and correct the cause of any disparity. Once the trial balance was in balance, the bookkeeper turned over all the record books to the company’s accountant for the preparation of financial statements. (AccountingCoach, n.d.)

The computerized accounting is referred to the behavior of using financial software to keep the trace of company’s business transactions. The bookkeeper inputs the records into computer daily, and then the computer takes care of other accounting procedures, such as calculation, re-check, creating account sheets, analysis data, etc. In other words, the computerized accounting replaces the human brain with computer for keeping and analysis company’s business activities (XingMaoXu, 2008). With the arrival of financial management software, the potential book-keeping errors were noticeably decreased and efficiency increased, because all the above burdensome works were done electronically as far as the journal entries were correctly imported into computer. The financial software also simplified the process of preparing company’s financial statements. (AccountingCoach, n.d.)

Financial Software Market Situation and Competition

UFIDA is the most famous brand name among the Chinese software industry. In 2004 it was awarded the honor of Key Enterprise in China by the Chinese government (UFIDA Document, 2007). From the company’s website, we know that UFIDA is the Chinese largest software supplier of administration software, ERP software, and financial management software, and holds the largest market share in the Chinese ERP market. Until 2006, there are 500 thousand enterprises using UFIDA products and there are 40 thousand enterprises choosing to use UFIDA products every year (UFIDA, n.d.). During 2002-2004, UFIDA was the enterprise whose growth rate nearly 36% was on the second place comparing to that of the first 60 software supply companies in global. In 2006, UFIDA is the first holder of market share in Chinese software market. Especially in the financial management software market, it is the sixteenth year that UFIDA has been consistently in the first place in terms of market share. Only in the Peking, the UFIDA has more than 300,000 customers using its financial management software. The Figure 5-2 shows the UFIDA’s financial management market share in each year from 2002 to 2006 (UFIDA, n.d.).
In the market, UFIDA has to face a number of rivals. Some of them are domestic companies with nearly the same quality and size. Some of them are foreign companies with the better experience and knowledge (Hu, Lin, & Foster, 2003). The Figure 5-3, which is quoted from the UFIDA market report, shows the result of comparison between UFIDA and its few main competitors in terms of Well-know Rate, Reputation Rate, and Purchasing Rate.

Figure 5-2: Financial Management Software Market Shares in Recent 5 Years
Source: (UFIDA, n.d.)

Figure 5-3: Comparison between UFIDA and its Main Rivals
Source: (UFIDA, n.d.)
Kingdee is the key rival for UFIDA as it shows in both Figure 5-3 and Figure 5-4. Kingdee, known as Kingdee International Software Group Company Limited, was founded in August 1993 with the headquarters in Shenzhen, China (Kingdee, n.d.). Chinese software market is dominated by Kingdee and UFIDA, but these two companies have different market focus. Kingdee mainly targets on private enterprises and SMEs while UFIDA mainly services government agents and state-owned enterprises (Tam, 2008, p. 2). Currently, Kingdee has provided information services to over 500,000 enterprises, government departments and organizations around the world. Kingdee Group has three software Parks respectively in Shenzhen, Shanghai, and Beijing. Kingdee’s sales network consists of 40 branches for selling software products and providing services, 1200 business partners for consultancy, technology, service implementation, and distribution. This sale network spans across four regions, namely Southern, Eastern, Northern, and Western China, covering 261 cities and districts. The strategic goal of Kingdee is to build a strong software team in China that can provide excellent software service and create values to customers. (Kingdee, n.d.)

Especially in the application of Saas (Software as a service) conception, Kingdee is one-step ahead of UFIDA. Kingdee recently launched YouShang.com which is China’s first online management software platform, integrating online management and e-businesses. Online financial management was provided as one component function on the YouShang.com. (Kingdee, n.d.)

Lots of market analyzers positively think that although the UFIDA’s foreign rivals have stronger technology background and richer experience in internationalizing products, the concept behind their products is not suitable for Chinese. China has a different concept and behaviors in managing financial data. Some of the conception or behaviors in China may be very different, even strange for foreign software
developing company, while those differences are mainly culture related. In order to design good software containing special Chinese feature, foreign software developing company must learn and understand Chinese enterprise culture. Another difference between the Chinese economy and foreign economy is that the Chinese economy is following the Deng Xiao Ping’s "Socialism with Chinese Characteristics” theory. The “Socialism with Chinese Characteristics” leads to the situation that the foreign ways in conducting business have to be modified in some extent before it was allowed to apply in China. This means that the foreign company’s products cannot meet with Chinese customer’s need without any modifications (GaoShanLiuShui, 2006). In general, there is no regulatory entry barrier for international software developers to get into China. However, the lack of domestic knowledge and insufficient scale of supporting network make it difficult for foreign players to get a bigger market share. It takes time to customize Western products in China business practices, such as accounting standards, as well as the cost which is normally higher than the Chinese software developer (GaoShanLiuShui, 2006). UFIDA, as the biggest Chinese domestic software supplier company, has its own inherent advantages in this aspect. Tsz-Wang (2008, p. 8) stated in his analysis report that a critical feature for the large foreign players is “cultural or management style fitness”. As he said that the Chinese management model is derived from working experience and provides the product differentiation. This feature gives domestic software manufactures a stronger competitive advantage over their foreign competitors. (Tsz-Wang, 2008)

**UFIDA’s Marketing Operation**

**Product**

In present days, UFIDA Company has around 90,000 customer Companies and 300,000 users in the Peking City. The company’s products are designed by its special R&D department. All the employees working in that department are highly educated and have rich experiences in design field. UFIDA products are particularly designed for the Chinese customers according to their habits in usage. The UFIDA’s financial management software strongly accords with the rules of Chinese Account system. For the disadvantages of the focal company’s products, our interviewee thinks it may be that UFIDA’s product has its standard criteria regarding to its design and functions which limits its capability in satisfying individual enterprise custom requirement. It is sure that the company’s product is perfectly suitable for most of enterprise’s basic requirement in the financial management. However, since some enterprises have their own unique way for dealing financial data which is not familiar for UFIDA’s design department. Due to this, to some extent the focal company’s products did not satisfy the special characters of its customers. What luck is, that our focal company’s relevant units are working on this direction by adding the possibility of second-time development. However, since the diversifications are too wide which bring a lot of difficulties to the design work.
UFIDA has its own department which is responsible for the package design. They design the casing, and then send the design to the sub-factory to produce the pack. Normally, the package will include the manual, which is documented by the company’s technicians. In the company’s point of view, how the pack is looked like is not important. For software, the key element is the technology. UFIDA puts more weight on the technology rather than the appearance. Since what the company’s customers care about is whether the software can meet with what they need, not the appearance of the product that how it looks. Therefore, the UFIDA’s standard for package appearance is not high.

The quality of product should be evaluated from the customer’s viewpoint. If the product can satisfy the customer well, then it is high quality. If it cannot, then the quality is not good. Based on this criterion, our interviewee considers UFIDA products have high quality in the Chinese market. However, from other dimension, for example in the technical dimension, UFIDA products belong to the mild level comparing with other foreign companies, such as SAP, Oracle etc. The strength of foreign companies is that they have very rich experience in internationalizing their products, and nearly all of their customers are inside the list of top 500 global enterprises. UFIDA still needs to do a lot to catch up with those foreign competitors.

In our interviewee’s opinion, the company’s service providers have a high level of professional knowledge. The company puts two requirements on the selection of the employees to provide the service. One is the knowledge on accounting, and another is the knowledge on computer. Only the employees who have good knowledge in both fields and pass the internal exam of the inter-training program for the service providers are allowed to work on the service position.

The main goal of the focal company’s pre-sale service is to communicate with its customers, to convince them that UFIDA has the strong ability to solve their issues. There are two contents involved in our focal company’s pre-sale service: one is the consulting service which is providing solution according to customer’s requirement, and another one is linking UFIDA’s product to the solution to demonstrate them how the focal company’s product can be applied in the solution to solve the customer’s issues. Our interviewee believes that the pre-sale service can help the customers to make a right decision.

The company’s requirements of selecting a pre-sale consulter are quite high. As a pre-sale consulter, he/she should be able to convince the customers to believe that he/she is a qualified specialist for them, and can be trusted. By that, the customers will believe what the company’s consulters said and believe the product its consulters suggest is the right one for them. Currently, UFIDA lacks of this kind of qualified pre-sale consulters. Not only UFIDA but also other competitor companies need good pre-sale consulters. As a qualified pre-sale consulter, he/she should have a very good knowledge in the field they are working for, and has own arguments which can be accepted by the customers, and be self-confident. At the moment, the UFIDA has
some qualified pre-sale consulters to secure its product sale, but the company needs more those kind of consulters.

**Price**

UFIDA prices its product according to the product cost and other factors. The price of other congener products available in the market is also a consideration.

What the company sells are high-technical products which are not affected by the seasons or other factors that force the company to put discounts on its products. Therefore, the company’s price discount policy is very limited. The retail price is relatively stable, but normally the company gives little bit discount for the group enterprise due to the huge-volume they buy. UFIDA also applies the price discount strategy when the company promotes a new product or during big events such as the company’s anniversary activity. The company’s sale persons will estimate the discount grade, and then report to company for confirmation. The company also gives different discounts to its sale agents depending on their qualification.

The way of payment is normally written inside the contract. The company allows its customer clear up their payment in the following stages:

1. Pay the first portion when signing the contract. (the portion of payment depends on the negotiation)
2. The second portion of payment will be clear after the company provides the solution.
3. UFIDA gets the third portion of payment after the system is installed.
4. The fourth portion will be paid after the customer confirms the system.
5. The rest of payment will be paid after the system runs for one year.

**Promotion**

It is sure that the company’s product sale is standing in the line of its reputation. The sale volume is high if the reputation is positive. Among the focal company’s products, U8 is the most popular one. The reasons are this product has been promoted for long time, and has been solidified by market, so its functions have been well approved. YongYouTong is designed for small size company, the profit margin is relatively low, and therefore the company does not intend to put too much investment in YongYouTong promotion. NC is the new project for UFIDA, and its brand name is becoming famous now. The company is very happy to see that NC’s sale has exceeded that of U8, although the NC is not as famous as U8.

The target audiences of our focal company’s promotion are the managers of enterprise. Normally, the company will participate in various entrepreneurs’ events and try to be one of the sponsors of those events. The company also tries to make debate or make speech on the events to gain the attention from other entrepreneurs.
Sometimes company’s clerk also introduces the company’s new products in those events to show them what the new trend in the market is, and how our product can help them to catch up with the new trend and solve their reality problems in management. The company sometimes makes and organizes product announcement meeting by inviting the various enterprises’ managers or news reporters. The company also promotes its product through the website and newspaper, for example asking some specialist to write some article about the focal company, and then diffuse those articles to internet or public on the newspaper. By this way, the company can spread its brand name in the public.

The Company also has established a solid relationship with the Chinese tax authority. Since UFIDA has the certifications from the Chinese tax office as well as the Chinese product-quality-control authority, the focal company’s products are recommended by the tax office to enterprises. UFIDA also allows its sale agents to use their own poster to promote the company’s products. Beyond this, UFIDA cooperates with different universities as well. The company provides trial products to universities and help the lecturers prepare the presentation. It also provides the free chances for student to practice the company’s products.

**Place**

UFIDA has different distribution channels depending on the products. NC product is directly distributed to the company’s customer, because the sale agents do not have the sufficient qualification for the responsibility of NC distribution. UFIDA’s sub-companies are responsible for the NC sale. NC is targeted on the top group company, the company’s high-ending customers, which have lots of branch companies. Those group companies normally give a large volume order to UFIDA. U8 is distributed mainly by the focal company’s sale agents and targets to the SME companies. Retail is the common way to distribute U8 product. UFIDA’s sub-companies are also allowed to sell U8. The headquarters in Peking only sells NC. YongYouTong is only distributed by the sale agents, because this product is developed for the individual customer, the basic layer of the company’s customer-pyramid. UFIDA has a quite big number of customers using YongYouTong, but the profit from this customer layer is quite low. Its sale agents are classified into four categories: Platinum, Gold, Silver, and Copper. In Peking, the focal company has around 30 Platinum sale agents.

UFIDA also supports another distribution way which the company calls “Software lending”. For some small firms, due to the limitation of financial capability, they may not set up their own server instead they use UFIDA company’s server. UFIDA sets up a server for its customers and gives them the username and password. Those small firms pay for what the focal company did for them. Then, with the username and passwords, the companies are able to log into UFIDA’s server and use the software online directly.
Empirical Data from Questionnaire

Part I Respondents’ Personal Information

The highest percentage of our respondents’ age is between 21-35 years old which is 46%. The following is the one between 36-50 years old which is 37%. More than 50 years old is 10%, and 20 years old or below is 7%.

Concerning the size of company that our respondents work for, our collection data shows 42% of our respondents work in small size Enterprises, 31% of respondents work in medium Enterprises, and 27% of respondents work in large company.

Our respondents who work in manufacturing is 20%, in Financing is 15%, in Service Industry is 14%, in Real Estate and Construction is 16%, in Government Owned Enterprise is 16%, in the government office is 8%, and in doing something else is 11%.

The respondents who hold the diploma is 30%, and bachelor’s degree is 46%. The percentages of master’s degree and doctor’s degree are much lower than the former two, respectively 14% and 1%. The percentage of middle school is 2% and high school is 7%. We also find out most respondents with low education level (middle school and high school) are more than 50 years old.

Part II Consumer’s Usage Situation

With the collecting data, we find that 60% of our respondents are using ERP-U8, 29% of them are using ERP-NC, and 11% using YongYouTong.

45% of the companies we survey start to use the focal company’s software from 2005 to now. 35% of the companies are from 2000 to 2005, 19% are from 1995 to 2000 which is lower than the former two options. The option from 1988 to 1995 is the lowest one which is 1%.

The most common channel our respondents used to access to the focal company’s products is through the government recommendation which is 30%. The data also shows that the sale person has played a significant role in spread of the focal company’s product which is 28%. The focal company’s advertisement plays 17% role, the internet is 13%, and the friend introduction is 12%.

Regarding to the question of where our respondents buy their product, 67% of them stated that they got the products from the focal company’s sale department, while 33% is from the software retail shop.

Concerning the reason for why our respondents use the focal company’s products, 86% of our respondents declared that they use the focal company’s products due to the
obligatory requirement from the company they work for, and 8% is due to the
government’s regulation while individual personal need is only 6%.

The managers of our respondents have significant effect on the company’s buying
decision which is 88%. The data shows that only 5% of our respondents make the
buying decision based on themselves. It is even less than the percentage of effect
from the sale person which is 7%.

89% of our respondents think that UFIDA’s software meets with their needs in the
work, 9% think it is not quite fit with their needs, and 2% think that the product
does not meet with what they need.

96% of our respondents do not have the intention to use other company’s product.
Only 4% users would like to switch to other company’s product. The reason given by
those respondents who would like to change their current product is that they want
to develop their own product. They think that own developed product will be better
to meet what they need than the UFIDA Company’s.

Part III Factors Influencing Customers’ Purchasing Decision

In this part, we use Likert-scale to calculate the degree of the elements of marketing
mix which affect customer’ purchasing decision. We use 1 to 5 to present the value
of the options we gave, where 5 stands for most important, 4 stands for important, 3
stands for moderate, 2 stands for less important, and 1 stands for not important
referring to the third part in the Appendix II. Our respondents will mark one from
five options, and we use the corresponding value for the calculation. If respondents
choose most important, the element they selected has the highest influence on their
purchasing decision. The principles of calculation are explained in the beneath
paragraph.

Likert Scaling is a one-dimensional scaling method, and in our paper we use five-
level Likert item for the Likert Scaling. First we give five options, which scale from 1
to 5, to each of the questions for the marketing-mix elements. For each question, we
add all the respondents’ scale together, then divide the sum by the number of our
respondents which is 153 in our case, and get the final scale for each question.
Further, we add all the scale of each question under each element of marketing mix
respectively, and then divide the sum by the number of questions for each element
respectively, for example 5 for the product element because there are 5 questions
under this element, and get the final scale for each element.
Figure 5-5: Marketing Mix Elements’ Effect

The above chart shows the score of each element of marketing mix. The product (4.42) is the most important effect on purchasing decision. The runner-up is the price (4.01) which is close to the score of product. The channel of distribution (3.27) has a less effect. The promotion (3.08) makes the least influence on the purchasing decision.

Figure 5-6: Product Effect

As we mentioned previously, the product gets the highest score in marketing mix. More detailed data about the product element factors are presented in the above chart. The effective score of each factor on the product shows that the product quality is the most influential feature on the purchasing decision. The runner-ups are product service and Operability. Both product service and operability get the similar score comparing with the quality of product and also play an important role among the elements of product. The less importance is product reputation, and the package is the least important factor as it shows in the chart.
Figure 5-7: Price Effect

The price element is the second important influence among the market mix as it shows in the price chart. The above chart shows that the reasonableness between price and quality is the most important variable that affects the customer’s decision-making regarding to the price element. The way of payment has the least effect and the relation between price and brand reputation holds the second place among the three variables under the price element of market mix.

Figure 5-8: Promotion Effect

Promotion is the least influential element in our case. Among the four variables of promotion, the government recommendation has most influence on the users’ decision-making. The influence of this variable is even much higher than that of sale person recommendation which holds the second place of the five variables. The variable of discount for large-volume purchasing is the third one which is followed up by advertisement and internet promotion.
We use CCFP which stands for Convenient Channel for Purchasing, and CLSS which stands for Convenient Location of Sale Shop in the above chart. From the graphic, it is manifest that the effect from these two variables seems not having too much difference in the weight although the CCFP is little bit higher than CLSS.

**Part IV: Satisfaction of UFIDA Products**

<table>
<thead>
<tr>
<th>Product</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the Operability Convenient?</td>
<td>45%</td>
<td>39%</td>
<td>15%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Does the Software Manage Financial Information Efficiently?</td>
<td>55%</td>
<td>35%</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Service**

**Installation Service**

<table>
<thead>
<tr>
<th>Does the Installation Engineer Have Good Service Attitude?</th>
<th>58%</th>
<th>36%</th>
<th>4%</th>
<th>2%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the Installation Service Efficient?</td>
<td>30%</td>
<td>47%</td>
<td>18%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**After-Sale Service**

<table>
<thead>
<tr>
<th>Is the Professional Level of Trainer High?</th>
<th>30%</th>
<th>48%</th>
<th>13%</th>
<th>9%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the Trainer Have Good Service Attitude?</td>
<td>68%</td>
<td>27%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Is the Arrangement of Training Course Reasonable?</td>
<td>8%</td>
<td>10%</td>
<td>35%</td>
<td>45%</td>
<td>2%</td>
</tr>
<tr>
<td>Question</td>
<td>22%</td>
<td>30%</td>
<td>33%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td>Is the Comprehension of Training Course Easy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are Questions Resolved in Time by Consultant Service (Hotline and Online Consultant)?</td>
<td>33%</td>
<td>49%</td>
<td>17%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Does Upgrade Service Perform in Time?</td>
<td>30%</td>
<td>48%</td>
<td>21%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Is Maintenance Service Good?</td>
<td>25%</td>
<td>40%</td>
<td>14%</td>
<td>20%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Price:**

<table>
<thead>
<tr>
<th>Question</th>
<th>35%</th>
<th>40%</th>
<th>24%</th>
<th>1%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the Price Reasonable for Reality Quality?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is Discount for Buying Attractive?</td>
<td>12%</td>
<td>18%</td>
<td>20%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Is the Price Negotiable?</td>
<td>5%</td>
<td>12%</td>
<td>30%</td>
<td>48%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Promotion**

<table>
<thead>
<tr>
<th>Question</th>
<th>32%</th>
<th>25%</th>
<th>43%</th>
<th>0%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is Promotion Attractive?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are the Product Introduction Channels Sufficient?</td>
<td>28%</td>
<td>68%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Place**

<table>
<thead>
<tr>
<th>Question</th>
<th>50%</th>
<th>38%</th>
<th>12%</th>
<th>0%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the Channel of Purchase Enough?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After we investigate the customers’ satisfaction about the company’s product, we find out most of respondents think that the product quality in terms of the operability (45%+39%) and efficiency (55%+35%) is high. The feedback of service which provided by UFIDA is positive from our respondents as it shows in the table. 94% (58%+36%) think the installation engineers have a good attitude, and 77% (30%+47%) think that the company engineers’ work is efficient. Most respondents have satisfied with the company training service since 78% (30%+48%) think the trainers have good training skill, as well as the professional knowledge regarding to the software application. 95% (68%+27%) think that the trainers’ service attitude is good. We also find out that 9% do not satisfy with the trainers, and the reasons they gave to us mostly concern to the comprehension. They feel it is hard to get an in-depth understanding of what the trainers teach in some extent. However regarding to the reasonable arrangement of training courses, 45% think the company does not manage it well. Most of those 45% point out that the weakness of the course is the content is too much to be fully absorbed within the certain amount of time. In addition to that, the practice time is sometimes cut down due to the time shortage, which leads to the gap in applying the knowledge gained from the training course to the software operation in real time. Some customers of those 45% think that the training materials are unclear and insufficient for software operation purpose. 52% (22%+30%) of our respondents think that the course is easy to understand, while 15% of them are on the contrary. The reasons given by them seem concentrating on
the low level of the primary computer knowledge. Most of our respondents have received their service in time. Among them, 82% (33%+49%) have their questions solved in time, and 78% (30%+48%) was able to get their update service in time. One point worth for mention is that in the maintenance service, we find a significant number of our respondents (20%) are not satisfied. The main reason they present to us is that they have to book time with company when the things go wrong, and it normally took more than two days before the company sent technician to solve the problem. 75% (35%+40%) of our respondents agree that the price they pay for the software is worth. However, there is 30% (12%+18%) stated that they bought the software because the attraction of price discount. There are 48% of the respondents thinking that the focal company’s price is not flexible. For the company’s promotion, 43% hold the neutral opinion for the focal company’s promotion. 96% (28%+68%) of our respondents think it is easy to access the information of company’s products, and 88% (50%+38%) agree that the company product is easy to access in the local shops.

From the open question, the respondents also give additional points which cannot satisfy their requirements. We summarize the typical opinions as below:

• Lots of respondents think that UFIDA products are not customizable according to the customer unique feature such as special functions which are only required by individual customer.

• Many of them think that the manual fails to explain operation steps explicitly.

• Many people think course setting is not reasonable, and the content of training course is too much to comprehend. The realistic practice time is too short as well.
6 Analysis
6.1 Five Forces Framework

Threat of New Market Entry

Economics Scale – R&D and Service

Our secondary data demonstrates that UFIDA has many R&D bases (refer to Figure 5-1) with a huge number of professional researchers. Its R&D system scale in terms of both hardware – like building, equipment, number of researchers, financial capital investment – and software – like knowledge, competence of human resource – are large. Its rivals’ R&D system scale is increasing as well (refer to the Financial Software Market Situation and Competition section in the finding part) due to their rapid market growth. The overview picture of the industry R&D system is that the R&D is developing in an economical scale shape. For the new market entrants, it is difficult to build up a big size and proficient R&D system within a short time with the intention of coping with the present companies like UFIDA. As a result, the new market entrant loses its competitive advantage in the R&D economical scale. Hence, the economical scale in the R&D system is a visible advantage for existing rivals in the market, but a high barrier for the new market entrants.

Through the secondary data, we find out that UFIDA has a very powerful service network system (refer to the Service Network Scale in the finding part). The company deploys a large number of its service staffs to provide many relevant services in the system which becomes a strong backup support force for its market sale. Many other rivals in the market are striving to advance their service system to sustain their company’s development as well (refer to the Financial Software Market Situation and Competition section in the finding part). Service becoming a part of the economies scales in the market is a barrier for the new market entrants. New market entrant is impossible to build up an efficient service network at the time it decides to enter market. Since new market entrants’ service network cannot reach to the same scale as the existing companies’ in short time and their service quality is not recognized thoroughly by customers as well, they do not have the competitive advantage in service comparing with the present companies in the market. As a result, the service scale in the market brings a strong barrier to the new market comers.

From our findings, we do believe that UFIDA’s economies of scale in the financial management software market are high. According to its 29.7% market share in 2006 (refer to Figure 5-2 in the finding part) which is on the first place, its product has been widely accepted by the market and has established a solid resistant force for the new market entrants. The other existing rivals have certainly formed their market share scales as well since they engaged in the market, as it shows in the Figure 5-4. The newcomer company has to stand on the pressure from the existing
companies’ marker share. This market share pressure is considered as a market entry barrier for new entrants.

By analyzing the factors like the scale of R&D system, service network system, and market share between UFIDA and its rivals, we think that new market entrants have to accept the cost disadvantage if they are not able to enter with huge economical scale. The threat from new market entrant is relative low for the existing companies since the current industry scale is a large barrier for them.

**Product Differentiation – Promotion, Brand Loyalty**

From our interviewee, we got to know that UFIDA has its unique way to promote its products (refer to the *Promotion* section in the finding part). The company supports the trial software to universities for the accountant school. The company helps the school’s lecturers preparing the presentation on the company’s products and supports them the necessary tools for teaching their students. The students are also allowed to practise themselves with the trial software. As we know that the future career of most students whose major is accounting is going to be accountant. Comparing with UFIDA’s rivals, this promotion way could be able to bring the pre-opinion about the company’s products to those potential users. Our secondary data do not present the information that other competitors have the similar promotion strategy as what UFIDA has. The difference of UFIDA’s promotion strategy is that UFIDA targets on the persons whose future occupation is accountant, while its rivals target on the persons whose current occupation is accountant. UFIDA’s unique promote strategy differentiates the company from its rivals and makes its products different. UFIDA’s ability in diversifying its products is also a threat for the new market entrants.

The brand loyalty is an aspect of the embodiment of product’s differentiation. Our secondary data shows that UFIDA has a huge number of customers in Asia. Until 2006, there are 500000 enterprises using UFIDA products and every year there are 40000 enterprises choose to use UFIDA products (refer to the *Financial Software Market Situation and Competition* section in the finding part). The increasing number of customers brings a large number of loyal customers to UFIDA. However, the secondary data also shows that not only UFIDA but also its competitors have established a huge number of loyal customers. The Figure 5-4 shows that UFIDA competitors’ market shares are not low either which means their loyal customer number is not small. From the Figure 5-3, we can see that the existing companies have high brand loyalty which is another barrier for the new market entrants. The brand loyalty is considered as a barrier because the new market comers cannot overcome the brand loyalty problem without a heavy investment.

**Capital Requirement for Market Entry**

It is sure that competition is based on the available capital that a company can offer. The vast investment of capital involved in a market competition is a noticeable
barrier for the small newcomer company. Especially, the unknown return in marketing promotion and R&D activities is a high risk for the new market comer. Our secondary data shows that UFIDA’s annual revenue is very enormous (refer to Financial Capability section) which should be able to cover its financial requirements in both marketing promotion and R&D activities. From UFIDA rivals’ annual turnovers, we also think that their financial capabilities are also very strong in supporting their marketing promotions and R&D systems. The vast capital invested in the marketing and R&D system puts a high pressure on new market entrants.

**Cost Disadvantages Independent of Size.**

No matter the size and the level of economies scale that the newcomer company wants to reach, the cost advantages of present companies such as patent cannot be ignored by the potential new entrants. Our secondary data shows that UFIDA holds the property right of 115 patents. With the growth of existing companies, they also develop their patents in technology. For the high technology industry like software industry, holding patent means holding core technology. The right of using core technologies plays an important role in the software design process which directly affects the quality of software. Therefore, the patent right creates a barrier for the new market entrants. Another one that brings a challenge to new entrants is the market experience. UFIDA has accumulated 20 years of experience in the market with holding more than 115 patents’ property rights. Many of its rivals have few years experience in the market too. Normally, the longer one company markets in an industry, the more experience it will gain, by which the company could be able to improve its market performance. For that reason, the accumulated experience in the market is a competitive advantage for existing companies which contrarily is a challenge for the inexperienced entrants.

From the above analyses concerning with economic scale, product differentiation, capital requirement, and cost disadvantage independent of size, we consider that the barrier of market entry is high. The new market entrant companies could not be able to create a serious threat for the existing companies.

**Threat of Substitutes**

Before the emergence of financial management software, most companies or accountants use book-keeping to manage the financial data manually. Even nowadays, there are still some small companies or store-owners using book-keeping to manage their financial data in China. Therefore, book-keeping is considered as a substitute for the UFIDA product (refer to Substitution Section).

Manifestly, the book-keeping does not have many advantages over the financial management software. The only advantage of book-keeping is that this way has been applied in Chinese for very long time, and it is very adaptable to the usage habits of every accountant or store-owner. However in terms of efficiency, the financial management software is much better than book-keeping, if the software
can be easily modified according to the user’s habit. The weaknesses of book-keeping mainly consist of two points. First, it is a time-consuming process for statistics and management. Second, the management of financial data by book-keeping is tedious which results in the accuracy not as high as financial software. With the Chinese economics development, the financial work is becoming burdensome. The requirement of financial management software emerges gradually. More and more companies use the financial management software to manage their financial data. Due to the weaknesses of book-keeping as we mentioned previously, the importance of book-keeping is becoming lower and lower.

Besides, the willingness to use book-keeping is low if there is suitable software. As we know that today’s economy requires enterprise to deal with huge amount of financial data with the intention to find out useful tips for strategy making. Although the book-keeping is flexible, it cannot deal with huge data within short time correctly. Therefore, there are less new users willing to use book-keeping if there is suitable software or any company can provide useful service for them. Hence, the threat of book-keeping as substitution is very low for financial management software.

**Bargaining Power of Customers**

According to the theory, if the customer purchases in large volume, the bargaining power of buyer is high. In our case, the bargaining power of buyer is low. From the questionnaire, we find most of customers are not large-scale enterprises since there is 71% (60%+11%) of customer using U8 and Yong You Tong. These two products are developed mainly for small and medium individual company, and the number of product those companies buy is usually in small volume. Besides, from the interview we find that although some large enterprises purchase in large volume, UFIDA does not give extra discount to them. The reason is that the focal company’s products are high-technical product which is not affected by the common reasons that cause the heavy discounts on clothing or food. The customers do not have many chances to get flexible price. So we think that the bargaining power of buyer is low. Additionally, the theory mentions that if the product cannot save the money for customer, the buyer's bargaining power is high. In our case, the financial management software is high-technical product. As long as the product and service is worthy and can save the customers’ money by bringing value many times than itself, then product is important to customer. The customers will value the quality of product and do not care about how much they pay for, so we think the bargaining power of buyer is low. Moreover, if the product customers buy is standardized and no differentiation or there are many suppliers who can provide similar product, and then the bargaining power of buyer is high. In our case, the software customers buy are special and differentiate for customers since there are rare suppliers in the market like UFIDA having the capability to provide good product in the terms of quality, and reputation. The products UFIDA sells are not the same with its rivals’. Although other rivals software can perform the same functions as UFIDA product, but the technologies behind the software are not the same. UFIDA has its own intellectual property patents. Basing on this point, we think that UFIDA product is different with its rivals.
Additionally, the service UFIDA provide is much unlike with its rivals’ due to its strong customer service network. As we know, what a customer buys today is not only software but also the service following with the software. There is no software which can always fit with a company’s need due to the rapidly changes in the market. When the market changes, the way company managing its financial data also changes. Therefore the after-sale service is very important for the customers. From UFIDA’s perspective, the deal is not finished with the end of transaction of the software. Summarizing the above, we do think that customers do not have better bargaining power.

Bargaining Power of Suppliers

According to theory, if the product supplied by supplier is special or differentiated with a high switch cost, the bargaining power of supplier is high. In our case, we think that the UFIDA’s suppliers have low bargaining power. As the findings mentioned, UFIDA is a biggest software supply company which has already been on the top of its suppliers. Unlike manufactory whose products are heavily depending on the raw material input, what UFIDA needs are just peripheral equipments for work and research such as disk, computer, and experiment equipments. These kinds of stuff are not special and differentiated and do not have effect on UFIDA product quality. Moreover, there are many suppliers which can provide the similar product to UFIDA. UFIDA has many chances to select and decide which one to be its supplier. Therefore, we think the bargaining power of UFIDA’s suppliers is low. Besides, if the supplier cannot cope with the pressure from the substitution product, the bargaining power is low (refer to Five Forces in Conceptual Framework part). According to the information our interviewee provided, there are two ways for customer to purchase the focal company’s products. One is the customers buy financial software disk, and another is the customers hire software from the company’s server and pay for it. By the second way, customers get the username and password to log in to the specific server that company provides. By this way, UFIDA sells its software without purchasing disk from supplier. The software lending way is considered as a substitution of disk which may make obvious substitution pressure to the disk supplier. So we think that the bargaining power of suppliers is low.

Competitive Rivalry

How to outstand from the competition among its rivals is a vital challenge for UFIDA. Our findings show that there are many financial software supplier companies in the market. Those rivals provide the similar product like what UFIDA sells and some of them are serious threat for UFIDA due to their competences. The Figure 5-3 in the findings section shows the comparison between UFIDA and its main rivals in terms of Well-known, Reputation, and Purchasing. Although UFIDA has a very good well-known brand name which is on the top of its rivals in the market, the reputation is lower than SAP and Oracle. If we take a look on purchasing, it is noticeable that UFIDA has the top sale among its rivals. Why do SAP and Oracle have the best reputation, but their sales are not positive? We consider the possible reasons maybe
like what our secondary findings stated. SAP and Oracle as the foreign software companies, they have a very high reputation in terms of technologies and international experience. The foreign companies’ products are much more internationalized than what Chinese companies do. The concept behind their products is not suitable for Chinese users. That is the reason why foreign companies have high reputation, but the sales are low.

From both Figure 5-3 and Figure 5-4, we also see that Kingdee is the top competitor to UFIDA. In fact, Kingdee is well-known as the second biggest software supplier company in Chinese market. Kingdee’s brand name is very popular in China too, although less than UFIDA’s. Kingdee product normally will be the next choice if the UFIDA product does not satisfy the customers or not available.

Porter (1998, p. 33) stated that if the market growth rate is slow, then the competition is going to be tough. On the contrary, many market analysts thought that the competition among the Chinese software market is intense due to the battle for initial customer. Once an enterprise finished the disposition of a financial software system, it is usually not going to switch to another system due to the high switch cost. Therefore, the more initial customers the company catches, the more of them will stick with the company in future. In the Chinese market, the fact is that the competition is strong although market growth rate is high.

6.2 Marketing Mix

The Analysis of marketing mix is based on the findings from both secondary data and primary data. According to our investigation, product is the most key element that affects the customer’s buying decision, as well as the first element that customer taking into account when making buying decision. Through the feedback of satisfaction, we find that UFIDA’s customers are satisfied with its products in terms of operability which means UFIDA’s product design is accepted by its customers in reality, and it shows the quality of product is good. This advantage of design can make customer to pay more attention on UFIDA product. With increasing consumer’s demand as well as customers becoming more familiar with the financial management software, the service quality emerges into the considerations of the customer’s buying decision and becomes a key element that affects the decision-making process. What UFIDA sells is not only the software but also the service related with the software. Therefore the quality of service will influence the purchasing decision of customer directly. Our result of the questionnaire shows that UFIDA’s customers are very satisfied with its services in terms of installation, consultant service, and upgrade. It also proves that consumers satisfied with the company’s implementation on these aspects. The quality of service provided by UFIDA is good. However, in other aspects of the service, it seems UFIDA needs some improvements. Because the answer we got from the respondents is limited, and problems we find cannot absolutely represent UFIDA disadvantage when they conduct the service. These points made a passive impression on customers, which influence the degree of satisfaction of customer. It is also worthy to value. The questionnaire result shows
that 45% customers thought that the arrangement of training course is not reasonable, 9% of them thought the trainers are not professional and their level of training is not good. We recheck their personal data of this 9%, then we find out almost all of their age are over 50 years old. We also recheck the personal data of people who thought that the content of training course is not easy to comprehend (15%). From the questionnaires of them (15%), we find out nearly all of their age are over 50 years old. The further discoveries release that those elder users are generally having low level knowledge about the computer usage. Our interviewee also confirms that the low level knowledge on computer has limited the users’ comprehensions on the training course. During the training, when the trainers communicate with these customers, they find that the low level of trainee’s computer knowledge brings too much trouble for the company in training performance. From the interview, we get to know that only the trainers who have good knowledge in both accounting and computer, and pass the internal exam of the inter-training program for the service providers are allowed to work on the service position, that is, the lecturers for the training courses have been well selected after they passed the internal strict examination. This can be proved by major customers who think the level of trainer is professional. It is sure that the minor customers unsatisfied with the training course provided by UFIDA may not be considered as a very serious problem for the company. However, taking the effect of words-on-mouth into account, it may influence the new customers’ decision. If UFIDA could be able to minimize the negative feedback by handling this issue correctly, the effect of words-on-mouth may bring positive influence instead to help company to increase potential customers. Besides, we think the 45% of respondents, who thought the course is not reasonably arranged, is not a small rate which may reflect that there are some disadvantages exiting in the UFIDA’s training course. Due to this high rate, our group does believe that UFIDA needs an improvement concerning to its training service. As we know that the factors such as the course setting, the lecturers’ teaching skill, the trainees’ education background etc., are tightly connected to the customer’s capability of comprehension. Moreover, many customers think that UFIDA products could not well meet the special requirements but the standard ones. Our secondary and primary data do confirm that UFIDA products are general products for standard needs involved in different kinds of industry. Unluckily, some enterprises have their own unique way for dealing financial data and different companies have different characteristic, which are not familiar for UFIDA. Our interviewee said that UFIDA product has its standard criteria regarding to its design and functions which limits its capability in satisfying individual enterprise’s unusual requirement. His words show that UFIDA has already realized that the special function of its products which can satisfy demand of different customer is not prominent. From the result of our questionnaire, we get a picture that more and more customers not only have standardized requirement for product, but also expect the specializations on UFIDA product and want those specializations meet with their company’s feature. Based on this picture, our group thinks that if UFIDA could be able to increase its competence in developing specialized software according to various industries, then the company could increase their competitive advantage.
Our findings show that price is the second important role in the marketing mix, and strongly influences the buyer’s decision. Among the factors listed in our questionnaire, the reasonable price for good product quality is top factor that influences the customers’ decision. From the feedback of our respondents, we can see that our respondents agree that the price UFIDA charged is reasonable based on its product quality, i.e. the quality-price rate is widely accepted by its customers. From the result of questionnaire, we also discover that many customers think that the price is not flexible, and the discount is not attractive. Our interview shows that it is truth that UFIDA’s price is not very flexible. The reasons are that UFIDA’s product is high-technology related, and the software developing cost is huge. The company only gives some relative discounts to the group company purchases. For those small or medium companies, the price is relatively stable. The company’s products are unlike the product such as clothes or food heavily tying with date or seasons. The price of software will not change too much in short time, so some customers think the discount is not attractive and the price is not flexible. It is a challenge for UFIDA’s marketing department to improve its customers’ satisfaction regarding to its price. However, high price does not definitely represent it will influence customers’ purchasing decision. Our secondary data shows that UFIDA’s market share is big. The market share tells that a large number of customers still like to choose their products although its price is not low. Our questionnaire does release the information that UFIDA’s product quality and its brand reputation deserve its high price.

UFIDA’s promotion seems have least influence on its customer’s buying decision according to our questionnaire data. The government recommendation plays main role in UFIDA’s product spread. Normally, a government has a high status among its public, its recommendation working like a certification will directly affect a buyer’s decision. UFIDA seems very good at utilizing the government effect in public. The company takes good advantage of the public trust in Chinese government, and uses the trust to promote its products. From the interview, we learn that the company has a solid relationship with the Chinese tax office. The tax officers will recommend the company’s product to public if there is someone consulting them. This promotion way is very helpful for UFIDA. UFIDA’s other promotion activities are also interested in our respondents’ opinion, and have positive influence on the buyer’s decision-making process as shown in our questionnaire.

From the questionnaire, the place element seems to have relatively less influence on the customers’ purchasing decision. Our respondents agree the convenience of UFIDA’s distribution channel is high. It is easy to find the sale agents in the local market. The questionnaire data shows UFIDA’s channel of distribution can satisfy the needs of customers’ purchasing.
7 Conclusion

This paper investigates the current Chinese management software market conditions as well as competitors. Besides, we also survey UFIDA’s operations in market by collecting the feedback from its users which can reflect the UFIDA’s situation of operation.

We used two conceptual frameworks, five forces and marketing mix, in our paper. Five forces are used to examine the marketing situation in term of threats of entrant and substitution, the bargaining power of buyer and supplier, and Competitive Rivalry to find a position in Chinese software industry where UFIDA can best defend itself against these forces or can influence them in its favor. Marketing mix is used to examine UFIDA’s marketing operation situation in terms of product, price, promotion and channel of distribution with the intention to consider a better application of marketing mix for UFIDA.

According to the analysis of five forces concentrated on economic scale, product differentiation, capital requirement, and cost disadvantage independent of size, we consider that the barrier of market entry is high. The new market entrant could not be able to create a serious threat for UFIDA. Besides, the bargaining power of supplier and buyer are low, which shows that UFIDA is powerful between its supplier and buyer. They cannot bring much threat to UFIDA. Book-keeping have many disadvantages in terms of time consuming, efficiency and complexity, therefore the threat of book-keeping as a substitution is very low for financial management software. The competition among the existing companies in financial management software market is relatively high, which will give UFIDA high pressure and challenges. However, UFIDA also has their competitive advantages to cope with the intensive competition.

Through the analysis of marketing mix, we examined UFIDA’s marketing actions in terms of product, price, promotion, and channel of distribution. We think the product is the most important factor and price is secondary key factor which affects customer’s purchasing decision. Most customers of UFIDA satisfied with the company’s performance concerning to product and price. Besides, the channel of distribution has lesser influence and it is considered as a less importance to the customer. Promotion has the least impact on purchasing behavior.

However, according to our investigation, we find that UFIDA also have some problems in satisfying its customer’s needs, for example, the product lacks unique feature such as special function which can satisfy unusual demand of customer in various industries. In addition, training course setting is not reasonable, and the content of training course is too much to comprehend. The realistic practice time is too short as well. Besides, the discount is not attractive. Regarding to those problems, we will give our recommendations in the following section. Our recommendations are closely related to the marketing mix which may be the cues for
UFIDA to design a more effective marketing strategy in order to increase its market shares and support its market leadership position.

In summary, we have surveyed UFIDA’s market situation and its market strategy operation in marketing mix and find the above-stated problems. Taking our thesis’s strategic question into account, we do believe that UFIDA could be able to make an improved market strategy with the cues from our recommendations. We do believe that UFIDA could position itself fittingly in Chinese financial software market and design its marketing strategy by integrating our result of investigation. We wish our findings and analysis could help UFADA to learn the market situation more clearly, and defend itself against forces and influence them in its favor. We also hope UFIDA could make use of our recommendations in marketing mix to design its own effective marketing strategy in order to increase their marketing share as well as support its leading position.
8 Recommendations

According to our investigation, we think that UFIDA should try to maintain and enhance existing competitive advantages such as product differentiation and the good relationship with Chinese government. Besides, according to our exploration of UFIDA’s disadvantages, we suggest that the company should improve its disadvantages and decrease the negative influences they caused to design more effective strategies. We present our suggestions as below.

The communication between UFIDA and its customers is very important during the sale course. We suggest that UFIDA should increase the communication with customers and learn what the customers really need, which can make implementation of strategy in operation more effective. Moreover, UFIDA should pay more attention to the details and do not ignore any problem raised by customers. Only by standing in the same line with customer’s requirement, UFIDA will be able to increase its products’ attractiveness.

Regarding to the product, we think UFIDA should increase its flexibility in the product customization. UFIDA products are standard and common for most industries which lead to the weakness of the adaptation in different industry. We suggest our focal company details its product into various modules for different industry, so the customers were able to combine the modules based on their need. By this way, the company can improve its product’s adaptability concerning the customers’ unique requirement.

Since the customers who join the training course have various education backgrounds and their capabilities of comprehension are diverse, we suggest that the company’s training department should classify those customers according to the comprehension capability, and provide them with different level training and extra services such as appointing one special clerk to provide extra explanation to help them better understand the operation and functions of software. In addition, company should increase software practice opportunities after the training course to decrease the problems caused in practical operation in the future.

When the company performs the marketing promotion, we think the emphases ought to be put on the quality and potential profits that the company’s products may bring to customers. Since our focal company does not have a tempted price discount policy, the company ought to take advantage of product element’s positive factors, such as strong brand name and service network, to disperse the price attention from the price sensitive customers.

Addition to the above recommendations, we also suggest that the focal company may expand its co-operations with universities’ business school. We think if the company could establish the research collaborations with some top universities’ business schools in the fields such as market strategy, marketing operation, marketing service, etc. It may bring wider views or ideas concerning to the
company’s operation. Through this way, the company’s managers may gain some tips to design strategies from diverse views or ideas.
9 Reference


Appendix I: Interview with Focal Company’s Contact

1. How Many Customers Using Your Company’s Product in Peking?

There are around 90,000 enterprises with 300,000 customers in Peking.

2. In Your Opinion, are there any Advantage and Disadvantage Regarding to the Product’s Design? Please Describe Them in Detail in the Following Two Classes.

   **Advantages:** Our product is design by our special R&D department. All the employees working for that department are highly educated and have rich experience in design field. Our product is particularly designed for our Chinese customers according to their habits in usage. The main is that our product accords with the rules of Chinese Account system.

   **Disadvantages:** Our product has its standard criteria regarding to its design and functions which limits its capability in satisfying individual enterprise unusual requirement. It is sure that our product is perfectly suitable for most of enterprise’s basic requirement in the financial management. However, since some enterprises have their own unique way for dealing financial data which is not familiar for our company. Due to this, to some extent our product did not satisfy the special characters of our customer. What luck is, that we are working on this direction by adding the possibility of second-time development. However, since the diversification is too wide which brings a lot of difficulties to our design work.

3. Does Your Company Have an Independent Department Responsible for the Product Package, for Example How The Package Should Look Like, and What Should be Included inside the Package, etc.?

We have our own department which is responsible for the package design. They design the casing, and then send the design to the sub-factory to produce the pack. Normally, the package will include the manual, which is documented by our technicians. In our opinion, how the pack is looked like is not so important. For software, the key element is the technology. We put more weight on the technology rather than the appearance. For our customer, what they care is whether the software can meet with what they need, not the appearance of our product. Therefore, our standard for package appearance is not high.

4. Do You Think that Which Level of Quality the Company’s Products Belong In? Please Mark among The Low Level, Mild Level, Over-Mild Level, High Level.

The quality of our product should be evaluated from the customer’s viewpoint. If the product can satisfy the customer well then it is high quality, it cannot, then the quality is not good. Based on the criteria, I consider our product has high quality in the Chinese market. Of course there is other dimension concerning with
technology such as running-efficiency, comparing with other foreign companies, such as SAP, Oracle etc., in the technical dimension, then our product is belong to the mild level. The strength of foreign companies is that they have very rich experience in internationalizing their product, and nearly all of their customers are inside the list of top 500 global enterprises. We still need to do a lot to catch up with those foreign competitors.

5. How are the Feedbacks of the Various Kinds of Financial Management Software? Is there any one Most Popular? And Why Does it Become Most Popular if there Is One?

It is sure that the product sale is standing in the line of its reputation. The sale volume is high if the reputation is positive. Among our product, U8 is the most popular one. The reasons are this product has been promoted for long time, and has been solidified by market, so its functions have been well approved. YongYouTong is designed for small size company and the profit margin is relatively low. Therefore our company does not intend to put too much investment in its promotion. NC is the new project for us, and its brand name is becoming famous now. We are happy to see that its sale has exceeded the U8, although it is not as famous as U8.

6. What is the Professional Level of Your Company’s Employee Who is Responsible for the Service Providing to Customers?

Our service providers have a high level of professional knowledge. We have two requirements when we select the employees to provide the service, one is the knowledge in accounting, and the other is the knowledge in computer. Only the ones who have good knowledge in both fields and pass the internal exam of the inter-training program for the service providers are allowed to work on the service position.

7. Do the Services Provided by Company Involve Pre-Sale Service? If So, Can You Tell Us What the Content of the Pre-Sale Service is?

The main goal of our pre-sale service is to communicate with our customers, to convince them that UFIDA has the strong ability to solve their issue. There are two contents involved in our pre-sale service: one is the consulting service which is providing solution according to customer’s requirement, and another one is linking our product to the solution by demonstrating them how our product can be applied in the solution to solve their issue. We wish our pre-sale service can help customers to make a right decision.

8. Is there any Strength, Weakness or Problem Exiting in the Pre-Sale Service? Please Describe Them.

Our requirements of selecting a pre-sale consulter are quite high. As a pre-sale consulter, he/she should be able to convince the customers to believe that
he/she is a specialist for them, and can be trusted. By that, the customers will believe what our consulters said and believe the product our consulters suggest is the right one for them. Currently, UFIDA lacks of this kind of qualified pre-sale consulters. Not only UFIDA but also other competitor company needs good pre-sale consulters. As a qualified pre-sale consulter, he/she should have a very good knowledge in the field they are working for, and has own argument which can be accepted by the customers, and be self-confident. Currently, the UFIDA has some qualified pre-sale consulters to secure our product sale, but we need more consulters.

9. How does The Company Perform the After-Sale Service?

Our after-sale service targets to solve the problems after our customers purchased their product, for example, sometimes our customers got to troubles during the system running time which they did not see before, or could not be solved by themselves. We call after-sale service as maintenance service. The maintenance service consists of two forms: one is system update, and another is hot-fix. System update is considered as a new purchase which needs to sign a new contract. After the system update, the customer has a complete new product, and the fee for system update is high. Hot-fix service is to fix the problem of current product to sure that the system can run well. If the customers require the modification of the function but no new function, the hot-fix will be used.

10. How Did Your Company Promote its Products? And What are the Distribution Channels?

The target audiences of our promotion are the managers of enterprise. Normally, we will participate in various entrepreneurs’ events and try to be one of the sponsors of those events. We also try to make debate or make speech on the events by that we will gain the attention from other entrepreneurs. Sometimes we also introduce our new product in those events to show them what the new trend in the market is, and how our product can help them to catch up with the new trend and solve their reality problem in management. We sometimes make product announcement meeting by inviting the various enterprises’ managers. We also promote our product through the website and newspaper, for example asking some specialist to write some articles about our company, and then diffuse those articles to internet or public on the newspaper. By this way, we can spread our brand name in the public.

We also have established a solid relationship with the Chinese tax authority. Since we have the certifications from the Chinese tax office as well as the Chinese product-quality-control authority, our products are recommended by the tax office to enterprises. We also allow our sale agents to use their own poster to promote our products. Beyond this, we cooperate with different universities. We provide trial product to universities and help the lecturer prepare the presentation, also provide the free chance for student to practice our products.
11. How does the Company Price its Product?

We price our product according to the product cost and other factors. The price of other congener products available in the market is also a consideration.

12. How about the Price Discount?

Our product is high-technical product which is not affected by the seasons. Therefore, the price discount is very limited. The retail price is relatively stable, but we give little bit discount for the group enterprise due to the huge-volume they buy. We also give the price discount when we promote a new product or during big events such as the company’s anniversary activity. Our sale person will estimate the discount dimension, and then report to company for confirmation. For our sale agents, we also give different discounts to them depending on their qualification.

13. How did The Company Distribute the Products?

We have different distribution channels depending on the product. NC product is directly distributed to our customer, because the sale agents do not have the sufficient qualification for the responsibility of NC distribution. Our sub-companies are responsible for the NC sale. NC is targeted on the top group company, our high-ending customer, which has lots of branch companies. Those group companies normally give a large volume order to our company. U8 is distributed mainly by our sale agents and targets on the SME companies. Retail is the common way to distribute U8 product. Our sub-companies are also allowed to sell U8. The headquarters in Peking only sells NC. YongYouTong is only distributed by the sale agents, because this product is developed for the individual customer, the basic layer of the company’s customer-pyramid. We have a quite big number of customers using YongYouTong, but the profit from this customer layer is quite low. Our sale agents are classified into four categories: Platinum, Gold, Silver, and Copper. In Peking, we have around 30 Platinum sale agents.

Our company also supports another distribution way which we call "Software lending". For some small firms, due to the limitation of financial capability, they may not set up their own server instead they use our company’s server. Our company sets up a server for them and gives them the username and password. Those small firms pay for what we did for them. Then, with the username and passwords, the companies are able to log in to our server and use the software online directly.

14. Which Kind of Payment Supported by The Company?

The way of payment is normally written inside the contract. We allow our customer clear up their payment in the following stages:
1. Pay the first portion when signing the contract. (the portion of payment depends on the negotiation)
2. The second portion of payment will be cleared after we provide the solution.
3. We get the third portion of payment after the system is installed.
4. The fourth portion will be paid after our customer confirms the system.
5. The rest of payment will be paid after the system runs for one year.
Appendix II: Questionnaire in English Version

Part I: Respondents’ Personal Information

1. Age:
   - 20 years old or below
   - 21 – 35 Years old
   - 36 – 50 Years old
   - More Than 50 Years old

2. Company Size You Work For:
   - Small Size
   - Medium Size
   - Large Enterprise

3. Company Type:
   - Manufacturing
   - Financing
   - Service Industry
   - Real Estate and Construction
   - Government Owned Enterprise
   - Government
   - Else _______________________

4. Level Of Education:
   - Middle School
   - High School
   - Diploma
   - Bachelor’s Degree
   - Master’s Degree
   - Doctor’s Degree

Part II: Consumers’ Usage Situation

1. What Kinds Of Product Are You Using?
   - ERP-U8
   - ERP-NC
   - YONG YOU TONG

2. When Did Your Company Start Using This Product?
   - 1988-1995
   - 1995-2000
   - 2000-2005
   - 2005-Now

3. Through Which Channel Did You Know This Product?
   - Advertisement
   - Government Recommendation
   - Friend Introduction
   - Internet
   - Sale Person
4. Where Did You Buy This Product?
- Sale Department of UFID  ○ Software Store

5. Why Do You Use This Product?
- Required by Government Regulation  ○ Required by Company Regulation
- Individual Need

6. Who Affects Your Decision On Purchasing This Product?
- Your Manager  ○ Yourself  ○ Sale Person
- Others, Please Identify the Reason ______________________

7. Does The Product Features Meet with Your Work Requirement?
- Yes  ○ No  ○ Not Exactly

8. Do You Intend to Change to Other Company’s Product?
- No  ○ Yes, Please Identify the Reason __________

Part III: Marketing-Mix Effect in Buying Decision

In the following table, there are five options presenting your opinion on the influence intensity to each item. Please identify your opinion by marking one of these five options, for example, if you think that product service is the most important effect on your purchasing decision, so you mark the most important option, or you can mark the moderate option if you think the product service has the moderate influence on your decision-making.

<table>
<thead>
<tr>
<th>Marketing Mix</th>
<th>Most Important</th>
<th>Important</th>
<th>Moderate</th>
<th>Less Important</th>
<th>Not Important</th>
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<tr>
<td>Product</td>
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<td>Product Service</td>
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<td>Product Quality</td>
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<td>Brand Reputation</td>
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<td>Operability</td>
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<td>Package</td>
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<td>Price</td>
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<td>Way Of Payment</td>
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<td>Reasonable Price For Good Quality</td>
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<td>Promotion</td>
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<td>Internet Promotion Utility</td>
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<td>Sale Person’s Recommendation</td>
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<td>Advertisement</td>
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<td>Government’s Recommendation</td>
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<td>Discount For Purchasing In Large Volume</td>
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<td>Place</td>
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<td>Convenient Channel For Purchasing</td>
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<td>Convenient Location Of Sale Shop</td>
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**Part IV: Customers’ Product Satisfaction**

For each question in the following table, please mark one of the five options to show to which extent you agree with.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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<td><strong>Product</strong></td>
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<td>Is the Operability Convenient?</td>
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<td>Does the Software Manage Financial Information Efficiently?</td>
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<td><strong>Service</strong></td>
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<td><strong>Installation Service</strong></td>
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<td>Does the Installation Engineer Have Good Service Attitude?</td>
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<td>Is the Installation Service Efficient?</td>
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<td><strong>After-Sale Service</strong></td>
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<td>Is the Professional Level of Trainer High?</td>
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<td>Is the Arrangement of Training Course Reasonable?</td>
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<td>Is the Comprehension of Training Course Easy?</td>
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<td>Are Questions Resolved in</td>
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<td>No</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
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<td>Time by Consultant Service (Hotline and Online Consultant)?</td>
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<td>Does Upgrade Service perform in Time?</td>
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<td>Is Maintenance Service Good?</td>
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<td>Is the Price Reasonable for Reality Quality?</td>
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<td>Is Discount for Buying Attractive?</td>
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<td>Are the Product Introduction Channels Sufficient?</td>
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<td>Is the Channel of Purchase Enough?</td>
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If You Choose Disagree Or Strongly Disagree to the Questions We Mentioned Above, Please Identify Reason:

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___________________________________________________________________

Addition:

Please feel freely to state any problem which has arose during the product using time.
___________________________________________________________________
___________________________________________________________________
___________________________________________________________________
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