

# Enhancing the Brand Value of Commercial Bank

Nguyen Thi Ngoc Duyen

Banking University of Ho Chi Minh, 56 Hoang Dieu, Linh Chieu Ward, Thu Duc District, Ho Chi Minh City, Vietnam

**Abstract:** *The brand is considered one of the most valuable assets of the banks. It represents the corporate face, logo, recognizable slogan or marks the partnership of the bank with the partner. In fact, the banks are often identified by customers and call by brand name. The bank's brand carries with it a monetary value on the stock market (if the bank is listed), affecting shareholder value as it rises and falls. For these reasons, it is important to maintain the integrity of the brand.*

**Keywords:** brand, commercial bank, valuation, activity

## 1. Introduction

The brand is considered one of the most valuable assets of the company. It represents the corporate face, logo, recognizable slogan or marks the partnership of the company with the partner. In fact, companies are often identified by customers and call by brand name. And from there, the brand name and business name become one and the same. The company's brand carries with it a monetary value on the stock market (if the company is listed), affecting shareholder value as it rises and falls. For these reasons, it is important to maintain the integrity of the brand.

That is also the reason why many prestigious foreign brand valuation organizations (such as Brand Finance, Media Tenor, Nielsen, The Banker, Forbes ...) as well as a number of domestic organizations (such as Vietnam Report ...) regularly have independent, in-depth report on brand value in the banking sector in Vietnam.

## 2. Assessment, ranking of brand rating organizations for commercial banks in Vietnam today

### 2.1. Banking 500 ranking - the top 500 brand of the most valuable global bank of Brand Finance

Brand Finance is the world's leading independent brand valuation consultancy. Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. Brand Finance is headquartered in London, England. Currently, Brand Finance has subsidiaries and representative offices in more than 30 countries and territories. Brand Finance's brand valuation method complies with ISO 10,668, accepted by tax authorities and regulatory bodies of international size and reputation including IRS, HMRC and ATO (global standards). demand for brand valuation) ... With over 20 years of experience, Brand Finance has had many reputable and reliable assessment and rating reports on brands and markets for many different fields. Each year, more than 3,500 banks, companies and large corporations in the world such as ICBC, Well Fagor, ANZ, HSBC or Vodafone, Shell ... have relied on the reports of Brand Finance to re-evaluate their capabilities, bringing devise appropriate business strategies. In addition, businesses see opportunities to invest, develop and enhance

brand value from these reports.

Brand Finance calculates the values of the brands in its league tables using the 'Royalty Relief approach'. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it were not already owned. Brand strength expressed as a BSI score out of 100. BSI score applied to an appropriate sector royalty rate range. Royalty rate applied to forecast revenues to derive brand values. Post-tax brand revenues are discounted to a net present value (NPV) which equals the brand value.

According to Brand Finance's brand assessment method, the value of a brand is formed from: (1) The Brand Strength Index (BSI) includes related factors such as (i) cost of ownership investment in brand activities (accounting for 25%); (ii) factors related to brand equity, brand sustainability compared to other competitors (accounting for 50%); (iii) assess the brand benefits brought to businesses (the level of brand awareness in the market, the affection of customers, ...) (accounting for 25%); (2) Customer loyalty to the brand (Brand Royal Rate) and (3) Future profitability brought about by the brand (Brand Revenues). The average period over a 5-year period is based on reference to past trends, market growth rates, competitors, industry experts' forecasts and the company itself's forecast.

According to the ranking of Brand Finance, as of 2017, Vietnam has only 3 commercial bank brands including BIDV, Vietcombank and Vietinbank in the "Top 500 leading banking brands in the world". BIDV is valued as the leading bank brand in Vietnam; 26th among ASEAN banks; ranked at 401 among global banks, with a brand value of US \$ 255 million, becoming the largest bank brand in Vietnam. Vietinbank is followed by Vietnam ranked 2nd and at the position of 408 global banks, 27th ASEAN, with a brand value of 252 million US dollars; Vietcombank ranked 3rd in Vietnam and ranked 461 in global banks, 33rd in ASEAN, with a brand value of 201 million US dollars.

In 2019, BIDV made an impressive change in the ranking in the strongest brand evaluation index in Vietnam when it increased from the 5th position in 2018 to the 1st position in 2019 in accordance with the BSI index. At the same time, in the period of 2016-2019, BIDV's brand ranking continuously

Volume 9 Issue 3, March 2020

[www.ijsr.net](http://www.ijsr.net)

Licensed Under Creative Commons Attribution CC BY

improved from A (in 2016) to AAA- (in 2019) and the only brand to achieve AAA-rating in Vietnam.

In 2019, BIDV's brand strength index increased by 22% compared to 2018, from 66 points to 80 points (on a maximum scale of 100), which is the leading brand in terms of improvement in brand strength index in Viet Nam.

**Table 1:** Vietnam's strongest brand



## 2.2. Media Tenor's frequency index and media reputation

Media Tenor is a Swiss-based multinational media research unit with representative offices in more than 20 territories. Media Tenor specializes in analyzing mainstream media channels, leading professional newspapers in the world such as Wall Street Journal, Financial Times, Handelsblatt, Spiegel, Les Echo, Mint, CBS, ZDF, BBC, TVE ...

Media Tenor's frequency and media reputation rankings are aggregated, based on (1) High communication frequency plus positive business results; (2) Groundbreaking products and services; and (3) Good cooperation with stakeholders, customers, investors, communities, employees, governmental authorities, including media outlets. Media Tenor's frequency measurement and communication methodology is based on a set of 25 visual elements of nearly 2000 separate topics from strategy, product, performance, investment, business to lawsuits or customer relations on mainstream media channels with high traffic / Industry newspapers to analyze the activity of the object being analyzed. More easily understood, this is a form of market research based on information reflected in the media. With a large number of samples, a broad spectrum and a scientific synthesis method, drawing from experience, practice.

The analysis and measurement report on the media performance of Media Tenor in Banking industry in Vietnam shows that there are still some banks that are still passive in communication and PR, mainly following events, post what is available, the amount of positive information still accounts for a low rate, so when being posted with bad news, you have to run after "putting out the fire". When overcoming difficulties, the biggest problem continues: customers decline, partners leave because the unit has lost confidence, no reputation. From the results of the communication activities, Media Tenor also shows the immediate impact on the value and reputation of the brand, affecting the choices made by customers and investors. According to Media Tenor's many years of experience, businesses need to ensure the frequency of communication above the "awareness threshold", the rate of negative perception (negative tone) is below 10% and positive perception (positive tone) from 20%

above. Total information appears on the media to have a good reputation.

## 2.3. The Nielsen private Financial Market measurement report - PFM

Nielsen Holdings N.V. is a multinational corporation on market research and advertising of the USA, with headquarters in New York, USA and Diemen, Netherlands. Currently, Nielsen has corporate offices in more than 100 countries spread across 5 continents. Most major retailers in the world, many non-governmental organizations ... are Nielsen customers. Nielsen Vietnam is a leading company in Vietnam in the field of market research, capable of conducting comprehensive surveys and providing extensive knowledge of the Vietnamese market from qualitative, quantitative, communication measurement, brand health indicators, as well as specific research for consumer goods and services.

PFM Report is an exclusive Nielsen report made annually and used by many mining banks. The report includes the following contents: (i) Identify the main trends of financial market; (ii) Monitoring brand identity index and brand health index; (iii) Assess the level of habit of using retail banking products/ services of individual customers. Accordingly, PFM provides two important indicators affecting brand value: (1) Awareness of banks in the market with different levels of awareness: (i) First awareness; (ii) Identify assistance; (iii) Identify no assistance; (2) Brand health index (BEI) based on 3 factors: (i) popularity; (ii) the degree of willingness to pay high prices and (iii) the degree of willingness to recommend to others. The BEI Index can be used as a KPI, helping the bank to effectively monitor its brand communication and promotion activities.

Information about these indices help banks answer the questions: What level of awareness is their brand? Is it with marketing and communication efforts that the bank has the right level of awareness? Or does the bank have a strong brand in the minds of consumers? The report also analyzes the relationship between brands and customers so that banks are aware of the need to promote communication at the stage to get customer loyalty on the level from low to high as after: (i) Building brand awareness; (ii) Make the brand familiar; (iii) Ensuring a stable brand performance and (iv) Building brand loyalty.

The 2016 brand awareness and branding index of banks surveyed and measured by Nielsen in Hanoi and Ho Chi Minh City gives the overall picture of the banks' rankings: (i) For only in general, Vietcombank, BIDV and ACB are the three banks with high level of identification, > 99% for corporate customers and > 94% for individual customers, where Vietcombank is the leading bank for both customers and the first level of awareness (the highest level of awareness) is relatively high > 20%; (ii) For brand health indicators, at Ho Chi Minh City, Vietcombank, ACB, BIDV are the banks with the highest brand health index and at > 3; In Hanoi, the top 3 banks belong to Vietcombank, BIDV and Techcombank.

The Nielsen report shows a positive relationship between awareness and brand health. It also indicates that if a bank has a strong brand health index, then customers will love that brand, they will be willing to recommend and pay a high price for the bank's products or services promote the desire to experience and move forward with a long-term commitment to the bank.

#### 2.4. Ranking list of Top 10 prestigious commercial banks in Vietnam and the 500 largest enterprises in Vietnam VNR 500 by Vietnam Report

Vietnam Assessment JSC Vietnam Report JSC-VNR is one of the leading companies in the field of research, reporting, development evaluation and ranking of businesses nationwide and objects in social life in Vietnam. The founding members are leading experts in the field of research and consultancy with many years of international and international working experience domestic.

Ranked Top 10 prestigious Vietnamese commercial banks and Top 500 largest enterprises in Vietnam - VNR500 is the annual activity of Vietnam Report. The report has received the special attention of the financial - banking industry and has affirmed its prestige and reliability since the first year of publication to 2012. The report is based on scientific and objective principles, based on the synthesis of assessments of the bank's reputation from the influential media from the perspective of customers as well as experts finance.

The report ranks Vietnam's Top 10 prestigious commercial banks based on three main criteria: (1) The financial capacity and efficiency shown in the latest audited financial statements (total assets, total revenue, profits profit after tax, efficiency of capital use, bad debt ratio, ...) (calculated by 30% of weighted points); (2) Media reputation is assessed by the Media Coding method - coding of banking articles on some media publications (30% of the key points); (3) Survey on the level of customer awareness and satisfaction with the bank's products / services: Investigate, conduct in-depth interviews with financial experts about the position and reputation of banks goods in Industry; and surveyed banks themselves on capital size, revenue growth rate, profit, plan of operations in the year (40% weight score).

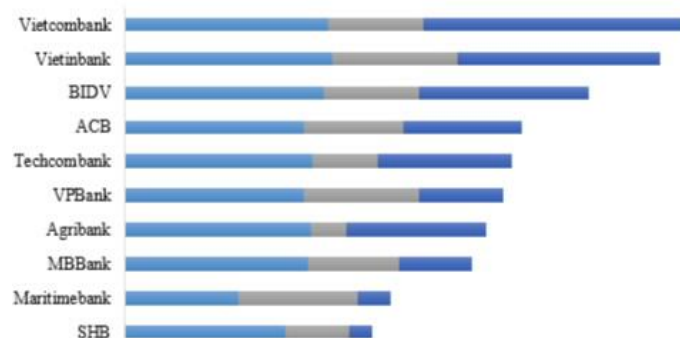
VNR500 – classification table for the 500 largest enterprises in VietNam under the model of fortune 500 - based on independent research and evaluation results according to international standards of Vietnam Report, which are annually published annually from 2007 by VietnamNet Newspaper, in consultation with local and foreign experts - especially Prof. John Quelch, Former Vice President of Harvard Business School.

VNR500 - Top 500 largest enterprises in Vietnam, including banks and financial institutions. VNR 500's ranking method is built to ensure the objective, transparent and scientific principles. Accordingly, in terms of selection of an enterprise, it is an independent accounting enterprise, irrespective of its equity capital and legal status, established

under Vietnamese law. Evaluation data as of December 31 of the previous year. Regarding evaluation criteria: revenue, profit, growth rate, total assets, total labor. Regarding the ranking model: Through assessing the status of the database as well as the asynchronous in accounting mechanism, VNR500 found that the simple and effective evaluation model of revenue of Fortune 500 is appropriate. Given Vietnam's current conditions, the VNR500 rankings are based on revenue criteria. Other criteria such as total assets, total employees, growth rate, profits, business reputation in the media are also referenced to assess the current status of the overall strength of the business.

In both the Top 10 prestigious banks, and the Top 500 largest enterprises, media reputation is measured by Media Coding (assessing the image of banks in the media) through The coding of articles about the bank is published on a number of prestigious financial and economic journals in Vietnam and is calculated on 24 specific operational aspects of banks from the results of the banking industry. Business, market, product, service ... to the activities and reputation of individual bank leaders (Table 6)

**Table 2:** Converting points of the ranking of the top 10 reputable Vietnamese commercial banks năm 2017



■ Financial score ■ Media Coding score ■ Survey score  
(Source Vietnam Report, June 2017)

According to the 2017 report of VNR, Vietcombank, Vietinbank, BIDV, ACB and Techcombank are the Top 5 most prestigious commercial banks in Vietnam. However, the Top 5 biggest banks belong to Agribank, BIDV, Vietinbank, Vietcombank and SCB brands.

The report also identifies the factors that are considered to be the most influential to the reputation of a bank in each evaluation period. For example, in the 2017 report, the three factors that have the greatest impact on the bank's reputation include: (i) Customer's assessment of the quality of products and services provided (90.9% of choices choose); (ii) The evaluation of the bank's reputation in the press, the media (63.6%) and (iii) The size of the capital, the bank's operating results (57.1%).

### 3. Conclusion

It can be seen that each brand evaluation company has its own method and method of evaluation. The results of each evaluation company show the credibility and reliability of the companies to investors, the community and the society.

However, it can be seen that there are 3 common criteria groups that organizations always aim for when evaluating reputation, factors affecting the brand value of a commercial bank. These are: (1) frequency of media reputation; (2) level of brand awareness and health; (3) Scale, operational efficiency of the bank.

From the analysis to find out the criteria, rankings, reports related to the brand, the author would suggest some solutions to enhance the brand value of each commercial bank as follows: Make the most of your PR ability to take advantage of the emerging PR opportunity; Use website as a strategic brand communication tool in the internet era; Constantly strengthen cooperation in the general trend of the market; Linking with large foreign financial groups into Vietnam to transform their competitive advantages into cooperative ones; Collaborative cooperation will create stability for the brand, giving the brand time to rebuild its core personality; Applying advanced banking technologies to reduce the use of employees in the transaction process with customers. At the same time improve the quality of service, overcome the current shortage of employees; Quickly position the brand to be able to overcome rivals; Improve the quality of service at all transaction points across the country, giving advantages to foreign banks with great potential.

## References

- [1] The Brand Finance's 2017 World's Most Valuable Bank Annual Report 2017 published in February 2017 (The Finance's annual annual report on the world's most valuable banking brands 2/2017).
- [2] Media Tennon's frequency and credit rating report 2015 (<http://vtc.vn/chuyen-gia-media-tenor-viet-nam-chia-se-thong-tin-ve-document-data-communication-ngan-d237418.html> by Van Hai).
- [3] Nielsen 2016 Brand Awareness and Brand Health Metrics Report by Nielsen.
- [4] Ranking list of top 10 prestigious commercial banks in 2017 (June 2017) by <http://vietnamnet.vn/vn/kinh-doanh/vef/cong-bo-top-10-ngan-hang-thuong-mai-viet-nam-uy-tin-nam-2017-380373.html> Source Vietnam Report and Ranking List of 500 Largest Enterprises in Vietnam in 2016 VNR 500 of Vietnam Report according to <http://www.vnr500.com.vn/Ngan-hanghe/Ngan-hang-tai-chinh-chung-khoan-Post/66.html>

## Author Profile

**Nguyen Thi Ngoc Duyen** is working at Banking University of Ho Chi Minh, 56 Hoang Dieu, Linh Chieu Ward, Thu Duc District, Ho Chi Minh City, Vietnam. She is a Master of Finance and Banking. Her field of study is Finance and Banking, Business Administration.