

# Branding Based On Employees in the Context of Commercial Banks in Vietnam Today

Nguyen Thi Ngoc Duyen

Banking University of Ho Chi Minh, 56 Hoang Dieu, Linh Chieu Ward, Thu Duc District, Ho Chi Minh City, Vietnam  
duyennng76[at]gmail.com

**Abstract:** *The objective of the study is to brand based on employees in the context of commercial banks in Vietnam. From the overview of the rankings at commercial banks in Vietnam, it is shown that more and more reputable organizations evaluate bank brands. However, it is necessary to set up a focal point with unified methods to assess the brand value of commercial banks today. Research results show that banks are increasingly high and stable on the charts and brands are considered as very important assets when accounting for 70% of the enterprise value. Brand value, especially brand value based on employees, is increasingly being invested by banks.*

**Keywords:** branding, employee-based branding, brand value, commercial banking

## 1. Introduction

International economic integration is an indispensable trend for any country in the current development period. However, besides creating certain advantages and opportunities for participating countries, there are also significant difficulties and challenges for all fields of this country, including Banking Sector [1].

In recent years, with the emergence of domestic and international banks, the money-banking business in Vietnam has grown strongly, creating fierce competition in the financial and banking markets. However, this has forced banks to adjust their operations and constantly improve their competitiveness [2]. In the context of increasingly fierce competition, Vietnamese commercial banks need to step up investment in brand building and development. Because brand name is not merely a sign to distinguish products and services of one bank from products and services of other banks, but most importantly, it is the basis to affirm its position of the bank in the market as well as the reputation and image of the bank in the minds of customers. Creating a brand value is a process that requires constant effort and proper investment of the bank. And to do this, banks need to rely on a lot of factors, but relying on employees plays a very important role. From that practice, it is imperative to "branding based on employees in the context of commercial banks in Vietnam".

## 2. Research content

### 2.1. Theoretical research

#### 2.1.1. Brand theory and branding

A brand is a term used to refer to any element (name, logo, slogan, packaging ...) that businesses use to identify their products/services or themselves in the market. It may be both elements that are not protected by law and elements that are protected by law but not under the name of the trademark such as trade names, geographical indications, industrial designs.

In other words, a brand is a unique and clear image in the perception of customers, giving them special benefits when using products/services produced or provided by a special business distinct. It would be wrong to think that a brand is really a brand only when it exists around consumers, not in their minds [3].

Thomson et al. stated that internal branding within enterprises is the activities of enterprises to ensure the emotional and intellectual aspects of the employees towards corporate brand in the enterprise culture [4]. Mahnert and Torres have pointed out three basic components of branding within businesses: brand value, internal and external market factors, trademark construction activities [5].

Through the above definitions, it can be seen that a brand is a name, a combination of colors, symbols, images, signs to distinguish this product/service or business from the product/service business or other businesses. Brand is the belief, the love that customers and the public have for businesses [6].

In Vietnam, the concept of brand is often synonymous with trademarks. However, in fact, the concept of a brand is much more widely understood, it can be anything attached to products/services to make them easily identifiable and different from the products/services of the same kind [7].

Branding is the process of selecting and combining tangible and intangible attributes with the purpose to differentiate products, services or corporations in an interesting, meaningful and attractive way. In order to build a long-term sustainable brand, businesses can refer to the following five steps: (1) Identify the brand foundation structure; (2) Brand positioning; (3) Building brand strategy; (4) Develop a communication strategy; (5) Measurement and calibration [8].

#### 2.1.2. Branding based on employees

There are different views about internal branding and employee-based branding. In the view of Jacobs, it is said that employee-based branding is a link of corporate

communication and employee-focused training to help employees understand and realize their importance to the organization and the role of assessment they hold in demonstrating the company's brand and values through their behavior [9]. An organization brand that acts as a promise must be kept at all times between an organization and its prospect and present, this promise must be understood internally and the entire organization must stick with fulfilling that promise. Organizational branding places an emphasis on employee attitudes and behaviors [10]. Internal branding is about helping employees understand the value of a brand and being able to deliver on brand promises to customers naturally in their daily operations [11]. Accordingly, each employee has a place in delivering the value of this brand. They are the interface between the internal environment and the external environment. They are brand ambassadors, playing a certain role in organizing brand communication to external audiences. Howards summarizes internal branding as an integration of marketing and the performance of organizational operations [12]. Internal branding is the process of engaging employees in the branding process, enabling them to more successfully demonstrate the quality of the brand to external consumers [13]. Employees are both the most important component of a company's organizational branding and communication efforts, and the most reliable source of information about an organization, so internal communication should be deeply cared for [14]. These studies demonstrate that internal branding is effective brand communication to employees combined with internal corporate image building through the integration of resources into build relationships, train and inspire employees on the basis of the strong cultural values of the organization in order to motivate employees to transfer brands to customers.

## 2.2. Research the situation

Brand is one of the factors determining the success of Vietnamese commercial banks. From the customer's point of view, a reputable commercial bank and brand name in the Vietnamese market will provide better and safer financial investment opportunities. In particular, the banking sector is primarily a monetary business. Therefore, the business based on trust and belief is a very important factor in the branding of the bank.

In the world, the history of formation and development of the Bank is associated with the development history of commodity production. In the process of economic development, the Bank has been required to develop and in turn, the Bank's development promotes economic growth. The origins of banking operations have started in many ways but in general, the Bank was born as an indispensable objective and has become an important type of organization for any economy. In Vietnam, on May 6, 1951, President Ho Chi Minh signed the Decree No. 15/SL to establish the National Bank of Vietnam, with the first general director being the late Vice Chairman Nguyen Luong Bang. The National Bank of Vietnam initially had the following main tasks: managing the issuance of banknotes and money circulation organization, managing the State Treasury, raising capital and lending for production and storage. trade

goods, manage credit activities with administrative measures, manage foreign exchange and foreign currency transactions and fight currency with the enemy. On 21 January 1960, the National Bank of Vietnam was renamed the State Bank of Vietnam. By 1975, policies and mechanisms of economic management as well as the banking system of the Bank in the North model were consistently applied throughout the country. The 6th Party Congress laid out the renovation policy for the country; two banking ordinances were issued on May 24, 1990 as an important legal basis to affirm the bank's drastic change: From One-level bank into two-level bank. The State Bank of Vietnam is the State management agency on credit currency and is the Central Bank, the system of commercial banks with business functions. Business activities in the monetary field, through practice, have required to bring banking activities into a higher legal framework, two banking ordinances have been summarized, upgraded to two laws passed and effective. Enforcement force from October 1, 1998. From here, the banking industry has contributed a lot to the common revolutionary cause of the nation and is growing day by day.

Thus, along with the establishment and development of commercial banks, there are currently about 31 commercial banks currently operating in Vietnam [15]. In which only 3 commercial banks have a list of the top 500 leading banking brands in the world including BIDV, Vietcombank and Vietinbank. Compared to 2018, the positions of these 3 banks have significantly improved, in which, Vietin Bank's brand value ranking increased from 310 to 242, BIDV from 351 to 307, Vietcombank from 368 to 325 (According to the evaluation of Brand finance). VietinBank is one of the 10 banks with the largest brand value change in 2018-2019, 66% change. Meanwhile, BIDV is also in the list of 10 banks with the strongest brand strength (22% change), only after Caixa bank of Spain and Indonesia's BTPN [16].

According to The Asian Banker's announcement, there are 14 Vietnamese commercial banks in the list of 500 Asia-Pacific banks in 2018. The above 14 names include: Vietcombank, Techcombank, MBBank, ACB, VietinBank, Agribank, BIDV, VPBank, HDBank, SCB, SHB, Sacombank, LienVietPostBank and Eximbank. The announcement of The Asian Banker said that many Vietnamese banks had a breakthrough in the ranking of the list of the 500 strongest banks in Asia in 2018, especially the appearance of Agribank, SCB and Eximbank - Three new factors in the list of the strongest banks in Vietnam today [17].

According to the Nielsen-PFM private financial market measurement report, 2016 brand awareness and brand index of banks surveyed and measured by Nielsen in Hanoi and Ho Chi Minh City show the picture. Overall picture of the rankings of banks. For the overall awareness index, Vietcombank, BIDV and ACB are the three banks with high level of recognition, >99% for corporate customers and > 94% for individual customers, of which Vietcombank is a bank. ranking first for both customers and at the same time having the first level of awareness (the highest level of awareness) at a relatively high level > 20%; For brand health index, in 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 [18].

According to the 2019 report of Vietnam Report, VNR500 rankings are researched and published to honor the largest enterprises in Vietnam, achieving remarkable achievements in production and business activities. In addition to the announcement of the Top 500 Largest Enterprises in Vietnam in 2019, Vietnam Report also released the Ranking of Top 500 Largest Private Enterprises in Vietnam in 2019. Accordingly, the Top 10 Top 500 Rankings of Vietnam, the largest enterprise in Vietnam in 2019 has 02 banks belonging to the brands Agribank and BIDV. Top 10 rankings of the Top 500 largest private enterprises in Vietnam in 2019 have 02 banks belonging to VPBank and SCB brands [19].

Fitch Ratings in 2019, maintained the rating on long-term issuance (IDR) for 4 Vietnamese banks including Vietcombank (B-), VietinBank (BB-), MBBank (B +) and ACB (B). At the same time, this organization also assessed the prospect of stability in all 4 banks. The ranking results from the impact of improving the operating environment of the Vietnamese banking system and the policies that make the macro-economy stable and predictable. This helps banks maintain a stable source of capital and liquidity, thereby achieving positive profit results in recent years.

The global credit rating organization, assessed BIDV as the largest bank in Vietnam in terms of total assets with a large market share in the field of loans and deposits (14% and 13% respectively). BIDV has won customers' trust due to its operational scale, long history and government ownership. The bank has a good position, good profit and asset quality similar to the leading banks in Vietnam [20].

Thus, through the overview of the above rankings on Vietnamese commercial banks, it can be seen that more and more prestigious organizations are evaluating bank brands. Banks increasingly have high and stable positions in the rankings. This is a flourishing for Vietnamese commercial banks. However, Vietnamese commercial banks still have advantages and difficulties in building and developing brands, especially employee-based branding to develop brands and affirm their brand position. brand in the international market in the field of banking activities.

### 3. Advantages and Disadvantages

In the study of employee-based brand value, the author realized some advantages and disadvantages as follows:

#### 3.1. Advantages

- There are many units and rating organizations that have credible and reliable evaluation and evaluation reports on brands and markets for the banking sector. This is the basis for banks to base on the reassessment of their capabilities, the effective monitoring of their brand communication and promotion activities, and appropriate business strategy. In addition, businesses see opportunities

to invest, develop and enhance brand equity from these reports.

- The recently announced regional and world banking charts show the positive changes of Vietnam's banking system. Banks' rankings also improved significantly year by year. This shows that the business community in general and the banks in particular have developed steps to gradually build a brand as well as affirm the competitiveness in the international market.
- Banks have been active in changing business minds, learning about the commitments of international trade agreements, strengthening cooperation, and improving competitiveness, maintaining and developing brands, and reducing sub-brands depending and relying too much on the support of the State.
- Brand value, especially brand value based on employees, is increasingly being invested by banks.

#### 3.2. Disadvantages

- Today, banking services are highly specialized, the products and services are quite similar in all banks and can be copied. Therefore, the difference of each bank is the strong impact on brand value. Each bank must have a strategy of brand value consistently, long-term and focus on the differences, competitive advantages of the bank and bring the highest results for the bank. However, most banks currently invest in a brand equity strategy in the short term.
- Although there are many prestigious agencies and rating organizations in the field of ranking banks in the world and in Vietnam, most commercial banks are not really interested in the list of banks in the world reputable brand rating agency to build an upgrade plan from the same independent review organizations.
- At present, the evaluation of brand values of commercial banks is conducted by independent organizations based on their own criteria, methods, evaluation principles, and there is no focal agency for these methods unified to assess the brand value of current commercial banks. This results in no agreement on the overall criteria for the evaluation.
- The brand is used as a tool and motivation to compete. However, many businesses in Vietnam just focus on branding outside, not paying attention to internal brand development.
- Although banks have built a brand and been known worldwide, many banks have not really had effective brand management methods. This easily leads to high risks for the bank. Especially management of brand communication methods of the bank.

### 4. Conclusion

Brand is considered as a very important asset when accounting for 70% of the enterprise value. However, the brand building and protection have not been properly invested by businesses. This is directly affecting the competitiveness of banks as well as the lack of national bank brands. In order to build, protect and develop the brand of a bank, bank administrators must plan and prepare everything carefully and methodically according to the following

proposal:

- In the immediate future, banks should pay attention, have effective strategies, plans, solutions and measures to improve brand awareness, brand health and customer loyalty with the brand. Each bank needs to implement branding activities both in width and depth to ensure more and more customers know the brand, love, long-term association with the brand, ready to pay a high price to use the brand's products and always want to introduce the brand to other objects to use together.
- Banks need to have an effective and methodical communication plan which targets reputable communication channels. In order to do this, it is required that banks should be proactive and transparent in providing information that is beneficial for the brand in the media, rather than communicating in a way that only reflects immediate events and events. In addition, it is necessary to focus the communication on topics, the public information and customers who are interested, and make a wise choice, both increase the number of communication appearances and prevent and minimize the information. negative news in the media.
- Banks need to do well in building internal brands, the brand spread will be stronger, the public will know more, customers will be more assured and introduce the brands to other potential customers. Therefore, businesses need proper investment to build strong and sustainable brands. Including focusing on branding based on employees.
- Banks need to set up sections in the banking organization, especially the professional public relations department with clear functions, tasks and operations, specific targets to increase prices brand treatment. Banks need to build a clear KPIs system specifically for the department. Without a clear assignment, there will be no accountability, resulting in suspended, uncompleted work. Therefore, it is necessary to have clear regulations for employees to master a clear role as well as processes and regulations to improve operational efficiency as well as ensure legal work. As such, customers will increasingly pay attention to the bank's reputation and brand value to decide to use banking services.
- Annually, commercial banks need to develop upgrade plans through reputable brand assessment organizations in order to build brand-name of commercial banks. Each evaluation company has its own evaluation method. Through this rating, the community will recognize the evaluation product of the companies confirming the position of the auditing company. This is the short, un spread choice of commercial banks and also the way commercial banks have taken advantage of the company's knowledge of crystallization assessment in the evaluation methods that the company has given.
- Currently, the evaluation of brand value of commercial banks is conducted by independent organizations based on specific criteria, methods and principles. It is necessary to establish a focal point with unified methods to assess the brand value of current commercial banks.

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### **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.