

**THE IMPACT OF BRAND REPOSITIONING ON CUSTOMER  
BEHAVIOR: CURRENT SITUATION AND RECOMMENDATIONS  
FOR VIETNAMESE COMMERCIAL BANKS**

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**Abstract**

*This study investigates the influence of recent brand repositioning initiatives undertaken by Vietnamese commercial banks on their customers' purchasing behavior. The research utilizes established frameworks in brand repositioning and customer decision-making to establish a robust theoretical foundation. The analysis explores the specific methods employed by Vietnamese banks to reposition their brands, categorized based on the target factors they aim to influence, including brand image, design elements, and communication strategies. To assess the impact of these strategies, a survey methodology was employed, capturing responses from 329 customers of various banks that have undergone recent repositioning efforts (ACB, VIB, MSB, TPB, VCB). The research findings reveal a significant correlation between the comprehensiveness of a bank's brand repositioning strategy and its impact on customer purchasing behavior. Banks that implemented a holistic repositioning approach exhibited a demonstrably stronger positive influence on customer purchasing behavior compared to those that adopted a more partial approach. Interestingly, within the group of banks implementing partial repositioning strategies, VCB garnered the most positive customer feedback.*

**Keywords:** *Brand positioning, Vietnamese commercial banks, customer behavior, marketing strategy.*

**Tác động của tái định vị thương hiệu đến hành vi của khách hàng: Thực trạng và khuyến nghị cho các ngân hàng thương mại Việt Nam**

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**Tóm tắt**

*Nghiên cứu này điều tra ảnh hưởng của các sáng kiến tái định vị thương hiệu gần đây được thực hiện bởi các ngân hàng thương mại Việt Nam đến hành vi mua hàng của khách hàng. Nghiên cứu thúc đẩy các khuôn khổ đã được thiết lập về tái định vị thương hiệu và ra quyết định của khách hàng để thiết lập nền tảng lý thuyết vững chắc. Phân tích khám phá*

*các phương pháp tái định vị thương hiệu cụ thể được các ngân hàng Việt Nam sử dụng, được phân loại theo các yếu tố mục tiêu mà họ nhắm đến để tác động: hình ảnh thương hiệu, các yếu tố thiết kế và chiến lược truyền thông. Để đánh giá tác động của các chiến lược này, phương pháp khảo sát đã được sử dụng, thu thập phản hồi từ 329 khách hàng của nhiều ngân hàng khác nhau vừa trải qua nỗ lực tái định vị gần đây (ACB, VIB, MSB, TPB, VCB). Kết quả nghiên cứu cho thấy mối tương quan đáng kể giữa tính toàn diện của chiến lược tái định vị thương hiệu của ngân hàng và tác động của nó đến hành vi mua hàng của khách hàng. Các ngân hàng thực hiện phương pháp tái định vị toàn diện thể hiện ảnh hưởng tích cực mạnh mẽ hơn rõ rệt đến hành vi mua hàng của khách hàng so với những ngân hàng áp dụng phương pháp tiếp cận từng phần hơn. Điều thú vị là trong nhóm ngân hàng thực hiện chiến lược tái định vị một phần, VCB nhận được nhiều phản hồi tích cực nhất từ khách hàng.*

**Từ khóa:** *Tái định vị thương hiệu, ngân hàng thương mại Việt Nam, hành vi của khách hàng, chiến lược marketing.*

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### 1. Introduction

Brand positioning serves as a cornerstone strategy in contemporary market economies, differentiating businesses within a competitive landscape. By effectively positioning a brand, organizations can cultivate a deeper brand image in the minds of their target consumers. A well-defined brand positioning strategy underpins successful marketing initiatives. This strategy clarifies the brand's core message, meticulously differentiates it from competitors, and illuminates its unique value proposition. Ultimately, brand positioning is the key to understanding why customers develop a preference for a particular brand. In essence, it forms the foundation for all marketing activities and product development strategies, playing a pivotal role in an organization's overall brand management efforts.

Drawing from Muzellec and Lambkin's (2006) conceptualization of brand repositioning, Vietnamese commercial banks are actively engaged in strategic identity transformations.

This phenomenon manifests through alterations to brand names, symbols, and design elements. The overarching objective is to cultivate a distinct and competitive market position within the cognitive landscape of both stakeholders and competitors.

Further research opportunities abound in this domain. Banks can leverage their customer buying behavior data to implement effective segmentation strategies, tailoring marketing messages to resonate with specific demographics and needs. Additionally, employing data analytics to measure the effectiveness of marketing campaigns is crucial for optimizing strategies and maximizing customer engagement. Finally, adopting an omnichannel marketing approach, reaching customers across various digital and physical touchpoints, is essential in the contemporary financial landscape.

The Vietnamese banking landscape has witnessed a recent surge in brand repositioning activity. These strategic maneuvers aim to cultivate a differentiated

and sustainable competitive advantage within the marketplace. However, a critical question remains: to what extent do these brand repositioning initiatives influence customer buying behavior? A comprehensive understanding of this intricate relationship is paramount for Vietnamese commercial banks to refine their strategies and maximize their impact on customer acquisition, retention, and overall business performance.

Following a comprehensive literature review, the study explores the specific brand repositioning approaches adopted by Vietnamese banks. To assess the impact on customer behavior, the research proposes methodologies that evaluate factors such as brand awareness and customer satisfaction. Ultimately, the study leverages the evaluation findings to generate actionable recommendations for Vietnamese commercial banks, enabling them to optimize their brand repositioning strategies for long-term customer engagement and demonstrably improved business performance.

## 2. Literature review

Gaustad et al. (2018) contribute valuable insights into consumer response dynamics when established brands undergo image alterations. Their research, centered on prominent brands like Nike and Starbucks, reveals a potential pitfall associated with brand repositioning strategies. The study demonstrates that significant changes in brand image, often driven by acquisitions or repositioning efforts, can negatively impact consumer recognition. This vulnerability arises from the inherent strength of existing brand image associations. Consumers develop a proficiency in connecting

with these established brand identities. Consequently, any deviation from these ingrained perceptions disrupts the brand's ability to effectively transmit signals and build brand equity. Gaustad et al. (2018) further highlight that such disruptions lead to diminished consumer receptivity towards brand image changes, even when these changes incorporate elements of the previous brand identity. The study underscores a critical finding: the stronger the pre-existing brand-consumer connection, the more negatively consumers react to image alterations.

Chovanova et al. (2015) present a compelling exploration of branding's enduring influence within contemporary marketing landscapes. Their research posits brand management as an inextricably linked component of any comprehensive marketing strategy. The study underscores the fundamental objective of marketing activities: shaping customer perceptions and cultivating positive brand attitudes. By meticulously crafting a robust brand image within the customer's cognitive landscape, marketers aim to steer purchasing behavior towards brand-aligned choices. This ultimately translates into demonstrably increased sales, market share expansion, and the critical development of brand equity (Zhang, 2002).

Bamfo et al. (2018) contribute a noteworthy study investigating the impact of brand repositioning initiatives on customer perceptions within the Ghanaian banking sector. Their research design explores the potential influence of brand repositioning on a range of

customer-centric metrics, encompassing service quality, customer satisfaction, and brand loyalty. The study leverages survey data collected from 627 customers of 6 Ghanaian banks that had implemented brand repositioning programs within the preceding five years, ensuring the initiatives remained salient within customer memory for accurate assessment. The findings presented by Bamfo et al. (2018) offer a compelling counterpoint to some commonly held assumptions regarding brand repositioning. The study concludes that brand repositioning, when solely focused on superficial elements, does not exert a statistically significant influence on customer perceptions of service quality, customer satisfaction, or loyalty. Furthermore, the research suggests that brand repositioning, in this context, does not moderate the established relationships between service quality, customer satisfaction, and loyalty. In essence, superficial brand alterations such as logos, slogans, or color palettes appear to have minimal impact on Ghanaian bank customers.

The academic discourse surrounding brand repositioning's influence on customer behavior remains somewhat fragmented. While a substantial body of research, such as Keller (2016), posits a positive impact, other studies like Bamfo et al. (2018) reveal a more contingent relationship. These contrasting findings suggest that contextual factors may play a significant role in moderating the effectiveness of brand repositioning strategies.

### **3. Impact of brand repositioning on customer behavior at Vietnamese commercial banks**

This study delves into the impact of recent brand repositioning initiatives undertaken by Vietnamese commercial banks on their customers' purchasing behavior. Employing a robust two-phase qualitative research design, the investigation offers valuable insights into the effectiveness of these strategies.

#### **Phase 1:**

##### **Understanding Bank Objectives**

The initial phase leveraged in-depth interviews with ten industry experts actively involved in developing and implementing micro-branding strategies for Vietnamese commercial banks. These interviews served a critical purpose: to glean a comprehensive understanding of the strategic goals driving the banks' brand repositioning efforts. Additionally, the author explored the banks' anticipated customer behavior outcomes resulting from these strategies. The insights gleaned from phase one provided a crucial foundation for the subsequent phase focused on customer perceptions.

#### **Phase 2:**

##### **Measuring Customer Response**

Phase two employed a survey methodology to gauge customer perceptions and reactions to the banks' repositioning initiatives. This phase aimed to assess the direct impact of these strategies on customer purchasing behavior. The meticulously crafted survey targeted a sample of 329 customers from various banks that had recently undergone brand repositioning (ACB, VIB, MSB, TPB, VCB).

Characteristics of the study sample are shown in the table below

**Table 1.** Customer survey data

<b>Bank grouping</b>	<b>ACB</b>	<b>VIB</b>	<b>TPB</b>	<b>VCB</b>	<b>MSB</b>
<b>Number of candidates accepted for interview</b>	66	80	52	62	69
<b>Gender</b>					
Male	26	28	23	25	20
Female	40	52	29	37	49
<b>Academic level</b>					
Graduate	15	20	12	18	17
Undergraduate/College	41	42	30	39	40
High school diploma	10	8	10	5	12
<b>Age</b>					
18-35	29	34	17	32	36
36-60	32	40	30	28	30
Over 60	5	6	5	2	3

*Source: Author's survey 2022*

Figure 1 depicts “Evaluating customer perception of a bank's repositioning strategy” obtained from the customer survey results that the research team conducted. Through the chart, we can see that customer reviews are relatively consistent between different banks. Customers all commented that "Customer sentiment regarding the bank's brand identity appears positive", "Demonstrated Parity Between Brand Identity and Perceived Service Quality", "High Levels of Brand Salience" all with scores ranging from 70-80%. Similarly, the assessments of "Omnichannel Brand Identity Cohesion", “Cohesive Brand Identity Expression Across Advertising Materials” also have quite good scores ranging

from 60-83%. The least positive reviews belong to "Exhibits Capacity to Decipher the Logo's Symbolic Language" only reaching over 20%. There is a dispersion in the opinions of interviewed customers among different banks including "The Bank Exhibits a Mastery of Brand Communication" ranging from 22% for TPBank to 57% for VIB and "Evidences Capacity for Comprehending Brand's Symbolic System" changed from 45% for TPBank to over 80% for VIB.

Perhaps the length of time from the repositioning to the time of the survey partly affects the level of customers' understanding of the meaning of the image in the logo. VIB implemented the repositioning strategy 5 years before

TPBank, so the images in the logo are more familiar to customers.

The observed dispersion in customer understanding may be partially attributable to the differing timeframes that have elapsed since each bank's respective brand repositioning initiative. VIB, having implemented its repositioning strategy five years prior to TPBank, may benefit from a higher level of customer familiarity with its logo's symbolism. This finding underscores the critical role that brand consistency plays in fostering enduring customer understanding and brand recognition over time.

Figure 1 presents a compelling visualization of customer assessments regarding the brand repositioning strategies implemented by the participating Vietnamese commercial banks (ACB, VIB, MSB, TPB, VCB). The analysis of survey data reveals a pattern of relatively homogenous customer feedback across the various institutions.

A notable trend observed within the data pertains to generally positive customer perceptions of the banks' brand identities. Metrics associated with perceived impressiveness, alignment with business quality, and ease of recall all yielded scores within a favorable range of 70-80%. Furthermore, customer assessments regarding the uniformity of brand identity deployment across diverse touchpoints (e.g., advertising materials, branding elements) were demonstrably positive, with scores ranging from 60-83%.

The survey data also illuminates a

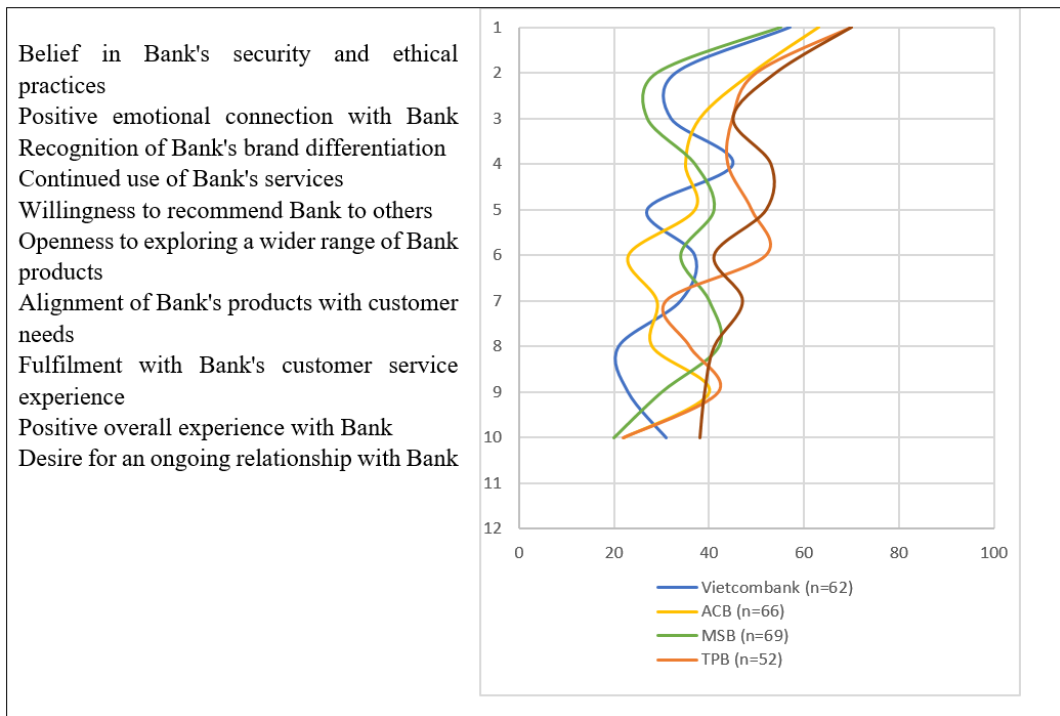
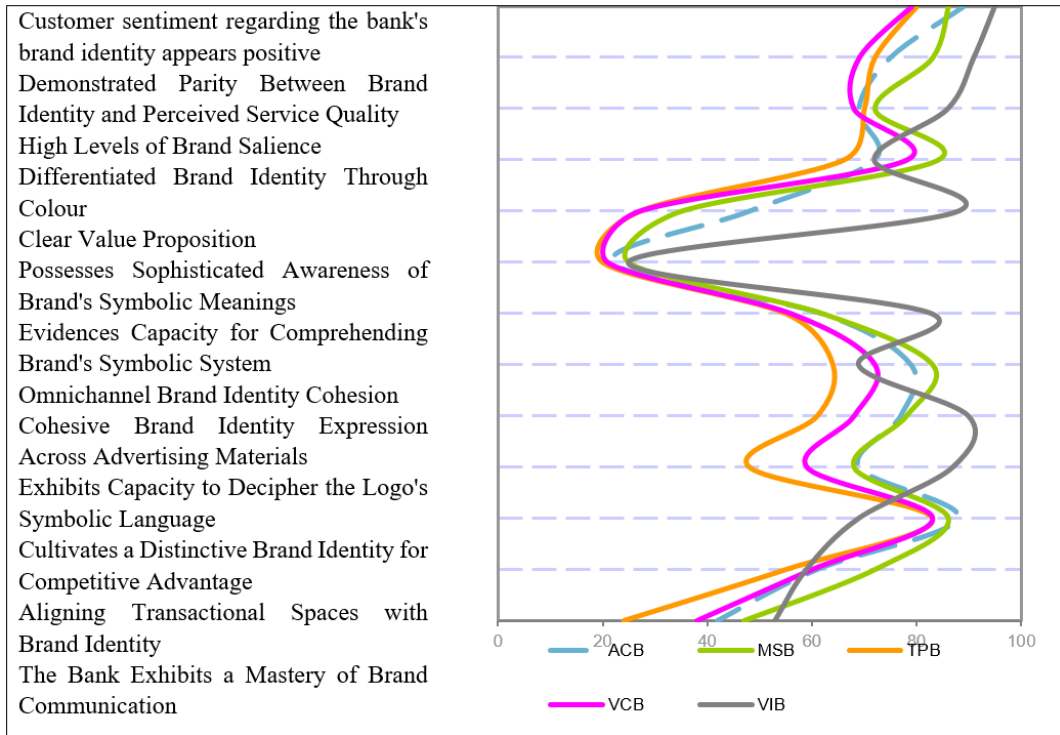
critical area for potential improvement: customer understanding of the core message embedded within the brand identity. Scores for this aspect fell below 20%, suggesting a need for Vietnamese commercial banks to refine their brand communication strategies towards enhanced clarity and effectiveness. By ensuring their communication efforts effectively convey the essence of the brand identity, banks can cultivate a more comprehensive customer understanding of their repositioned brand image.

The analysis additionally unveils noteworthy discrepancies in customer perceptions across individual banks. For instance, customer assessments of "good brand communication" exhibited significant variation, ranging from 22% for TPBank to 57% for VIB. Similarly, customer comprehension of the symbolic meaning associated with the banks' logos displayed a marked variation, with scores ranging from 45% for TPBank to over 80% for VIB.

The observed dispersion in customer understanding may be partially attributable to the differing timeframes that have elapsed since each bank's respective brand repositioning initiative. VIB, having implemented its repositioning strategy five years prior to TPBank, may benefit from a higher level of customer familiarity with its logo's symbolism. This finding underscores the critical role that brand consistency plays in fostering enduring customer understanding and brand recognition over time.



**Figure 1.** Evaluating Customer Perception of a Bank's Repositioning Strategy



Source: Author's survey 2022

**Figure 2.** The impact of repositioning strategy on customer behavior

Figure 2 shows the survey results "The impact of repositioning strategy on customer behavior". Looking at the chart, we see that the impact of brand repositioning on customer behavior is relatively inconsistent between banks, but the amplitude of fluctuation is not too large. Some notable points include the statement "Belief in Bank's security and ethical practices" and other banks all reached 50% or more. However, the two banks that implemented a complete repositioning strategy seemed to be rated higher than the banks that only implemented partial repositioning. Specifically, in the statements "Openness to exploring a wider range of Bank products", "Recognition of Bank's brand differentiation" or "Fulfillment with Bank's customer service experience", both banks achieved the highest level of agreement. Perhaps, when the bank implemented the entire repositioning strategy, it changed everything from business strategy, target customers to marketing strategies, so the level of customer recognition and understanding was higher. stronger impact on customer behavior. Among the remaining banks implementing the partial repositioning strategy, Vietcombank also demonstrated success when receiving high scores in the comments "Belief in Bank's security and ethical practices", "Positive emotional connection with Bank" However, this bank has the lowest score in the questions "Willingness to recommend Bank to others" and "Fulfillment with Bank's customer service experience".

Figure 2 delves into the impact of brand repositioning on customer

behavior. The data reveals a pattern of modest variability in customer responses across banks, with no significant outliers observed. Interestingly, core brand values such as trust appear to be a relatively consistent driver of behavior, with the statement "Belief in Bank's security and ethical practices" consistently garnering scores exceeding 50%. This highlights the enduring importance of building trust as a foundation for customer engagement within the Vietnamese banking sector.

The study also offers intriguing insights into the potential benefits of comprehensive brand repositioning strategies. The two banks that implemented a complete repositioning approach, encompassing business strategy, target audience, and marketing tactics, achieved higher customer engagement scores. This suggests that a holistic brand repositioning effort, encompassing various facets of the customer experience, may exert a more significant influence on customer behavior compared to a partial approach. A comprehensive approach likely fosters a deeper level of customer recognition and understanding of the repositioned brand, ultimately translating into a stronger impact on customer behavior.

The data from Vietcombank, a bank that implemented a partial brand repositioning strategy, serves as a valuable case study. While achieving positive scores for brand perception ("Belief in Bank's security and ethical practices"), it received the lowest ratings for service satisfaction ("Fulfillment with Bank's customer service experience"). This inconsistency suggests a potential



disconnect between brand image and actual customer experience. While Vietcombank's brand may be perceived favorably, its service delivery may not fully align with the repositioned brand promise. This highlights the critical need to ensure congruence between the repositioned brand image and the delivered customer experience. By achieving this alignment, Vietnamese commercial banks can leverage brand repositioning as a strategic tool for driving not only positive brand perception but also demonstrably enhanced customer engagement and loyalty.

This research contributes to the evolving body of knowledge on brand repositioning by offering a focused examination within the under-researched context of the Vietnamese banking sector. The findings illuminate the importance of brand messaging clarity, the potential benefits of comprehensive brand repositioning strategies, and the critical role of customer experience alignment in maximizing the impact of brand repositioning on customer behavior. Future research endeavors could explore the effectiveness of specific brand repositioning elements within the Vietnamese banking landscape, further enriching our understanding of this dynamic interplay between brand strategy and customer behavior.

#### **4. Implications for Vietnamese Commercial Banks**

Vietnamese banks face a dynamic landscape: a post-pandemic economic shift and a digital surge. These factors, coupled with evolving customer needs in the age of Industry 4.0, necessitate

strategic brand repositioning. To stay relevant and competitive, Vietnamese banks must adapt their brands to resonate with today's customer and thrive in the "new normal." The following recommendations offer guidance for successful brand repositioning strategies in Vietnamese banking.

##### ***4.1. Building a bank brand that resonates with target audience***

Beyond logos, names, and website aesthetics, a bank's brand encompasses the narrative it weaves, the values it embodies, and the emotional bond it cultivates with its customers. It is a multifaceted construct, encompassing the bank's distinct personality, the information necessary for trust, and positive associations that guide customers' decisions. A robust brand transcends mere financial security; it builds trust by aligning with specific values that resonate deeply with its target audience.

However, branding transcends superficial alterations. It necessitates a profound understanding and strategic leveraging of a bank's inherent strengths to carve a distinct niche in the marketplace. This entails meticulously selecting a differentiating factor that perfectly aligns with the aspirations and needs of the target audience. To this end, four key elements warrant consideration when crafting a truly impactful bank brand:

- **Infuse banking products with unique features:** While core products like checking accounts and loans may share similarities across banks, subtle variances can shape a distinct offering. These nuanced differences are often driven by the target customer segment

and bundled services. A student loan with flexible repayment options, for example, stands out from the crowd by catering to a specific need. By crafting such unique selling propositions, banks establish individual identities that resonate with specific customer segments. This fosters loyalty and builds a base of "familiar faces" – dedicated customers who come to associate certain features and value propositions with specific banks. However, a narrow focus can come with limitations. Finding the right balance between differentiating for a target audience and maintaining broad market appeal is crucial for sustainable success.

- **Drive positive change in the HR landscape:** While banking products may be the foundation, the true differentiator lies in the human touch. Bank employees are the bridge between customers and complex financial services. Their engagement, fueled by effective training and a culture that fosters innovation, translates into seamless customer experiences. This, in turn, drives loyalty and sets banks apart. To truly thrive, banks must go beyond just recruiting and training. They must cultivate a workforce deeply connected to the brand's values and dedicated to delivering on its promises.

- **Create image differentiation:** While banking products may often blur into one another, customer perception of a bank's image can vary dramatically. Building a distinct image requires crafting an impactful brand identity, encompassing elements like name, logo, slogan, color palette, physical spaces, and community engagement initiatives.

- **Differentiate product prices:**

For customers, even small differences in interest rates and fees can make a big difference. This makes banks that actively manage these differences stand out, leaving a lasting impression on their customers' perception of value.

***4.2. Achieving impact requires immediate and coordinated deployment of the brand repositioning strategy at all points of customer contact.***

In the service-driven world of banking, where product and service quality can be intangible and fluctuate, consistency stands as a pillar of professionalism. This consistency, reflected in the uniform design of branches, transaction offices, and even marketing materials, creates a powerful impression on customers. By ensuring every interaction feels familiar, regardless of location, banks build trust and confidence, demonstrating their commitment to quality in even the smallest details. This meticulous attention to uniformity extends beyond aesthetics, leading customers to believe that if such detail is prioritized, larger concerns about product and service quality must be meticulously addressed as well. This, in turn, fosters loyalty and strengthens the customer-bank relationship.

## **5. Conclusion**

This study investigated the impact of brand repositioning strategies implemented by Vietnamese commercial banks on customer purchasing behavior. The research employed a qualitative approach, leveraging in-depth interviews with industry experts and a customer survey to gather insights. The study revealed several key findings, as detailed below.

- Customers generally hold positive

perceptions of the repositioned banks' brand identities, with high scores for brand impressiveness, alignment with service quality, and ease of recall.

- Brand communication clarity emerged as a crucial area for improvement. Survey results indicated that customers struggled to grasp the core message embedded within the banks' brand identities.

- Comprehensive brand repositioning strategies, encompassing business strategy, target audience, and marketing tactics, yielded a more significant influence on customer behavior compared to partial approaches.

- Customer experience alignment

with the repositioned brand image proved to be critical. Vietcombank, a bank that implemented a partial brand repositioning strategy, serves as a case study. While achieving positive scores for brand perception, it received the lowest ratings for service satisfaction, highlighting the disconnect between brand image and customer experience.

Further research could delve deeper into the effectiveness of specific brand repositioning elements within the Vietnamese banking sector. This would enhance our understanding of the intricate interplay between brand strategy and customer behavior in this dynamic landscape.

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