

Press Release

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MARKETING & COMMUNICATION EFFORTS OF BANKING FIRMS IN 2016 HAVE NOT BEEN WELL PAID OFF

Vietnam, 13/04/2017 – Marketing for banking services always starts from identifying the right target segments. Understanding who your target customers are, what kind of jobs they are doing, how old they are and how much they earn and are willing to spend will help banks segment their products and communicate more effectively to customers.

Currently, most of the banks in Vietnam target the high-income class as their potential customers and focus on attracting these high-income earners. However, according to Nielsen's study, identifying the target customers should be based on other criteria, rather than just purely on personal income. The results from Nielsen's Personal Finance Monitor report show that young consumers now tend to spend 19-35% more than other age groups given the same level of income. Taking a deep dive into credit card products which are attracting a great deal of consumer interest, the card usage also varies widely among customer groups. Most people under the age of 35 (62%) tend to use credit cards for online shopping, while 74% of credit cardholders use credit cards for convenience at high-end shopping centers. It indicates that, in addition to income, age or lifestyle also has an impact on individual consumption behavior.

“Understanding each customer based on multidimensional information remains paramount in creating the right products or services for each target group and having a right marketing and communications strategies. If we approach the right audiences, the investment in marketing programs will be more effective.” emphasized by Ms. Dang Thuy Ha – Director, Consumer Insight of Nielsen Vietnam.

The Personal Finance Monitor (PFM) is a monthly survey conducted since 2010 based on the responses of 1,800 customers in Hanoi and Ho Chi Minh City. This quarterly report will show the level of bank awareness, bank health, attitudes and usages of bank users in Vietnam.

ARE MARKETING AND COMMUNICATION ACTIVITIES OF BANKS TRULY EFFECTIVE?

Banks, however, should always monitor their marketing and communication activities to see if those activities are being implemented effectively and achieve the desired return-on-investment. Nielsen Personal Finance Survey also examines the Brand Equity Index of several commercial banks that provide a positive view of consumers' perceptions towards what the bank is communicating. Nielsen's Brand Equity Index is measured based on the preference, recommendation, and willingness to pay for a premium price for the brand. Among 37 commercial banks that Nielsen tracked, none of the bank is at either a strong brand level or the level at which the brand has established. There are 8 banks that have the index falling in a

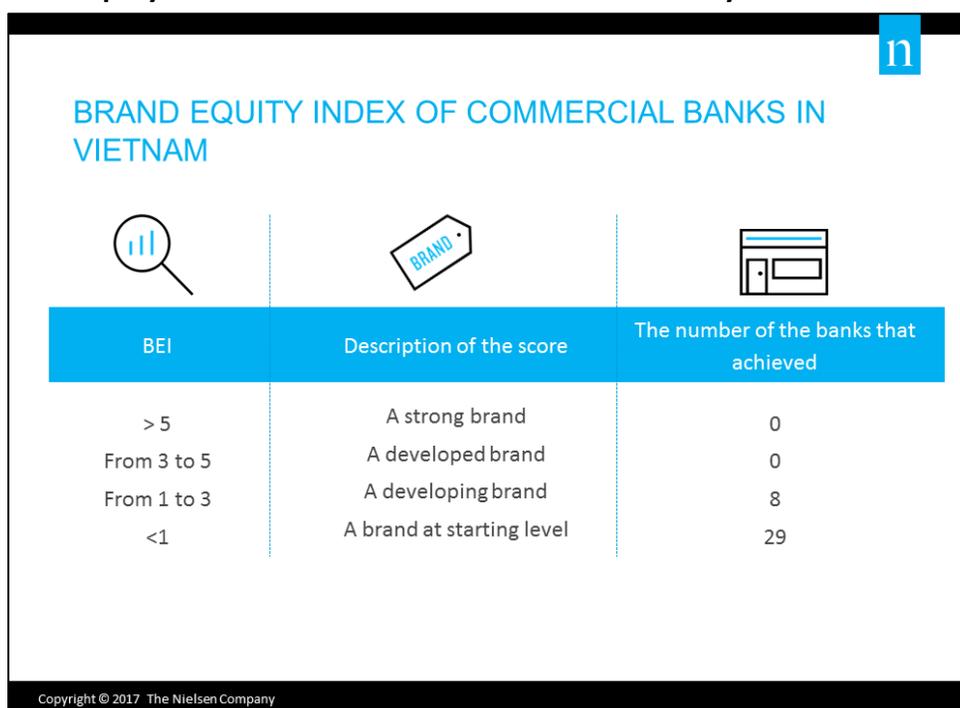
developing stage for the brand equity, while the majority (29) of banks is at the immature stage. (Table 1)

"This tells us that the efforts of banks in doing marketing and communication haven't been well paid off." said Ms. Ha. "If the bank owns a strong Brand Equity Index, customers will not only love the brand but also be willing to recommend bank's services or products to other customer. Moreover, customers are even willing to pay a higher price for services or products, posing a potential of having a long-term commitment to the bank."

HAVE CUSTOMER ENGAGED WITH THE BRAND?

Keeping loyal customers engaged with the brand is the ultimate goal pursued by many brands, especially the big brands in the market. Understanding the degree to which consumers are willing to engage with the brand is really important. The report shows that the Relationship Strength Index of 87% banks in Vietnam is around 7.6 point, a level at which the brand can make a strong and excellent commitment to consumers according to consumers' comments. "This result indeed reflects a relatively good quality of customer service of the banks. However, if you take an overall look at Brand Equity Index and Relationship Strength Index, it can be seen that banks are not really effective in doing marketing communications. The marketing communications department and the other departments in the bank such as customer service and operations team had better work closely together. As the marketing communications department communicates the brand's commitment, other departments need to ensure these commitments being implemented excellently."- Ms. Dang Thuy Ha said.

Figure 1: Brand Equity Index of some banks included in the survey



About Personal Finance Monitor Survey

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responses of 1,800 customers in Hanoi and Ho Chi Minh City. This quarterly report will show the level of bank awareness, bank health, attitudes and usages of bank users in Vietnam.

About Nielsen

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