

Czech University of Life Sciences Prague
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Department of Economics



Diploma Thesis

**Economic analysis of re-branding of the GE Money Bank
to MONETA Money Bank**

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DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

Economic analysis of re-branding of the GE Money Bank to MONETA Money Bank

Objectives of thesis

The aim of the diploma thesis is to assess and analyse the rebranding process from Ge Money Bank to MONETA Money Bank. How re-branding affects customer's behaviour and economic performance (profit, brand value, market share price).

Methodology

Diploma thesis is divided into theoretical and practical parts. The theoretical part describes the characteristics of the brand, history but also modern marketing brand approach, the process of strategic brand management, related term co-branding and re-branding. Practical part comprises of specific facts, statistical data, resources transformed into tables, charts, and figures. The practical part includes qualitative and quantitative research. In qualitative research is used semi-structured interview to get information about the re-branding strategy which was used in GE Money Bank. Quantitative research is done through questionnaire, share price analysis and regression analysis. At the end are proposed an assessment and recommendations.

The proposed extent of the thesis

60 pages

Keywords

Brand, trademark, brand valuation, brand management, rebranding, rebranding process, co-branding, GE Money Bank, MONETA Money Bank, IPO, Czech exchange stock

Recommended information sources

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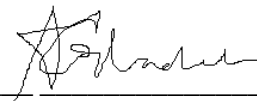
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Declaration

I declare that I have worked on my diploma thesis titled Economic analysis of re-branding of the GE Money Bank to MONETA Money Bank by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on 30 March, 2017



Adenike Gbadeboriová

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Economic analysis of re-branding of the GE Money Bank to MONETA Money Bank

Summary:

The aim of the diploma thesis is to assess and analyse the re-branding process from Ge Money Bank to MONETA Money Bank. Diploma thesis is divided into theoretical and practical parts. The theoretical part focuses on brand marketing and re-branding. The practical part focuses on the introduction of the company, that is, the rebranding process concerned. Also, the practical part involves the analysis of customers, share prices and profit. The diploma thesis finishes with an assessment of re-branding and recommendations.

Keywords:

Branding, brand image, brand value, logo, slogan, brand management, re-branding, co-branding, GE Money Bank, MONETA Money Bank, Prague Stock Exchange

Ekonomická analýza změny značky společnosti GE Money Bank na MONETA Money Bank

Souhrn:

Cílem diplomové práce je analyzovat a zhodnotit změnu značky společnosti GE Money Bank na MONETA Money Bank. Diplomová práce je rozdělena na teoretickou a praktickou část. Teoretická část se věnuje marketingu značky a procesu změny značky. V praktické části je přestavena společnost, které se změna značky týká. V praktické části je také provedena analýza zákazníků, cen akcí a zisku. V závěru práce je provedena analýza procesu změny značky, na základě níž je provedeno zhodnocení a navržena doporučení.

Klíčová slova:

Branding, image značky, hodnota značky, logo, slogan, proces řízení značky, re-branding, co-branding, GE Money Bank, MONETA Money Bank, Pražská burza cenných papírů.

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1. Introduction

Decades ago branding was defined as a name, slogan, sign, symbol or design, or a combination of these elements that identify products or services of a company. The brand was identified as the elements that differentiated the goods and or services from the competition. Today brand is a bit more complex, but even more important in today's world of marketing. Brands have become a contested managerial, academic, and cultural arena. Many of the world's biggest companies – and most highly valued brands – are seen as corporate brands rather than corporate entities – such as American Express, IBM, and Mercedes Benz, each valued more for their intangible brand attributes than for any other assets. Brands are an increasingly important, powerful, and visible part of culture, and demand distinctive and complementary research perspectives able to encompass the cultural codes of branding.

Sometimes the identity itself is updated or refreshed to reinforce the change in the brand's positioning. This process of change is called re-branding. Re-branding is a marketing process of giving a product or an organization a new image, in order, to make it more attractive or successful. Re-branding can breathe new life into any business or product, but it has to be actioned with a focus on strategy, a clearly understood process, creative visions and thoughts, and most of all for the right reasons. Deep understanding of initial brand values and thorough research are required for the rebranding undertaking because of the huge impact on a company position that rebranding or even change of a logo can invoke. Launch of the new brand identity should be also made in a delicate and systematic manner in order to avoid pushing away existing customers, while aiming to attract new one. The base of the strategy is establishing trust and emotional bounds to the customers. Rebranding is expensive and involves a quantity of risk. Tips on how to reduce costs is to create a plan on budget or inquire branding agency. However, re-branding should be view as an investment not as an expense.

In summary, rebranding needs time, great allocation of resources, perfect brand management process. Following those basic steps rebranding has the greatest chance for success.

2. Aim and methodology

2.1 Aim

The aim of the diploma thesis is to assess and analyse the rebranding process from Ge Money Bank to MONETA Money Bank. How re-branding affects customer's behaviour and economic performance (profit, brand value, market share price). Diploma thesis is divided into theoretical and practical parts. The theoretical part describes the characteristics of the brand, history but also modern marketing brand approach, the process of strategic brand management, related term co-branding and re-branding. The methodology which is used in this part includes collection, comparison and interpretation of information. The objective is to provide data that most closely describe the particular situation. Sources which are used are bibliographic and factual. Bibliographic research comprises citations that may also be supplemented with abstracts of individual records (published articles, books, a glossary).

2.2. Methodology

Practical part comprises of specific facts, statistical data, resources transformed into tables, charts, and figures. The practical part includes qualitative and quantitative research. In qualitative research is used semi-structured interview with Mr. Ronald Boddy, the Ex-chief Product and Marketing Officer in Ge Money Bank, to get information about the rebranding strategy which was used in GEMB¹. Quantitative research is done through questionnaire, share price analysis and regression analysis. Questionnaire has 15 questions. Research is done for GEMB costumers and non-GEMB costumers. The main objectives of the questionnaire is to get information how customers perceive the change of the logo of GEMB, how it influences their awareness and brand loyalty. The questionnaire is distributed among 100 respondents. Share price analysis contains statistical data from Prague Stock Exchange and results are placed into the graphs and tables. Finally, the regression analysis estimates the relationship between profit, as an independent variable and the rebranding costs, as a dependent variable. At the end are proposed an assessment and recommendations.

¹ GEMB is a shortcut for GE Money Bank

3. THEORETICAL PART

3.1. Brand and its significance

When we ask people what it is a brand, first thing that comes to their mind probably is a Coca Cola's red label, LG's pink insignia, sympathetic old man from KFC logo or Audi's four circles. If we could express the world like this, it might be easy but not right. Branding is more than just a name or a logo, it is everything that encompasses your organisation and helps to set you apart from others. Think of a brand like a person, who has his own personality, way of dressing, communicating, his own values, friends, characteristics and story to tell. These are all that make us who we are and these characteristics also make a brand.

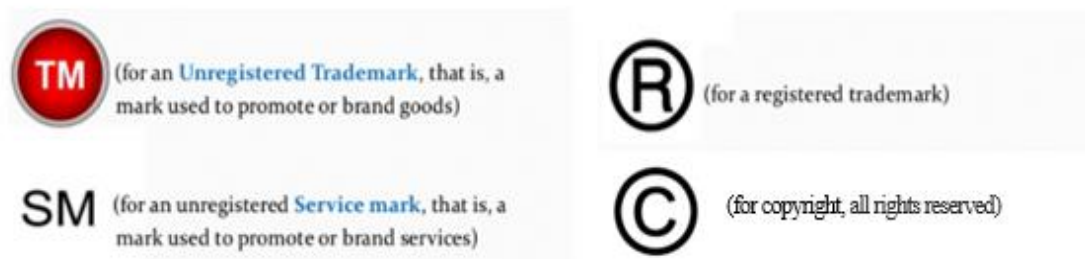
Brand is anything that distinguishes a company's product from other similar products (The Free Dictionary, 2017). Examples of brands include logos, catchphrases or symbols. Brands make a product more recognizable and therefore are likely to attract customers and customer loyalty. There is often a sense among consumers that branded products are somehow better than off-branded or generic products. Thus, branded products are usually more expensive. Brands have a wide range of uses for businesses, products and individuals in today's dynamic marketing landscape where publishing and message distribution are no longer limited to traditional media entities such as TV, newspapers and posters (Cohen, 2011). It represents the face of a company, a recognizable logo, name, mark or slogan with which the public associates with a company. Brand has the following purposes:

- Unifies the principles and value developers (e.g. quality, competitive or customer benefits, extra services and bonuses, the overall level of prestige)
- Reflects principles and values to goods and services, under the brand
- Facilitates identification of branded goods or services to customers
- It provides an estimate of the goods or services quality
- The manufacturers use brand advantage to raise prices

Trademark is a distinctive proprietary emblem, insignia, or name that identifies a product or service (The Free Dictionary, 2017). A trademark as an intangible asset may be protected from use by others. A trademark is registered with a Trademark Office and thereby protected from duplication. An example of a trademark is the unique blue-check mark seen on Nike products.

A trademark may be designed by the following symbols:

Figure 1: Trademark symbols



Source: Knowledge NET, 2017

Why brand matter for consumers? Nowadays, the brands are generally associated with the social status and a lifestyle. People become emotionally attached to the brands they use and view them as part of their self-image, e.g. the launch of new product “Slow Age” (daily cream made by L’Oréal). This product is associated with the healthy lifestyle and its designed mainly for women, which are busy and they are looking for relax activities, nature cosmetic products, bio meals etc. Here is strong connection to the women life and desires. Luxury goods mostly reflects a social status. It is most visible in fashion industry when brand e.g. Louis Vuitton, Chanel, Versace are a sign of high income. It has been estimated that the high earning people or countries have more preference of buying branded goods than the low and middle income people or countries.

Figure 2: Brand Diagram



Source: European Union Intellectual property office, 2016

Branding can simplify our purchasing choices and it brings safety to our consumption life. We make a safe and predictable choice because we know what to expect, therefore, it reduces the risk of disappointment. Consumers pay a premium for Volvo's cars because, over time, the brand has created a perception of safety, quality and care for the environment. Leading brands like Volvo are more than just products or services - they evoke memories and emotions associated with quality. When consumers trust a brand, it makes them loyal and when they are loyal, they buy again. This association created in our sub-consciousness also helps individual to save decision-making time. Imagine that you want to buy a new notebook. So, you type in a google search browser a notebook and more than thousand results will come out. But if you type Dell notebook or Acer notebook, because you have some positive experience with the brand the number of the results will significantly decrease. In summary brand helps us to orientate in the market. At the end of the day we arrive at a product with the features for which we are looking for (Schwartz, 2004).

3.2. Brief history of branding

The origin of branding can be traced to ancient times, when specialists often put individual trademarks on hand-crafted goods. The branding of farm animals in Egypt in 2700 BC to avoid theft may be considered the earliest form of branding, as in its literal sense. Since the industrial revolution, we now understand that branding is not just a logo or a mark but the communication of benefits, features and the emotional connections with the audience, also known under the term “Corporate Identity”. The development of branding and marketing relies on certain socioeconomic conditions. Historical and cultural differences play a big role. While, for instance, most of us in the West have been living in the ‘experience economy’ since the ’80s, many people in Asia or other parts of the world are just recently entering that stage. It is only in times and cultures of material security or surplus that we become more concerned with the immaterial aspects of our consumption. Only when we have everything we need we start wondering about what else we desire (Schaefer Wolfgang & Kuehlwein J. P. 2015). In this diploma thesis are propose two models and five main important approaches of brand management.

From 1985 two overriding models, have been proposed in the academic world of brand management: one with a positive point of departure and one with a constructive or interpretative nature. The positive model implies a notion of the brand being ‘owned’ by the marketer, who controls the communication to a passive recipient/consumer. Marketers/managers create a brand, its positioning, segmentation and image by their own without connecting with customers. It is important to look for trends and desires of costumers. On the other hand, the interpretative model is based on the interaction among a marketer and an active consumer. Branding is perceived as a complex process including all parts of the markets, i.e. stakeholders (Heding et al., 2009).

3.2.1. Company / sender focus (1985-1992)

In the infancy of brand management, brand management focused on the company behind the brand and the selling actions the company would take to influence consumers.

Main characteristic of this period was that the marketers/owners focused on the product itself more than on the consumer behaviour (Heding et al., 2009).

i) The economic approach: In 1960 Jerry McCarthy in his publication “*Marketing*” proposed the theory of a marketing mix. The marketing mix is a mixture of marketing tools that are used to please customers and company objectives. Basically, offer is controlled by the following variables often referred as the 4P in marketing: PRODUCT, PRICE, PLACE and PROMOTION. No one element of the marketing mix is more important than the other – each element ideally supports the others. Firms modify each element in the marketing mix to establish an overall brand image and unique selling point that makes their products stand out from the competition.

- 1. Product:** Product represents the company or organisation across any industry. The quality of the product has direct impact on the brand if the quantity and the quality of the product satisfy the needs of the consumer.
- 2. Pricing** is one of the most important elements of the marketing mix, as it is the only element of the marketing mix, that generates a turnover for the organisation. The other 3 elements of the marketing mix are the variable cost for the organisation. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean loss of sales for the organisation. Most of us have been led to believe that high pricing enhances brand image and conversely low pricing impair brand image. This is the reason why marketers fear to be the lowest priced brand in a category or do frequent price-led communication. This pricing strategy is nowadays not correct. What a brand sells is not price, but value. Consumers evaluate a brand by the value it offers and not by the price at which it sells. The purpose of any brand, therefore, is to create unique value that consumers would be willing to pay for. A brand that can offer this value at the least possible price would be the most preferred brand.
- 3. Place** and distribution strategies from the marketing mix are designed to get the product and service to the end user. When searching the meaning how place affects brand I found an interesting new term in literature review - “A place branding”.

Place branding (including place marketing and place promotion) is a new umbrella term encompassing nation branding, region branding and city branding (Kotler & Keller, 2006). Place branding is the process of image communication to a target market. It is invariably related to the notion that places compete with other places for people, resources, and business; the global competition of cities is estimated to host 2.7 million small cities/towns, 3,000 large cities, and 455 metropolises (Lucarelli et. Al, 2008).

4. **Promotion** or Marketing is the most visible part of the marketing mix dedicated to promoting products or services. Promotion refers to the marketing communication used to make the offer known to potential customers and persuade them to investigate it further. Promotion elements include advertising, public relations, direct selling and sales promotions (Blythe, 2009).

3.2.2. Human / receiver focus (1993 – 1999):

Between 1993 and 1999 a new and ground-breaking research articles investigated receivers of communication and the knowledge from different veins of human psychology were adapted to brand management theory. The human perspective was two-sided: the consumers were investigated closely and different human brand perspectives were coming into play. The humanistic and individualistic approaches, namely the i) consumer-based approach, ii) the personality approach (Heding et al., 2009).

i) **Consumer-based approach:** In 1993 Kevin Lane Keller in his publication "*Conceptualizing, Measuring, and Managing Customer-Based Brand Equity*" proposed the idea that a brand is perceived as a cognitive understanding in the mind of the consumer. According to his idea a strong brand holds strong, unique and favourable associations in the minds of consumers. In this matter, attention shifts from the sender towards the receiving end of brand communication. The consumer is the 'owner' of the brand in this approach, but still an assumption of linear communication applies. The consumer perspective of this approach is rooted in cognitive psychology, and in this tradition, the computer is the main metaphor for man as a consumer. This consumer perspective implies

linear communication because the marketer is perceived to be able to ‘program’ the consumer into intended action. This school of thought has since become the most dominant one in brand management.

ii) **The personality approach, the brand as a human-like character:** Another mountain top in brand management was established in 1997 when a research study into brand personality was published. This study shows that consumers tend to endow brands with human-like personalities. It is the ‘human’ brand perspective and the symbol-consuming consumer that are in the spotlight in this approach. Consumers endow brands with personalities and use these personalities in a dialogue-based exchange of symbolic value for their individual identity construction and expression. The personality approach is rooted in human personality psychology and in the uses of quantitative scaling techniques in a combination with more explorative methods to identify and measure brand personality (Jose, 2015).

3.2.3. Cultural / context focus (2000–2016):

Technological and cultural changes, environmental and health awareness have profoundly changed the rules of the game in brand management in the last period of time. The new phenomena calling for new theories are phenomena like autonomous consumers, brand icons, anti-branding movements and internet based brand communities. The most novel and innovative research looks at these new consumption patterns through new lenses trying to explain the context of brand consumption. Two approaches can be identified in this period of time: the community approach and the cultural approach (Heding et al., 2009).

i) **The community approach, the brand as the pivotal point of social interaction:** The community approach is based on anthropological research into so-called brand communities. Brand value is created in these communities where a brand serves as the pivotal point of social interaction among consumers. This approach thus adds an understanding of the social context of consumption to the overall picture of brand management. This understanding has become a prerequisite for managing many brands, especially after the Internet has profoundly changed the market place. In the community

approach, the marketer deals with ‘autonomous’ groups of consumers who are able to collectively influence marketing actions and potentially ‘take over’ the brand and take it into a direction not at all intended by the marketer. The field of brand management has come a long way from the assumptions of linear communication behind the earlier approaches to accepting the chaotic autonomous consumer forces in this approach (Heding et al., 2009).

ii) The cultural approach, the brand as part of the broader cultural fabric:

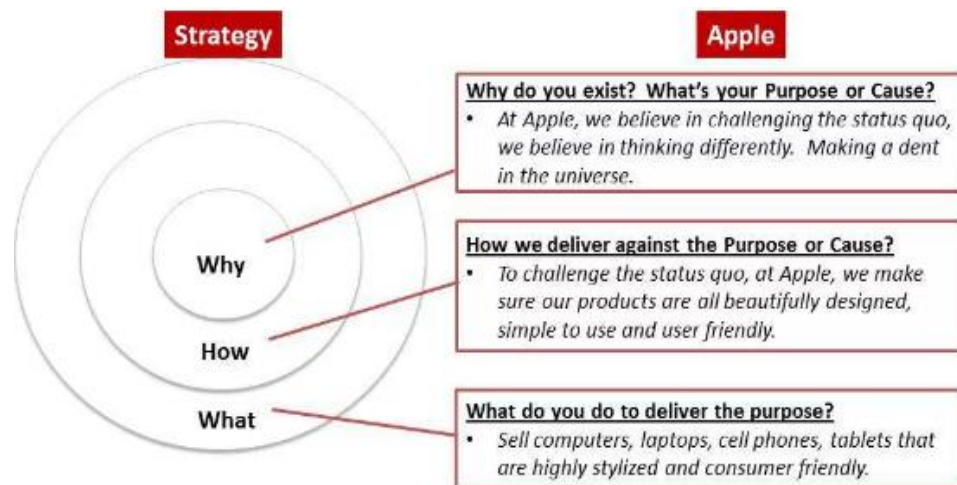
The cultural approach explores how brands are an inherent part of our culture and explains how playing an active role in mainstream culture can turn a brand into an icon. Hence, cultural and contextual influences add new perspectives to the discipline of brand management from 2000 to 2006. The approach borrows from the scientific tradition of cultural studies and makes use of a wide variety of qualitative methods. The attention has shifted from the transaction between a marketer and a consumer (or groups of consumers) to a macro perspective. The approach both explains what branding does to macro-level culture and how embedding the brand in cultural forces can be used strategically to build an iconic brand (Cayla & Arnould, 2008).

3.3. Everything starts with a vision

Your brand is a reflection of what you stand for, so it has to align perfectly with the values and purpose of your business or organization. Branding starts with four essential statements:

- **Vision statement** defines your long-term aspirations. It explains why you're doing, what you're doing and the ultimate good you want to achieve through your success. Think of your vision as the picture of where you ultimately want your work to lead you.
- **Mission statement** defines the purpose of your work and the effect you intend to have on the world around you. It states what you do for others and the approach you follow as you aim to achieve the aspirations you've set for yourself, your organization, or your business. Think of your mission as the route you will follow to achieve your vision.
- **Values statement** defines the principles that are held most dear by the leaders. They are guidelines to how employees must comport themselves. It might take the form of a code of ethics, a bill of customer rights, a promise to stakeholders. It is an expression of how the company will do business.
- **Positioning statements** define a way how a company will differentiate its operations, products, services from its competitors. It is an expression of the strengths and competencies it will bring to bear on behalf of their stakeholders, particularly customers and prospects. Together, these statements should also reflect the company's "culture".

Figure 3: Apple's branding strategy



Source: Branding Business, 2016

A strong brand **vision** should answer three primary questions; 1) who we are for, 2) what we do, 3.) what we offer. By answering these questions, you should come to some sort of agreement around why your brand matters to customers, shareholders, and most importantly yourself. If you want a vision statement to be operative, it must be short. No one, including you or your board members will remember a paragraph. You want a simple sentence. And the shorter the better.

In general terms, a company's brand **mission** is to create the customers that will drive the business forward. Defining the brand mission in this context means that the brand team has to set up shop at the core of business. Creating the brand mission involves pulling together a company's vision, strategic direction, intended product development, marketing and operations priorities. From these, we then map out the platform strategies for creating brand value and creating customers. In this chapter I propose two examples:

1) **IKEA**: The folks at IKEA dream big. Their mission statement could have been a promise for beautiful, affordable furniture, but instead, they decided their mission is to make *everyday life better* for their customers. It's a partnership: IKEA finds deals all over the world and buys in bulk, then we choose the furniture and pick it up at a self-service warehouse. "So together, we save money for a better everyday life," they say. Using words like "together" and "we" makes a huge company like IKEA much more accessible and appealing to customers.

Figure 4: Examples of vision and mission statement



Our vision and business idea

At IKEA our vision is to create a better everyday life for the many people. Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.



Our Blue Box Values

At American Express®, we have a mission to be the world's most respected service brand. To do this, we have established a culture that supports our team members, so they can provide exceptional service to our customers.

Source: HubSpot

2) **American Express:** “Customers will never love a company until the employees love it first.” That's a quote from Simon Sinek. American Express sets itself apart from other credit card companies in its mission and values with an ode to great customer service, which is something they're famous for. We love that they emphasize the need to support their employees so their employees can support theirs.

Values might be the most abstract of the set, but are intended to drive how you operate in a very practical way. They are the set of ethical or qualitative criteria that help you make choices. If it is clear how things are decided, you can work more efficiently towards results as well as your vision. Values fail when they do not drive the way you operate in every aspect of your organisation (The Brand Link, 2016).

A good **positioning** gives the product a unique selling proposition. In a market place cluttered with lots of products and brands offering similar benefits, a good positioning makes a brand or product stand out from the rest, confers it the ability to charge a higher price and turn off competition from the others. A good position in the market also allows a product and its company to survive bad times more easily. A good position is also the one which allows flexibility to the brand or product in extensions, changes, distribution and advertising (The Brand Link, 2016).

3.4. The process of strategic brand management

Strategic brand management includes the design and implementation of marketing programs and activities which serve to build, measure and manage brand value. In this work, the process of strategic brand management is defined by following three main steps:

1. planning and implementation of brand marketing programs
2. measuring and interpreting brand performance
3. improving and maintaining brand value

3.4.1. Planning and implementation of brand marketing programs

Brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible, which depends on 3 factors:

- The initial choices of the brand elements making up the brand and how they are mixed and matched.
- The marketing activities and supporting marketing programs and the way the brand is integrated into them.
- Other associations indirectly transferred to or leveraged by the brand as a result of linking it to some other entity (such as the company, country of origin, channel of distribution, legislative etc.).

Elements of a brand can be selected to enhance the awareness of a brand or facilitate the creation of strong, favourable and unique associations to the brand. Elements of a brand are visual or verbal information that are used to identify and distinguish a product. The most common elements of a brand are its name, logo, symbol, representative, packaging and slogan. The good elements must be memorable, meaningful, likeable, transferable, adaptable, protectable (Sereikiene & Marcinkeviciute, 2015).

- **Logo or wordmark:** A logo is a graphic symbol, whereas a wordmark or logotype is just the words of your company or product name set in a specific, fixed way. Your logo or logotype is the core of your brand identity.
- **Slogans & jingles:** A slogan is a catchy phrase or series of words used to communicate brand characteristics, benefits and other information that persuades consumers. Jingles tend to be musical, whereas, slogans do not need to be accompanied by music.
- **Packaging:** Packaging includes producing covers, containers or wrappers for the product. The unique characteristics that are found in the design, colour scheme and manner of packaging, help to build brand awareness and promotes easy recognition.
- **Colours and typography:** Colours are very important element of perception. Is better to choose one main colour which would be brighter and bolder. Typography concerns the style and appearance of any lettering or fonts used as part of your visual brand identity (Hesková, 2008).

3.4.2. Measuring and interpreting brand performance

Trademark represents the most valuable intangible asset (Itami and Roehl, 1991). Trademarks are links of communication between suppliers and consumers which brings valuable information about the origins and quality of goods and services. Trademark can greatly affect the choice and preference of consumers. As intangible market-based resources, brands can represent valuable resources that can create competitive advantage over competitors. Building a strong trademark takes many years and risk investment: firms may therefore have to look outside their boundaries to acquire or develop various brands. Business around trademarks is constantly evolving and creating entrepreneurial opportunities. This intangible asset is mainly regarded as factor for the success of firms. Firms have become more active in the acquisition and disposal of brand assets; the understanding of this important phenomenon is however still missing. The question of brand valuation started late 80s. In the past if the acquisition price exceeded the value of

the tangible assets of a company, the difference was included in the category of "goodwill". This will not work nowadays. Imagine that banks have minimum properties (tangible assets), their brand value should be automatically high, but no bank was ever among the top ten companies. That means that there might be more factors, e.g. political, social and economic that could significantly influence the brand value. (Sullivan Jr & Sullivan Sr, 2000)

There are many systematic classifications of measurement of intangible assets and brand valuation, proposed by various academicians and professionals. The Czech Republic procedure is governed by Act no. 151/1997 Coll., which regulates methods to be used in valuation of things, rights and other property values, for the purpose laid down in specific legislation. Commission Regulation (EU) 2015/2231 of 2 December 2015 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 16 and 38 (Text with EEA relevance). For the brand valuation, I have chosen the following methods as examples:

- **The method of comparison:** This method is based on a comparison with a similar entity valued intangible assets, or shares, which were sold on the public market. The assets been compared must come from the same business sector. The method assumes the existence of a transparent market. We can compare on the level of profit, cash flow, revenues, sales, liabilities, assets etc.
- **Valuation based on cost:** Based on the actual costs incurred for the branding and of the eventual recovery of the cost. It may be very distant from the actual value tag. They do not result in the value of intangible assets. From the market perspective, or the purchaser the result does not reflect the potential benefit of the asset.
- **Valuation based on brand licencing fees:** This market method is the most widespread method for valuing intangible assets, particularly intellectual property rights. Principles are based on trading intellectual property rights in the form of royalties and similar contracts. These trades are settled on a standard form different structures royalty payments, while most tend to pay ongoing royalties, calculated

from sales volumes. The royalty payments are reflected on the market by company contributions, sale effectiveness and future expectation on profitability. This method guarantees the buyer of the brand against the risk of royalties not meeting the quality of the brand.

- **Market method of determining Net Present Value (NPV):** NPV is the difference between the present value of cash inflows and the present value of cash outflows of the concerned brand. NPV is used in capital budgeting to analyse the profitability of a projected investment or project. An investment, in our case a brand – a brand with a positive NPV will be a profitable one and the one with a negative NPV will result in a net loss. This assessment is mostly based on 5 – 10-year forecasting revenues.

In addition, valuation of brands includes four areas:

- Customer relation management (CRM)
- Financial analysis (for detection of proceeds from trade in branded goods)
- Market analysis - analysis of the factors stimulating demand (for determining revenue from the business, which can be attributed to the brand - Brand Value Added (BVA))
- Risk analysis

In the marketing, brand word exists specialized agencies which provide studies of the brand valuation. One of the leader in this field is company Interbrand. Interbrand is a global brand agency, and publisher of the highly influential annual Best Global Brands and Breakthrough Brands reports, and Webby Award-winning brand channel. This agency gather available marketing and financial data bank provided by companies such as J. P. Morgan Chase, Citigroup and Morgan Stanley to calculate the value of brands. The result is compiled for ranking the top 100 best brands. Interbrand method works with categories of net revenue. The revenue is obtained as the difference between branded and unbranded products. Interbrand further includes a multiplier brand strength (Interband, 2014). The multiplier measures the strength of the brand and is derived from the seven key factors below:

- Leadership - the ability to influence events on the market (25%)
- Stability of the brand - continuous and positive purchasing power (15%)
- Market stability – market is not influence by negative factors (10%)
- Regional influence - the brand's ability to cross geographical and cultural boundaries (25%)
- Trend - ability to change and adjust to the new trends / requirements of the consumers (10%)
- Support for promotion - a strong brand communication (10%)
- Legal protection - the legality and transparency of ownership marks (5%)

The other important agency which values top brands over the world is Kantar Millward Brown agency. This agency holds brand equity database called BrandZ. This database contain data from over 650,000 consumers and professionals across 31 countries, comparing over 23,000 brands. Each year since 2006 this multinational market research company has been publishing the list of the top 100 global brands (Kantar Millward Brown, 2016). Millward Brown’s BrandZ valuation process takes the financial value created by a company in US dollars and multiplies it by the proportion of that value generated by the brand contribution alone. That brand contribution is derived from consumer research that quantifies how much people purchase and how much of the price premium people pay can be attributed to brand equity.

Step 1: Calculating financial value. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands. And we need to apportion the earnings of the corporation across a portfolio of brands. The agency analyses financial information from annual reports and other sources to correctly distribute the earnings. This analysis yields a metric called the Attribution Rate. The agency multiply Corporate Earnings by the Attribution Rate to get a Branded Earnings.

Step 2: The agency multiple branded earning with special index (index is not available for public; we know it is just cover future earnings). After this step, they get

Financial Value. Then they take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist (Kantar Millward Brown, 2016).

Figure 5: Top 10 brands according to the Kantar Millward Brown, 2016



Source: Kantar Millward Brown, 2016

Apple brand personality is about lifestyle, imagination, innovation, passion, hopes, dreams and aspiration. After more than a decade of solid growth finally appeared to hit a wall. While the upgrade of Apple's iPhone 6S and 6S Plus was fantastic, sales of the iPad tablet computer continued to shrink throughout the year. The other factor can be a slowing economy in China, therefore Apple push to focus on India, when the market share is still low. Walmart is making a lot of progress and become the second largest online retailer in the U.S. after Amazon. By giving workers raises and investing heavily in tech, its U.S. division has improved customer service and saw comparable sales rise each quarter in

2016. It is hoping to build on that with a major reset of its food business, which accounts for more than half of its sales, with a bigger focus on organic and fresh food, and by offering curbside order pick up.

Coca-Cola, one of the world's most iconic brands, for the first time in 2016 not placed among the top ten brand value companies. This year the value of the Coca-Cola brand fell for the first time in the survey's history, by 4% to \$80.3bn, amid growing public awareness of the risks to health from the sugar content of soft drinks and despite respectable growth in the Coca-Cola Company's share price. Now Coca-Cola takes 13th place on the chart.

3.4.3. Improving and maintaining brand value

As a company's major enduring asset, a brand needs to be carefully managed so its value does not depreciate. Marketers can reinforce brand equity by consistently conveying the brand's meaning in terms of (Kotler, 2012):

1. what product it represents, what core benefits it supplies, and what needs it satisfies
2. how the brand makes product superior and which strong, favourable and unique brand associations should exist in consumers' minds.

The above issues depend on the firm's general approach to product development, branding strategies and other strategic concerns. The way how to maintaining the brand is the brand Re-Genesis. Any new development in the marketing environment can affect a brand's fortune. Nevertheless, many brands have managed to make impressive comebacks. Frequently, the first thing to do in revitalizing a brand is to understand what the sources of brand equity were to begin with. Are positive associations losing their strength or uniqueness? Have negative associations become linked to the brand? Then decide whether to retain the same positioning or create a new one, and if so, which new one? (Kotler, 2012)

Without question, the most important consideration in reinforcing brands is the consistency of the marketing support that the brand receives - both in terms of the amount

and nature of marketing support. Brand consistency is critical to maintaining the strength and favourability of brand associations. Brands that receive inadequate support, in terms of such things as shrinking research and development or marketing communication budgets, run the risk of becoming technologically disadvantaged or even obsolete. Consistency does not mean, however, that marketers should avoid making any changes in the marketing program. On the contrary, the opposite can be quite true - being consistent in managing brand equity may require numerous tactical shifts and changes in order to maintain the proper strategic thrust and direction of the brand. There are many ways that brand awareness and brand image can be created, maintained or improved through carefully designed marketing programs. The tactics that may be most effective for a particular brand at any one time can certainly vary from those that may be most effective for the brand at another time. As a consequence, prices may move up or down, product features may be added or dropped, advertising campaigns may employ different creative strategies and slogans, and different brand extensions may be introduced or withdrawn over time in order to create the same desired knowledge structures in consumers' minds (Keller, 1999).

3.5. Co-branding

Co-branding occurs when two or more brands are combined in a joint product or brand. This phenomenon is also called brand alliances or brand bundling. The two companies should consider carefully what their strategic alliance means for their respective brand portfolios, as their brands will become more associated in the future through the new product (Blackett & Boad, 1999).

Figure 6: Examples of co-branding campaigns



Source: Branding strategy

Co-branding brings many advantages for the cooperated companies:

Firstly, co-branding should increase the leverage within existing brands. Co-branding can bring more profitable incomes rather than a product or service possessing only one brand, therefore the profit and loss for both companies would be considerably improved. Successful case is that between credit card companies and the airlines. Citibank has signed up for partnership of Asia Miles, a leading travel rewards programme. The credit card issuer offers reward points of flight miles for each use to encourage customers to use their credit cards (Chang, 2009).

Secondly, joint venture is a common means to access a new or uncertain target market. This approach is also applied to remove obstacles coming from a local government when a foreign company wants to enter in a new target market. Japanese corporations commonly develop a joint venture with a Chinese company when exploring the Chinese market because the Chinese government may impose limitations on foreign businesses.

Thirdly, co-branding could minimize investment risk for both companies or expenditure when a joint venture enters an unexplored market, reveals new products or launches new projects. Great example is cooperation between GoPro & Red Bull. GoPro does not just sell portable cameras, and Red Bull does not just sell energy drinks. Instead, both have established themselves as lifestyle brands - in particular, a lifestyle that is action-packed, adventurous, fearless, and usually pretty extreme. These shared values make them a perfect pairing for co-branding campaigns, especially those surrounding sport actions. To make the partnership work, GoPro equips athletes and adventurers from around the world with the tools and funding to capture things like races, stunts, and sport events on video - from the athlete's perspective. At the same time, Red Bull uses its experience and reputation to run and sponsor these events. The collaboration allows exclusive GoPro content to enhance both companies' growth.

Finally, propose that brand identity is constantly conveyed to customers through comparison with other brands. Example is BMW & Louis Vuitton: The Art of Travel. BMW and designer Louis Vuitton have a few important things in common. They are both in the business of travel and they both value luxury. They are both well-known, traditional brands that are known for high-quality craftsmanship. In their partnership, BMW created a sport car model called the BMW i8, while Louis Vuitton designed an exclusive, four-piece set of suitcases and bags that fit perfectly into the car's rear parcel shelf. Additionally, design and appearance fits perfectly with BMW's image: sleek, masculine, and high-quality. Turns out both the luggage and some parts of the car's interior use carbon fibre, strong-yet-light composite material. This is a pure expression of the art of travel.

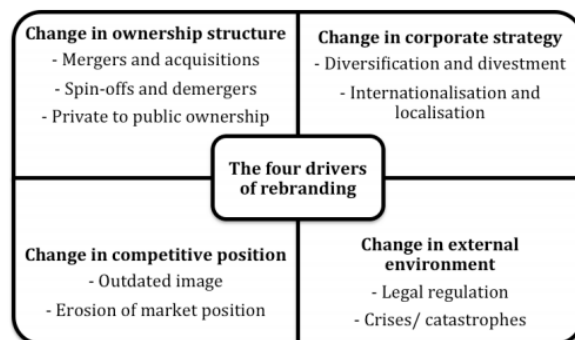
3.6. Re-branding

While branding is concerned with creating a brand identity, re-branding is about recreating that identity. Rebranding is the creation of a new look and feel for an established product or company. The usual goal of re-branding is to influence a customer's perception about a product or service or the company overall by revitalizing the brand and making it seem more modern and relevant to the customer's needs (Muzellec et al. 2003, 31).

There are many reasons why a business might want to present a different brand image. Possibilities include repositioning the company and vision to reflect a change of focus, setting the company apart from its competitors, updating the corporate image to appeal to a younger market, expanding the business scope, and reflecting a significant merger or acquisition. Companies sometimes want to present a new image for reputation management, to distance themselves from problems of the past. Another purpose of re-branding is to exploit the popularity of some current trend, such as green computing (Muzellec et al. 2003, 31).

Laurent Muzellec et al. presents in a work called “*Corporate rebranding-an exploratory review a scheme*” (figure 7) to illustrate four identified main drivers of re-branding; change in ownership structure, change in competitive position, change in corporate strategy, and change in the external environment. Re-branding efforts may include a name change, a new logo or packaging and updated marketing materials.

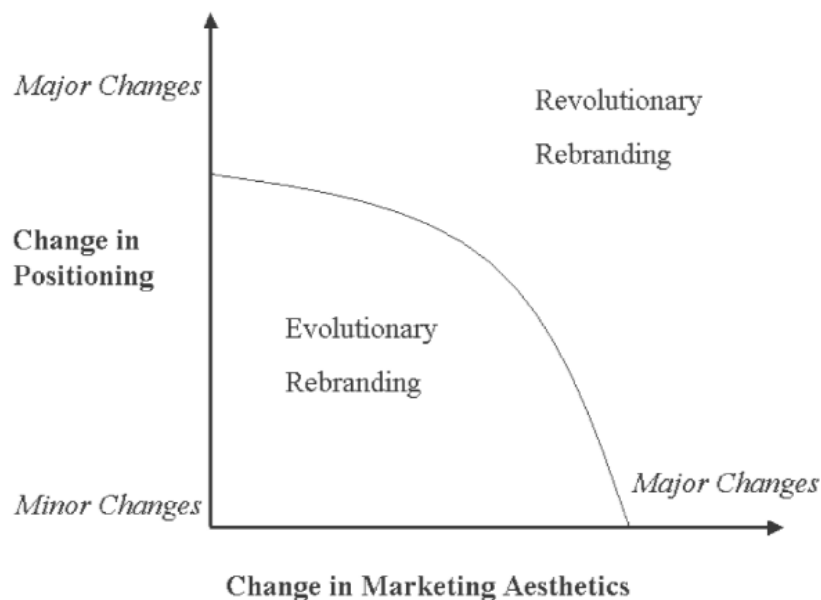
Figure 7: Re-branding drivers scheme



Source: Corporate rebranding-an exploratory review, 2013

Daly and Moloney (2004) describe that the level of change in corporate brand may include minor, intermediate or complete change. According to them, the minor changes are about aesthetics and vary from a simple face lift to restyling or revitalizing the brand which may need a change. Intermediate change is about repositioning, and use of marketing tactics, especially communication and customer service techniques to favourably reposition an existing brand name, thus giving it a new image. In complete change, the name is new to stakeholders and they may not know what the brand stands for. Values and image of the new brand are communicated to all stakeholders through an integrated marketing communications campaign. Daly and Moloney (2004) call complete change re-branding.

Figure 8: Dynamic re-branding model (Muzellec & Lambkin 2005)



Source: What is in a Name Change? Re-Joycing Corporate Names to Create Corporate Brands, 2015

Branding infrastructure has advanced enormously, giving rise to various types of entities, ranging from branding consultants to true conglomerate specialized in brand architecture and brand identity. According to Muzellec and Stuart (2004), consistency and continuity are key elements of a corporate re-branding campaign. The first step is to hire a branding consultant (like The Belford Group, J.P.Morgan, etc.) who can also offer graphic design services. A branding consultant is an expert in the area of corporate identity

and can guide the company or organization through each step of the re-branding process. A brand consultant will know what questions to ask that help a client fully determine the corporate identity including services and public image. Also, do not forget that every good business process has a well-thought-out plan with action steps that must be completed. A good business process is strategic and developed with the utmost of success in mind. This is very true of the re-branding process.

The second step is to create a visual part of the re-branded company. The name of an organisation is a primary means by which the organisation communicates to its stakeholders. Changing the name of a company in a corporate re-branding exercise is the riskiest strategy of all. It's always necessary to ensure the continuity with the old brand to keep some part of the brand e.g. Procter and Gamble, Ge Money Bank to MONETA Money Bank. Designers are quick to point out that the roots of their abstract design are in the organisation's history but can we see it in the new symbol or does it have to be explained to us. Probably the slogan will change, because with the rebranding of company comes new values. These values must be reflected in the redesign of a brand. The only tip here is to keep your slogan as simple and catchy.

The third step is to emphasize internal communication about the rebranding. During the process, be sure to involve all concerned departments like Corporate Communications, Human Resources, Marketing, Facilities Management, Fleet Management, and Purchasing. Different managers are motivated by different things and need to be addressed in different ways. Treat the departments with respect as they are integral to delivering a successful implementation program. Do not forget to communicate the project goals to all employees who will have to work daily with the brand after the implementation. Without that, employees are likely to undermine the expectations set by your brand and your investment. If company's employees believe in the brand, they are intrinsically motivated and their loyalty to the company increases. As a result, employees are unified and inspired by a common sense of purpose and identity and this will support success of the whole re-branding (Rebrand Inc, 2007).

The last step is to share the new branding with the current customers and the public. A re-branding is an excellent opportunity to remind the brand story, including the brand positioning and the brand values. Company should use every channel to

communicate this message so it can be sure to reach all audiences before the rollout. Versions of a message can be created to fit a variety of mediums, from direct mail to email blasts/newsletter to social media posts and news articles. The message should be understandable and apparent. It is also important to handle the re-branding with care because most people are wary of change and because the underlying message structure is tricky. Company should say why it matters for company itself and for their clients. Company should explain the evolution that has made a company different from or better than it was. Briefly explain how this benefits to clients (Rebrand Inc, 2007).

Once the re-branding has been established, announced and implemented, it's time to measure using pre-determined standards. How are customers reacting? Are they recognizing the new branding and responding positively? Are sales increasing or is the client base growing? These are all questions that can be asked to determine if a re-branding was successful. In this diploma thesis, I proposed questionnaire for customers to find out how was the re-branding of the company GE Money Bank to MONETA Money Bank successful or not.

Figure 9: Branding process



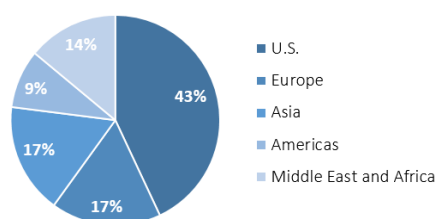
Source: Hartley & Soul branding company, 2016

4. PRACTICAL PART

4.1. General Electric

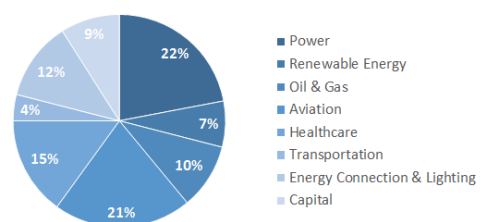
General Electric (GE) is an American multinational conglomerate corporation incorporated in New York, and headquartered in Boston, Massachusetts. GE is one of the largest and most influential business firms across the globe. In terms of gross revenue, GE is listed as the 26th Largest Business Organization according to the Fortune 500. With a unique business operation and customer satisfaction, GE has its name included among the top rankers in the surveys of different reputes. General Electric was established in 1892 by Thomas Alva Edison. General Electric has evolved from Thomas Edison's home laboratory into one of the largest companies in the world, following the evolution of electrical technology from the simplest early applications into the high-tech wizardry of the early 21st century. The company has also evolved into a conglomerate, with an increasing shift from technology to services, and with 9 operating divisions: GE Aviation, GE Capital, GE Digital, GE Energy Connections, GE Healthcare, GE Lighting, GE Oil & Gas GE Power, GE Renewable, GE Energy, GE Transportation.

Graph 1: GE Geographic Revenue Share, 2016



Source: The own processing based on data available in annual reports of GE, 2016

Graph 2: GE Segment Revenue Share 2016

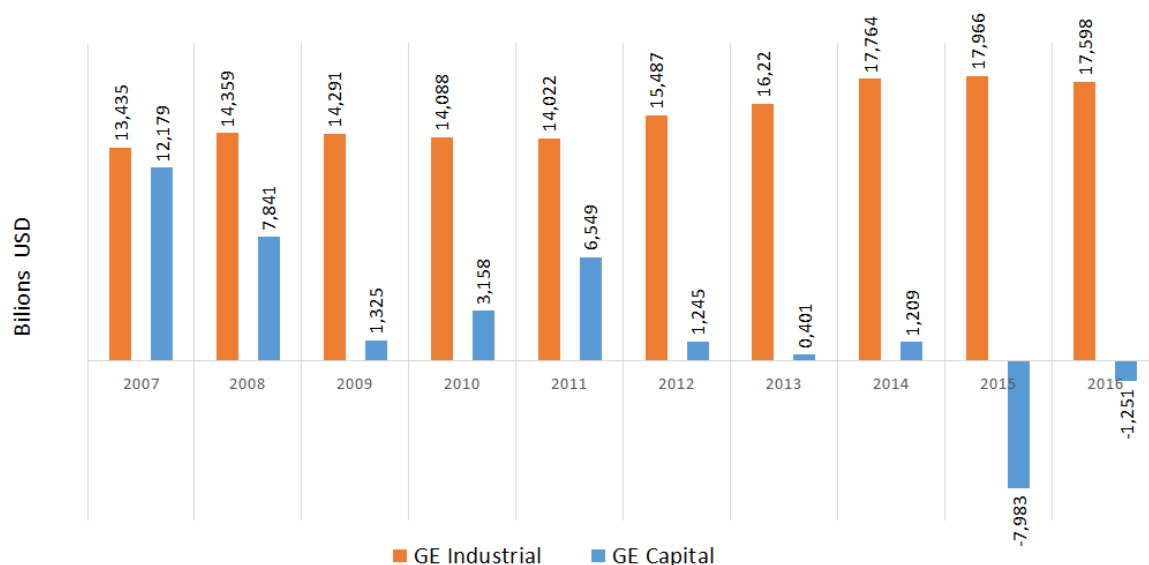


Source: The own processing based on data available in annual reports of GE, 2016

After the 2008 financial crisis, the GE Capital division was identified as a systemically important financial institution by the government. This designation increased the amount of regulation for the division, including submitting to banking stress tests, maintaining greater capital requirements and adding independent directors to the board of directors. The company wished to avoid the costs and difficulty of complying with the new regulations and decided to sell off the

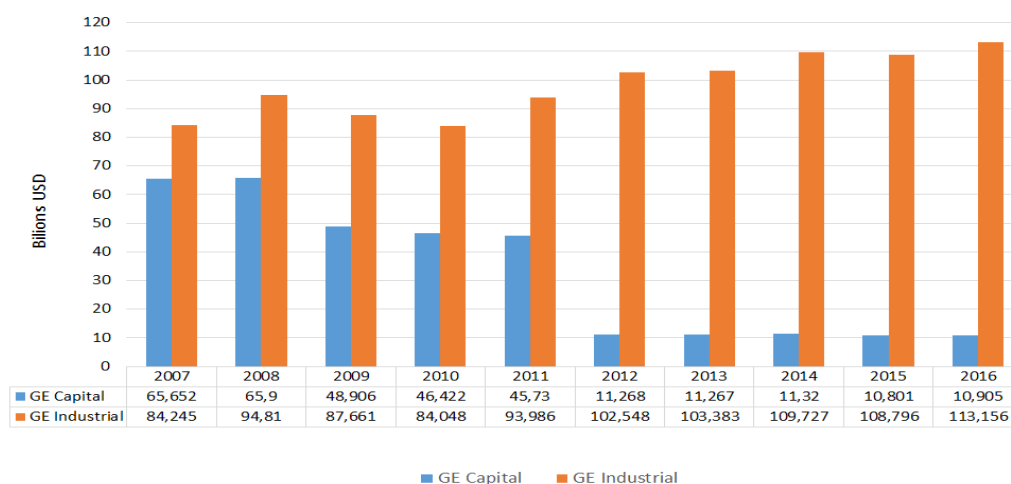
assets. In April 2015, General Electric officially announced its plan to create a simpler, more valuable company by reducing the size of its financial businesses through the sale of most GE Capital assets while continuing its investment and growth in its world-class industrial businesses. Federal Reserve gave GE a reprieve through 2018 from complying with the heightened requirements in the wake of its announcement to downsize (Edwards, 2015). In June 2015, the Czech media started informing the public about planned sale of GE Money Bank.

Graph 3: Consolidated Segment Revenue (2007 – 2016)



Source: The own processing based on data available in the website The Market watch.

Graph 4: Consolidated Segment Profit (2007 – 2016)



Source: The own processing based on data available in annual reports of Monet Money Bank

4.2. GE Money Bank

GE Money Bank has been active in the Czech Republic since 1997, having been built through the acquisitions of Multiservis in 1997, a part of Agrobanka's banking business in 1998, IMP Leasing in 1998 and VB Leasing in 2014. As at 31 December 2015, the GEMB had 3,133 employees and served approximately 1,168,000 customers. (Prospectus, 2016). The GEMB operates in two primary segments, "Retail" and "Commercial", and reports these as separate segments in its financial statements along with a third reporting segment, "Treasury / other". The commercial segment provides banking services to both companies and other commercial entity counterparties, as well as to entrepreneurs.

Distribution channels: The Group benefits from an established distribution networks, including its networks of 229 branches and 628 ATMs (as at 31 March 2016) throughout the Czech Republic. In addition, the Group has partner ships with 35 broker companies in the Czech Republic, accounting for 9 per cent. of new consumer loan volume in the year ended 31 December 2016, and works with 1,334 auto dealers in the Czech Republic. Unfortunately, the financial performance was not good within last year. Net profit of the bank Moneta Money Bank fell to CZK 3.2 billion. According to the bank worse results strong competitive pressure. Strong competitive pressures negatively impacted net profit Moneta Money Bank during the whole last year. Compared to the same period in year 2015 when profit was € 3.5 billion, reached only 3.2 billion. Net fee and commission income fell to 1.49 billion crowns. For the first nine months of 2015, revenue was 1.73 billion crowns. Decreases were also income from interest. Net interest income fell from seven billion to 6.33 billion crowns. The interest margin ended at six as expected. For the question relating to the interior mood in the bank I as Chief Product and Marketing Officer Mr. Ronald Boddy.

4.2.1. The interview report

My question no. 1: How long did you work for GE Money Bank (now MONETA Money Bank) and what were your main responsibilities during the re-branding process at the bank?

Mr. Boddy: I worked for GE Money Bank for 6 years. My responsibilities were to handle brand management, PR of the rebranding and marketing communication.

My question no. 2: Could you tell us when the process of re-branding started and what were the main objectives of the bank's management?

Mr. Boddy: The rebranding started at Q4 2014 (*addition information in Prospectus 2016, p. 211*).

MONETA Money Bank has the right to keep the intellectual properties for maximum of 6 months after the First Day of Official Trading. Under the Intellectual Property and Cross-Licence Agreement, GE CUSHI granted to the MONETA Money Bank a non-exclusive, non-transferable, perpetual right and licence to use certain GE software and trademark as set out in the Intellectual Property and Cross-Licence Agreement. But it was more than clear that rebuilding the design and the company structure was the necessary step to continue the business. Therefore, the main objective was to protect a franchise. We had to leave GE besides and its intellectual property and find a way how to make people comfortable with the change.

Finding the name is a discovery exercise. You must start with the idea what that the brand stand for and what you need to move toward to protect your values or even improve them. We did a piece of research and then we generate the new brand ideas and we tested these ideas with consumers. Eventually, we decided for MONETA Money Bank, because it met the criteria for what customers want. Firstly, this new name makes the bank more Czech – this is representing by colours, red, blue and white. Secondly, not to create a trivial name, we chose name MONETA, which comes from Roman methodology and mean *coins, currency*.

My question no 3: How would you communicate the rebranding event?

Mr. Boddy: We need to reassure people about the continuity. We put some teaser campaign (*a pre-launch campaign, author remark*) and we were careful to keep the cat, because people were sensitive about the cat. When the IPO started, we run a strong TV and press campaign. Czech press is balanced and sensible. Czechs are resilient people; they are not used to big change. In my opinion, in some country people are more exciting. (*The Group expects to spend approximately CZK 150 to 260 million pre-tax on rebranding activities in the first half of 2016, Prospectus, author remark*). We also sent a letter to our customers, but not a lot of people like

to read a letter from a bank. We also had to rebranded the branches and all materials and that we did gradually and it took 18 months.

My question no 4: What were the main risks during the re-branding process?

Mr. Boddy: The main risk is not to lose confidence in the bank. The bank should remain trustworthy. Fortunately, we have a strong customer base and prepared PR and marketing strategy.

My question no. 5: If you would evaluate the re-branding from GE Money Bank to MONETA Money Bank, would you say it was successful or not successful? Please give your reasons.

Mr. Boddy: Change the name itself is an easy process. Interestingly, the domain *moneta.cz* was owned already, so we had to buy it from the owner. More difficult was to financially prepare and restructure the company. In my opinion, the rebranding was successful. We did not damage the company image, there is a growth and we have not lost our customers.

4.2.2. The share price analysis

On Friday 5 May 2016 at nine o'clock a.m. MONETA Money Bank started trading on Prague Stock Exchange. In the IPO² was offered 51 percent of the shares at a price of 68 CZK per share. It was the largest public offering of shares on the Prague Stock Exchange since 2008. At the end of September GEMB offered the rest of the shares at the price of 77 CZK per share. Thanks to the gradual sale, part by part, of the shares the issuer (in our case GEMB) received optimal pricing for the remaining shares compared to the IPO. The result is a satisfied issuer (GEMB), who achieved good valuation, the investors who have market liquidity issue and Prague Stock Exchange, respectively the entire market. In total the company earned from the sale 7.5 billion CZK, details are illustrated in the table below.

Figure 10: Evaluation of the company earning due to the sale, 2016

	IPO, May 2016	End of the year 2016
Price per share	68 CZK	82.8 CZK
Shares Outstanding	511,000,000 pcs	511,000,000 pcs
Market Capitalization	34, 748,000,000 CZK	42,310,800,000 CZK

Profit **7,562,800,000 CZK**
 Earnings per share (EPS) 14.8 CZK

Source: My own processing based on data available on RM-System, Prague Stock Exchange

Graph 5: Evolution of the MONETA Money Bank share price and share volume, May 9 – Dec 30, 2017

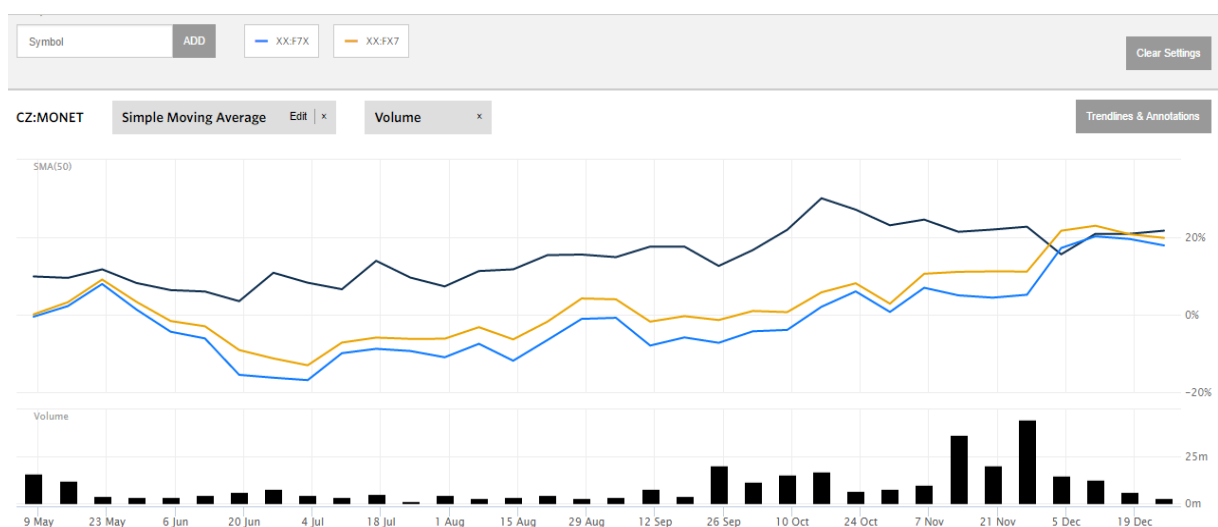


Source: My own processing based on the data available in The Wall Street Journal

² IPO = Initiation price offering, The open sale of shares in a company prior to the company being listed on a stock exchange for the first time.

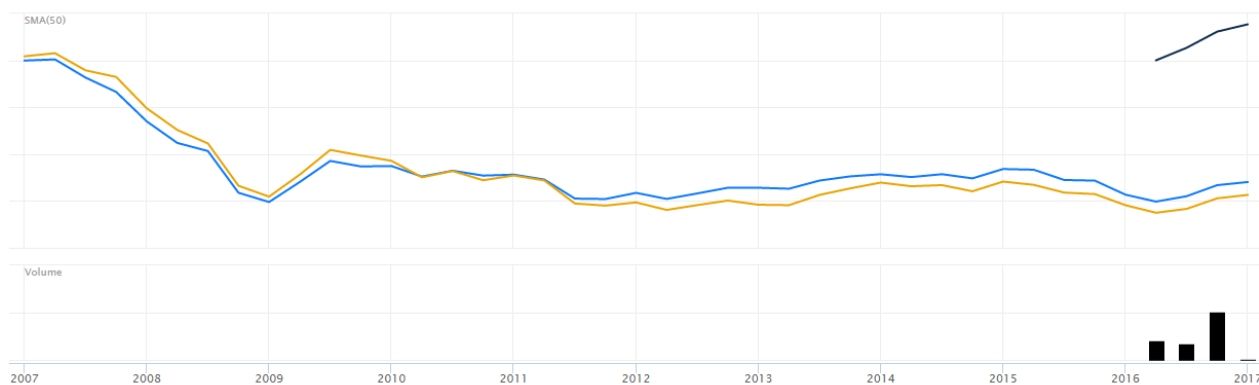
MONETA Money Bank is viewed according to financial analysts as a stable and profitable company, in comparison with European banks indexes (graph 4). The situation on the bank's capital markets in Czech Republic, where MONETA Money Bank entered as well as worldwide was affected by financial crisis till 2009. The financial crisis imposed significant restructuring and deleveraging needs on the sector. Subsequently, the EU banking sector has become considerably less supportive to economic activity than in past by government. This fact has reduce the market (price) volatility.

Graph 6: Evolution of the MONETA Money Bank share prices in comparison with two European banks indexes - STOXX® Europe 600 Banks, STOXX® EURO Banks



Source: The Wall Street Journal, Available at <http://quotes.wsj.com/CZ/XPRA/MONET/advanced-chart>

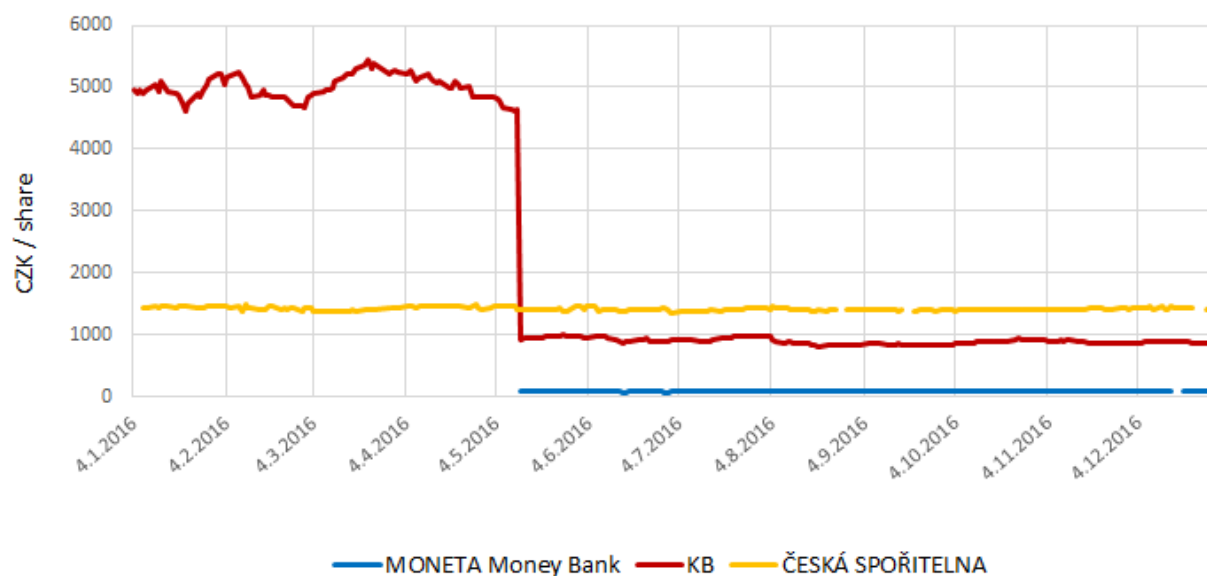
Graph 7: Evolution of the European banks indexes - STOXX® Europe 600 Banks and STOXX® EURO Banks



Source: The Wall Street Journal, Available at <http://quotes.wsj.com/CZ/XPRA/MONET/advanced-chart>

MONETA Money Bank is on the top 3 best-capitalised Czech banks, with a CET 13 of 17.9% in 2016, (18.3% in 2015, 30% in 2014 as GE Money Bank); well above National Bank 14% regulatory requirement (the requirement will increase by 50 % points due to implementation of countercyclical buffer in 2017). On April 13 2016 the Company paid a pre-listing dividend of CZK 4,506 million (including tax withholding) to GE Capital International Holdings Limited. The size of the dividend paid equalled the net income of the Group for 2015, hence the dividend changed neither the regulatory capital nor the CET1 Ratio of the Group. Before commenting situation on share prices among competing banks, which is graphically illustrated below, out one main fact needs to be pointed out. On May 11, 2016 shares of Komerční banka (KB) were spirited in ratio of 5:1, which means that the number of shares increased five time and the cost per share, by contrast, was reduce to 1/5 of the original value. This is the reason why the price of KB rapidly dropped down. Considering all collected data and information from the trading history we can assume that the entrance of MONETA Money Bank to Prague Stock Exchange has no significant effect on the competitor. KB's share price, after the split, is around 900 CZK and Česká spořitelna's share price is around 1,200 CZK, which were relatively high.

Graph 8: Comparison of the share price with price and volume, May 9 - Dec 30, 2017



Source: The own processing based on data available on RM-System, Prague Stock exchange.

³ CET = Common Equity Tier 1, a component of Tier 1 capital that consists mostly of common stock held by a bank or other financial institution. Common Equity Tier 1 is a capital measure that was introduced in 2014 as a precautionary measure to protect the economy from a financial crisis. It is expected that all banks should meet the minimum required CET1 ratio of 4.50% by 2019.

4.2.3. The questionnaire analysis

Next research question propose in this diploma thesis: *How does the rebranding affect customer behavior and how do they perceived new brand design.* For data collection was used on-line survey (electronic questionnaire), which was hosted on a server *www.surveymonkey.com*. Respondents were approached via a link placed on Facebook and the questionnaire was also sent to selected email addresses. The questioning took place in February 2017. In total, I collected 84 completed questionnaires back. From a total of 84 participants, 52 respondents (61.9%) were women and 32 respondents (38.1%) were men. One of the conditions of the research was to appeal to all ages, and create a questionnaire with simple questions formulation (omitted professional terms as logotype, etc.) Another condition was to create shorter questionnaire which will not take more than 5 minutes. This action should be a motivator to complete the questionnaire for the older age groups and to keep attention of young people during the filling of the questionnaire. The largest group among the respondents were people aged between 18 and 26 years (46,4 %).

MONETA Money Bank has a leading position on consumer lending market with developing capacities in the Czech SME⁴ segment. Its customers comprise of more than 11 % of the total country's population. One of the expectations of the bank was to attract new customers and lure them for something new. This assumption was linked to my first research question: *Does rebranding bring new customers to the bank?* From the research, I found that there were several people who opened account within the last 6 month after the rebranding but the number does not play important role.

Graph 9: A and B: Does the rebranding brings new customers to the MONETA Money Bank?

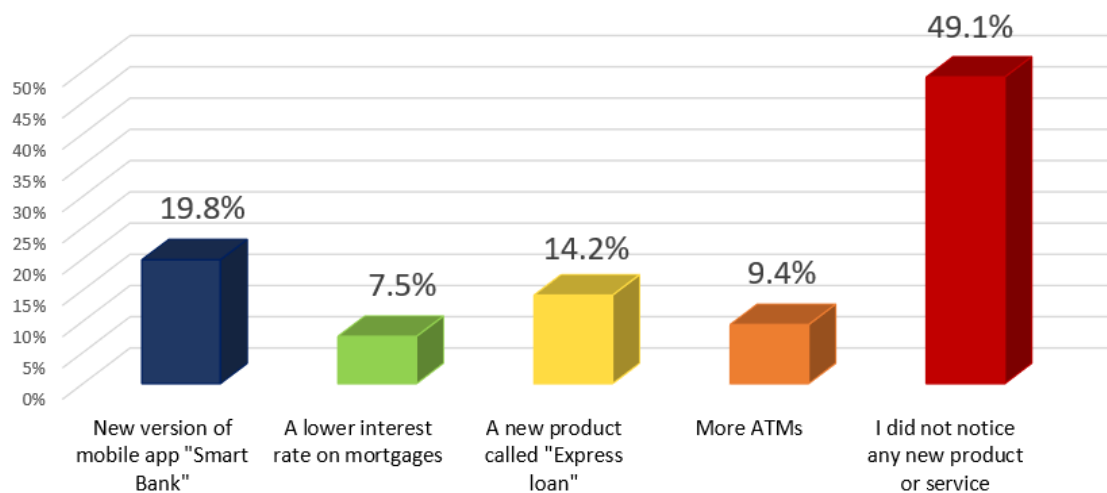


Source: The Own processing base on the results form questionnaire

⁴ SME = Small and Medium Enterprise. It refers to companies that are larger than the small office/home office (SOHO), but not huge.

The second question concerned *the criterias by which customers choose a bank*. I wanted to know whether the good reputation of the bank influences them in their selection. Respondents had six possible responses which they had to selected in order of priorities. The research showed that the reputation of the bank is important for the respondents. The brand reputation was rank as second, with a weighted average of 2.2. The most important criterion for the respondents are services fees, with the weighted average of 3.1. On the other hand, low interest rate on loans and large portfolio of products and services were ranked lower when choosing a bank.

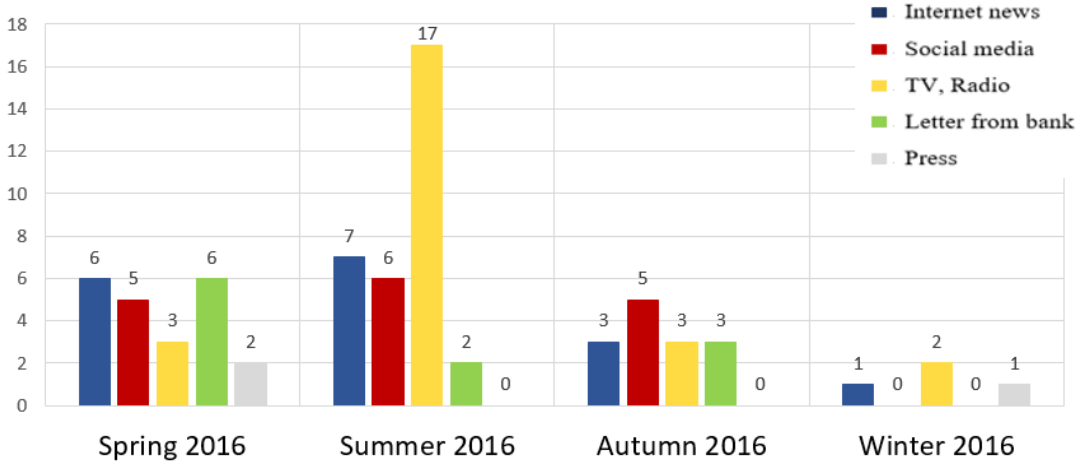
Graph 10: What are the main criteria for customers to choose a bank? (Used a weighted average)



Source: The Own processing base on the results form questionnaire

MONETA Money Bank used all available communication channels. The first reports about the rebranding have appeared on social media networks and online news portals. Big TV campaign start at June 2016. My research showed that the prepared communication timetable objectives were achieved.

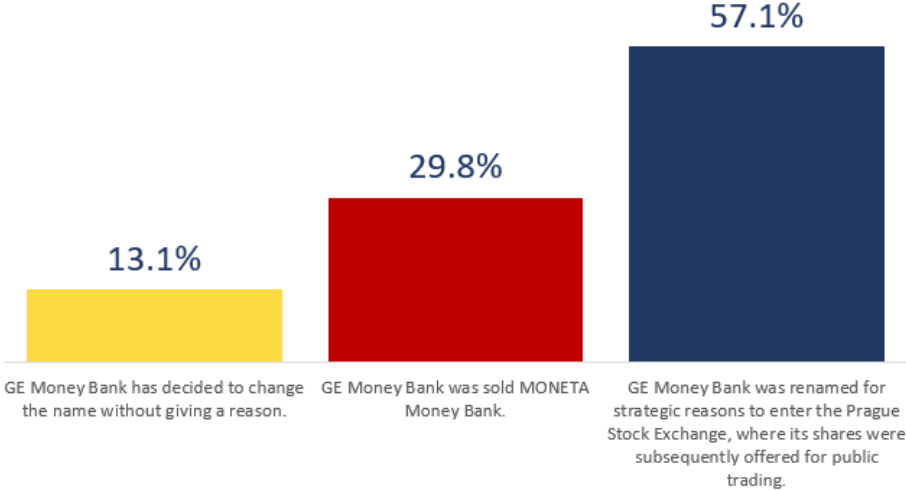
Graph 11: How was the rebranding communicate to the costumers?



Source: The Own processing base on the results form questionnaire

The Bank's goal was to informed customers about the change, and ensure them that the activities, products will remain, improve, introduce new product and above all will have a stronger Czech root. Bank also want to informed customers and the general public about the planed entrance process to the Prague Ex-Change Stock market and draw attention to customers the oppportunity to purchase shares and thus support the future of (their) bank. From my research, I found that only 8,3 % of the respondents purchased the shares. More than half of the respondents (57,1%) knew why the bank has undergone a rebranding and entered into the Prague-Ex-change stock market.

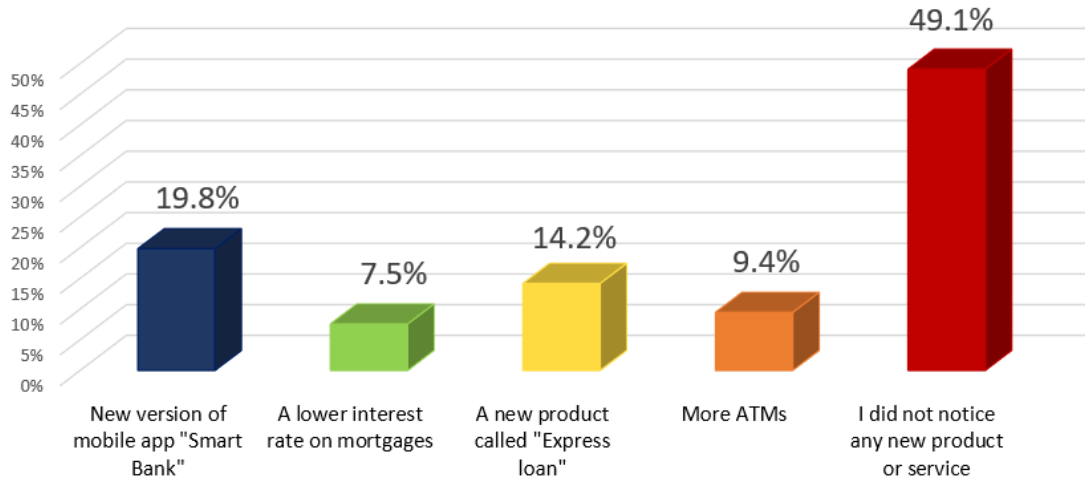
Graph 12: Do customers know the main reason why was the bank rebranded?



Source: The Own processing base on the results form questionnaire

The next question focus on new bank’s products, after the rebranding. From available options only new mobile application “Smart bank” was a new product. When answering the question regarding new products, respondents were a bit confused. For example, they responded “Express loan”, which has been strongly supported by TV, but was available prior to rebranding. Majority have not notice any changes.

Graph 13: Do customers recognized any new products after the rebranding?



Source: The Own processing base on the results form questionnaire

What is highly appreciated is that most customers are satisfied with the change. My research showed that over 60 % rated the change in brand (image, logo, colour, etc.) as successfully.

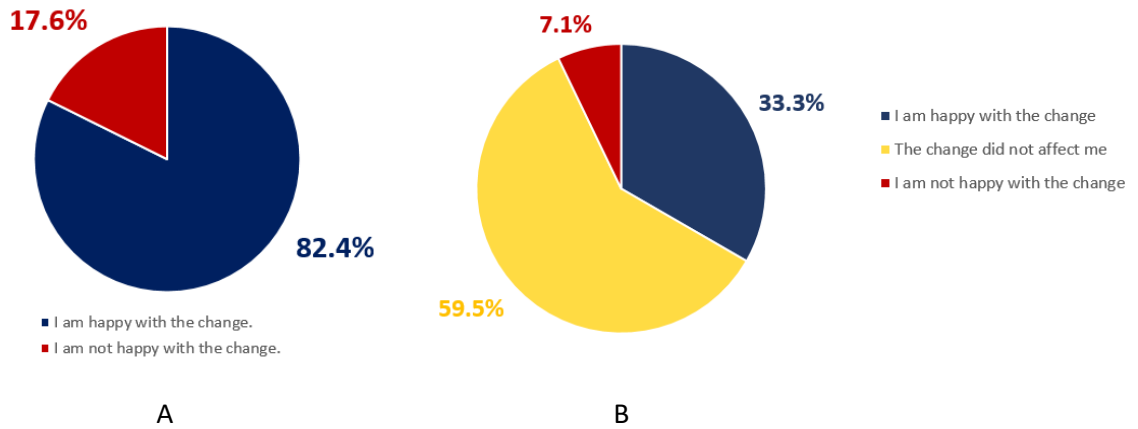
Figure 11: Do customers know the main reason why was the bank rebranded?

	1	2	3	4	5	
Like	23 (27,7%)	21 (25,3%)	25 (30,1%)	8 (9,6%)	6 (7,2%)	Not like

Source: The Own processing base on the results form questionnaire

From my last question, I found out that 82,4 % (graph 11A) rated the whole change (products, customers service, logo, image, etc.) positively.

Graph 14: A and B: How respondents rated the whole change of the bank.



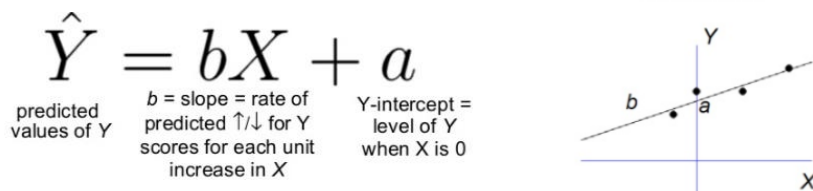
Source: The Own processing base on the results form questionnaire

Graph 11B – indicated the percentage (59,5 %) of who are not affected by the change agrees with the percentage of respondents that do not have account in MONETA Money Bank, as indicated in graph 6B.

4.2.3. The linear regression analysis

In the last part of research, I wanted to test relation between re-branding costs and profit. For this purpose, I chose simple linear regression. In the simple linear regression model, y is called dependent variable, x is called predictor variable, and ε is called prediction error or residual. The symbols α and β are called regression parameters or coefficients.

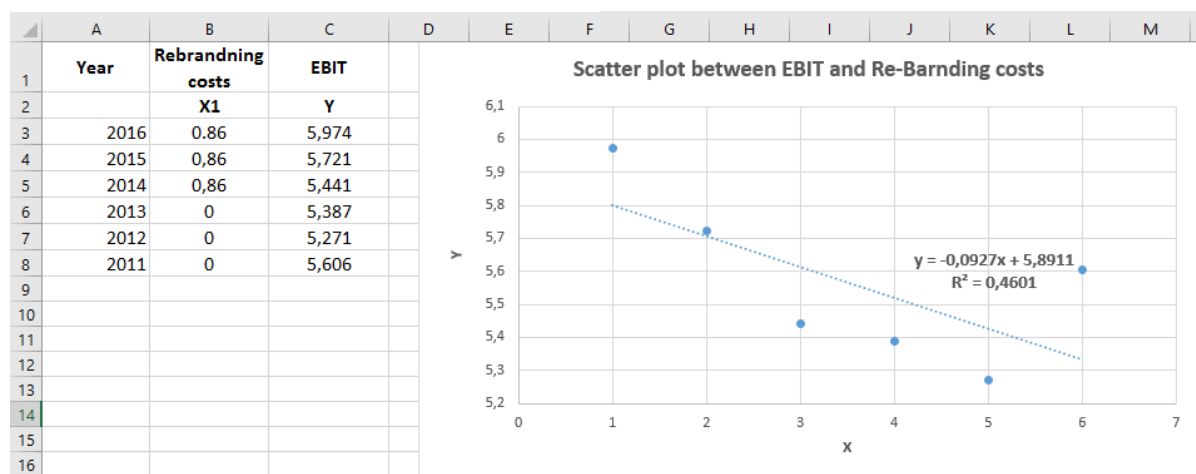
Figure 12: Regression equation (without errors)



Source: The World Almanac and Book of Facts, 1993

My dependent variable is a EBIT = Earnings before interest and tax and my independent variable x_1 (re-branding costs). The table presents annual data from 2011 to 2016. First step of the regression analysis was to find the regression equation and the value of the determinant coefficient by inserting a trend to the graph. Data prepared for further calculations will look as follows:

Figure 13: Regression equation in excel



Source: The Own processing base on the results form GEMB and MONETA Money Bank Income statement

By examining the equation of a line, we can quickly identify, that the linear regression line is negative (has negative slope). Simple regression analysis showed a significant negative correlation between mean EBIT and Re-branding costs.

The next step is to perform a regression analysis in Excel and interpret the summary output. The structure of the test is as follows:

Figure 14: Results of the regression equation in excel

	A	B	C	D	E	F	G	H	I	J
1	SUMMARY OUTPUT									
2										
3	<i>Regression Statistics</i>									
4	Multiple R	0,4895034								
5	R Square	0,2396136								
6	Adjusted R Square	-0,0138486								
7	Standard Error	0,1798895								
8	Observations	5								
9										
10	<i>ANOVA</i>									
11		<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>				
12	Regression	1	0,03059	0,03059	0,94536228	0,40261653				
13	Residual	3	0,09708	0,03236						
14	Total	4	0,12767							
15										
16		<i>Coefficients</i>	<i>Std Error</i>	<i>t Stat</i>	<i>P-values</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	
17	Intercept	5,4213333	0,10386	52,1989	1,5485E-05	5,09080689	5,7518598	5,09080689	5,751859773	
18	Re-branding costs	0,1856589	0,19095	0,9723	0,40261653	-0,422025	0,7933429	-0,422025	0,793342854	
19										

Source: The Own processing base on the results form GEMB and MONETA Money Bank Income statement

Regression statistics

The results are showed in three tables; In the first table called "regression statistics". They are gradually entered the index value, correlation coefficient of determination, modified coefficient of determination, standard error and number of observations.

R Squared is a statistical measure of how close the data are to the fitted regression line. It is also known as the coefficient of determination and the definition is straightforward; it is the percentage of the response variable variation that is explained by a linear model. In our case R-Square equals 0.24, which is a not good fit. 24 % of the variation in

EBIT is explained by the independent variables Re-branding costs. The closer to 1, the better the regression line (read on) fits the data.

ANOVA

The second table is called **ANOVA**, analysis of variance with linear regression used for the test fitness model. The suitability of the model is assessed by a test statistic that has F-distribution. The **F-Test** is used to test the null hypothesis that the variances of two populations are equal.

To check if your results are reliable (statistically significant), we have to look at Significance F (0.402). If this value is less than 0.05, we are OK. If Significance F is greater than 0.05, it's probably better to stop using this set of independent variables. We should delete a variable with a high P-value (greater than 0.05) and rerun the regression until Significance F drops below 0.05. Our p-values is significant for the y-intercept, but not for the independent variable x_1 (Re-branding costs)

Coefficients

The regression line is: $y = \text{EBIT} = 5,421 - 0.185x_1$ * Re-branding costs. The y-intercept is 5.421 and the slope is -0.185 . In other words, for each unit increase in Re-branding costs, EBIT decreases with 0.185 units.

Conclusion

From the F-test for b_0 coefficient was found out, that the p-value is > 0.05 , i.e. that there is no significant relationship between EBIT and re-branding cost. Using the coefficient of determination, it was found out, that the regression function can be expressed only from 24 % in a simple linear model. According to this analysis result the line may not be appropriate or reliable for prediction outside the domain of observed x values in the data.

5. Conclusion and recommendations

5.1. Conclusion

The results of research, which was focus on analysis of re-branding of GE Money Bank to MONETA Money Bank came out very positively. From the analysis of customers, share prices and profits combined with the results of investigation, I concluded with the statement that re-branding was successful.

My first research question focused on the rebranding strategy which was used in GEMB, experience, motivations and objectives from the management side. According to the interview with Mr. Boddy (Chief Product & Marketing Officer) I found that the company had to re-brand, because of the sale of whole GE Capital division (GEMB was part of this division). Re-branding was a complex and a long-run project. At the end of day the bank fulfilled its main objectives – continuity and customers confidence. The bank retrained its good position on the market.

My second research question focused on the profit from the sale of the company and the share prices evolution. General Electric gained from the sale 7.5 billion CZK, this amount (which is equal to profit in 2015) were pay back to the GE shareholders. Thanks to the gradual sale, part by part, of the shares, the issuer (in our case GEMB) received optimal pricing for the remaining shares compared to the IPO. The result is a satisfied issuer (GEMB), who achieved good valuation, the investors who have market liquidity issue and Prague Stock Exchange, respectively the entire market.

My third research question focused on how the re-branding affected customer's behaviour. According to the results from questionnaire we can say that customers were positive about the change. I also found out that people were sensitive to account fees and bank reputation.

In the re-branding campaign customers were properly informed about the reason why bank change the name and about the entrance to the Prague Stock Exchange. I was pleasantly surprised that some of the respondents answered, that they already bought some shares. From the collected data we can prove that MONETA Money Bank gained some new customers after the IPO, which meets the secondary objective, that the re-branding helped to bring new customers to the business. Half of the respondents said that they noticed the new product, which was also part of the re-branding campaign. MONETA Money Bank used media channels very properly. From collected data we can prove that customers gained the information from all the utilized communication channels, such as TV, Radio, social media, press and news portals. My research showed that the prepared communication timetable objectives were achieved.

Finally, the last analysis focused on the effect of re-branding on profit. For this purpose, I used regression analysis to estimate the correlation between the profit (independent variable) and the re-branding expenses (depended variables). The result of this analysis showed that there is no significant correlation, thus the rebranding had not influenced the overall profit.

During preparation of this diploma thesis I found out how complicated the re-branding process can be. The preparation took 18 months and cost were calculated to be 260 million CZK. During my working period in GE Money Bank (now MONETA Money Bank) I witnessed the restructuring of the company, administrative burden, lot of international meetings with all involved companies as a Visa, MaterCard, J.P.Morgan, Wells Fargo etc. The success of the re-branding is a result of many elements. I would say that this event is ones a time, especially in Czech Market and it brings new knowledge in the financial marketing re-branding field.

5.2. Recommendation

From the analysis and conclusions of this research study the following recommendation were drawn:

MONETA Money Bank should show look into it account fees, because customers are mostly sensitive to how much they pay for services provided by the bank.

The MONETA Money Bank should keep the TV and radio advertising, because it is the most influencing media channel. In total, most people gained the information about re-branding on TV or radio.

Even though the re-branding was successful, the future existence of the bank depends on the management. Bank is now in good position on the market. New brand can bring new positive consequences which has to be handled and developed by the stakeholders.

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7. Appendices

- 1) Consolidated statement of comprehensive income, 2016
- 2) Consolidated statement of comprehensive income, 2015
- 3) Consolidated statement of comprehensive income, 2013
- 4) Questionnaire in Czech language
- 5) Questionnaire in English language

Appendix 1: Consolidated statement of comprehensive income, 2016

CZK m	2016 Unaudited	2015 Restated	% Change	2015 As reported
Interest and similar income	8 494	9 522	(10,8%)	9 522
Interest expense and similar charges	(189)	(212)	(10,8%)	(212)
Net interest income	8 305	9 310	(10,8%)	9 310
Fee and commission income	2 267	2 631	(13,8%)	2 631
Fee and commission expense	(306)	(295)	3,7%	(295)
Net fee and commission income	1 961	2 336	(16,1%)	2 336
Dividend income	26	9	188,9%	9
Net income from financial operations	598	324	84,6%	324
Other operating income	168	123	36,6%	123
Total operating income	11 058	12 102	(8,6%)	12 102
Personnel expenses	(2 263)	(2 243)	0,9%	(2 243)
Other administrative expenses	(2 022)	(1 969)	2,7%	(1 792)
Depreciation and amortisation	(310)	(520)	(40,4%)	(520)
Other operating expenses	(489)	(801)	(39,0%)	(978)
Total operating expenses	(5 084)	(5 533)	(8,1%)	(5 533)
Profit for the period before tax and net impairment of loans, receivables and financial assets available for sale	5 974	6 569	(9,1%)	6 569
Net impairment of loans and receivables	(927)	(849)	9,2%	(849)
Profit for the period before tax	5 047	5 720	(11,8%)	5 720
Taxes on income	(993)	(1 214)	(18,2%)	(1 214)
Profit for the period after tax	4 054	4 506	(10,0%)	4 506
Change in fair value of AFS investments recognised in OCI	132	165	(20,0%)	165
Change in fair value of AFS investments recognised in P&L	(279)	(13)	2046,2%	(13)
Deferred tax	28	(29)	(196,6%)	(29)
Other comprehensive income, net of tax	(119)	123	(196,7%)	123
Total comprehensive income attributable to the equity holders	3 935	4 629	(15,0%)	4 629

Appendix 2:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

CZK m	Note	2015	2014	2013
Interest and similar income		9,522	9,670	10,385
Interest expense and similar charges		(212)	(285)	(557)
Net interest income	7	9,310	9,385	9,828
Fee and commission income		2,631	3,004	3,523
Fee and commission expense		(295)	(330)	(365)
Net fee and commission income	8	2,336	2,674	3,158
Dividend income	9	9	9	8
Net income from financial operations	10	324	389	413
Other operating income	11	123	174	167
Total operating income		12,102	12,631	13,574
Personnel expenses	12	(2,243)	(1,991)	(2,275)
Other administrative expenses	13	(1,792)	(1,933)	(1,887)
Depreciation and amortisation	14	(520)	(479)	(531)
Other operating expenses	15	(978)	(1,045)	(886)
Total operating expenses		(5,533)	(5,448)	(5,579)
Profit for year before tax and net impairment of loans and receivables and AFS		6,569	7,183	7,995
Net impairment of loans and receivables	16	(849)	(1,742)	(2,547)
Impairment of financial assets available for sale		0	0	(7)
Profit for year before tax		5,720	5,441	5,441
Taxes on income	17	(1,214)	(1,261)	(1,182)
Profit for year after tax		4,506	4,180	4,259
Items that are or might be reclassified to profit or loss				
- Change in fair value of AFS investments recognised in OCI		165	519	(82)
- Change in fair value of AFS investments recognised in P&L		(13)	(77)	(164)
- Deferred tax		(29)	(84)	47
Other comprehensive income, net of tax		123	358	(199)
Total comprehensive income		4,629	4,538	4,060
Earnings per share				
Profit for the year after attributable to the equity holders		4,506	4,180	4,259
Weighted average of ordinary shares (number of shares)		510	510	510
Basic/Diluted earnings per share	18	8,84	8,20	8,35

Appendix 3:

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

CZK m	Note	2013	2012	
1	Interest income and similar income	4	10,322	11,026
	of which: interest income from debt securities		98	231
2	Interest expense and similar expense	4	(557)	(942)
3	Income from shares and participation interests:	5	9	7
	of which: a) income from participation interests with substantial influence		1	1
	of which: c) income from other shares and participation interests		8	6
4	Commission and fee income	6	3,549	3,943
5	Commission and fee expense	6	(730)	(831)
6	Gain or loss from financial operations	7	413	251
7	Other operating income	8	762	1,115
8	Other operating expenses	8	(600)	(638)
9	Administrative expenses	9	(4,578)	(4,862)
	of which: a) employee expenses		(2,204)	(2,354)
	of which: aa) social and health insurance		(533)	(562)
	b) other administrative expenses		(2,374)	(2,508)
11	Depreciation, creation and use of reserves and adjustments to tangible and intangible FA		(648)	(1,051)
12	Release of adjustments and provisions for receivables and guarantees, income from written-off receivables	14, 25	488	692
13	Write-offs, creation and use of adjustments and provisions for receivables and guarantees	14, 25	(3,470)	(3,450)
15	Losses from transfer of participation interests with controlling and substantial influence, creation and use of adjustments to participation interests with controlling and substantial influence		(5)	(8)
16	Release of other provisions	25	6	14
17	Creation and use of other provisions	25	(17)	6
19	Current year profit (loss) from ordinary activities before tax		4,944	5,272
23	Income tax	28	(1,088)	(1,049)
24	Net profit for the accounting period		3,856	4,223
25	Bank shareholders profit		3,856	4,223

The notes set out on pages 41 to 68 form part of these consolidated financial statements.

Appendix 4: Questionnaire in Czech language
(original version – placed on www.survio.com)

Změna GE Money Bank na MONETA Money Bank

Dobrý den,

jsem studentka České zemědělské univerzity v Praze a tento krátký dotazník je součástí mé diplomové práce na téma Ekonomická analýza změny GE Money Bank na MONETA Money Bank. Cílem diplomové práce je analyzovat, jak změna ovlivnila zisky společnosti.

Věnujte prosím několik minut svého času vyplněním následujícího dotazníku. Dotazník obsahuje 15 otázek a je anonymní. Všechny Vámi poskytnuté informace budou použity pouze pro zpracování mé diplomové práce.

- 1. Pohlaví:**
 - žena
 - muž
- 2. Do jaké věkové kategorie patříte?**
 - 18-26 let
 - 27-40 let
 - 41-60 let
 - více než 60 let
- 3. Do které příjmové skupiny patříte?**
 - méně než 10 000 Kč / měsíčně hrubého
 - 10 000 – 20 000 Kč / měsíčně hrubého
 - 20 000 – 40 000 Kč / měsíčně hrubého
 - více než 40 000 Kč / měsíčně hrubého
- 4. Jaké je vaše nejvyšší dosažené vzdělání?**
 - základní
 - střední bez maturitky / vyučen
 - střední s maturitou
 - vysokoškolské
- 5. Máte účet u MONETA Money Bank (dříve GE Money Bank)?**
 - Ano
 - Ne
- 6. Jak dlouho máte účet u MONETA Money Bank?**
 - Méně než 6 měsíců.
 - Více než 6 měsíců.
 - U této banky účet nemám.
- 7. Kdy jste naposledy sjednal/a půjčku u MONETA Money Bank?**
 - Méně než 6 měsíců.
 - Více než 6 měsíců.
 - Žádnou půjčku jsem si u MONETA Money Bank nesjednal/a.

8. Co je pro Vás důležité při výběru banky? Seřadte podle důležitosti, přetažením jednotlivých polí dolů nebo nahoru.

- 1. Dobrá pověst banky.
- 2. Velký výběr produktů a služeb.
- 3. Nízká úroková sazba úvěrů.
- 4. Poplatky za služby.
- 5. Péče o zákazníky.
- 6. Dobrá dostupnost poboček a bankomatů.

9. Kdy jste se poprvé dozvěděl/a o změně GE Money Bank na MONETA Money Bank?

- Jaro 2016
- Létro 2016
- Podzim 2016
- Zima 2016

10. Jakým způsobem jste se dozvěděl/a o změně?

- Banka mě oficiálně informovala dopisem či emailem.
- Přes sociální sítě (Facebook, Twitter, YouTube, Instagram, ostatní).
- Z televize nebo rádia.
- Z internetového zpravodajství (idnes.cz, e15.cz, patná.cz, eurozpravy.cz, tn.cz, ostatní).
- Z tištěných novin nebo časopisů.
- O změně nic nevím.
- Jinak (prosím upřesněte):

Napište odpověď

Zbývá 100 znaků

11. Víte, jaký byl hlavní důvod změny?

- GE Money Bank se rozhodla změnit název bez udání důvodu.
- GE Money Bank byla prodána společností MONETA Money Bank.
- GE Money Bank byla přejmenována ze strategických důvodů při vstupu na pražskou burzu, kde byly její akcie následně nabídnuty k veřejnému obchodování.

12. Koupil/a jste si akcie MONETA Money Bank?

- Ano
- Ne

13. Jak se Vám líbí nová image banky (logo, reklama, barvy...)? Označte prosím jako ve škole.

Libí.

1 2 3 4 5

Neolíbí.

14. Všiml/a jste si nových produktů nebo služeb po změně banky na MONETA Money Bank? Můžete vybrat více než jednu odpověď.

- Nová verze mobilní aplikace "Smart Bank".
- Nižší úroková sazba hypoték.
- Nový produkt s názvem "Express půjčka".
- Více bankomatů.
- Ne, žádných nových produktů či služeb jsem si nevšiml/a.

15. Jak byste celkově ohodnotil/a změnu "image" banky?

- Pozitivně. Změna se mi líbí.
- Změna mě nijak neovlivnila.
- Negativně. Nejsem spokojen/a se změnou.

Appendix 5: Questionnaire translated in to English language

1. Gender:

- Women
- Man

2. In which age group do you belong to?

- 18-26 years
- 27-40 years
- 41-60 years
- More than 60 years

3. In which income group do you belong? (Gross income)

- Less than 10 000 CZK / month
- 10 000 – 20 000 CZK / month
- 20 000 – 40 000 CZK / month
- More than 40 000 CZK / month

4. What is your highest level of education?

- Elementary School
- High school
- University degree

5. Do you have an account in MONETA Money Bank (formerly GE Money Bank)?

- Yes
- No

6. How long do you have an account in MONETA Money Bank?

- Less than 6 months
- More than 6 months
- I do not have any bank account in MONETA Money Bank

7. When did you take a last loan from MONETA Money Bank?

- Less than 6 months
- More than 6 months
- I have not také any loan from MONETA Money Bank

8. What is important to you when choosing a bank? Place it in order of importance,

- The reputation of the bank.
- The large portfolio of products and services.
- Low interest rate on loans.
- Fees for services.
- Customer service.
- Good accessibility of branches and ATMs.

9. When did you first hear about the re-branding of GE Money Bank to MONETA Money Bank?

- Spring 2016
- Summer 2016
- Autumn 2016
- Winter 2016

10. How did get the information about the re-branding of GE Money Bank to MONETA Money Bank?

- The Bank officially informed me via letter or email
- Via social media networks (Facebook, Twitter, YouTube, Instagram, others)
- From the television or radio
- From the Internet news (idnes.cz, e15.cz, patria.cz, eurozpravy.cz, tn.cz others)
- From printed newspapers or magazines
- I do not know about the change
- Other (please specify)

11. Do you know what was the main reason for the change?

- GE Money Bank has decided to change the name without any reason.
- GE Money Bank was sold to MONETA Money Bank.
- GE Money Bank was renamed for strategic reasons, enter the Prague Stock Exchange, where its shares were subsequently offered for public trading.

12. Did you buy some shares from MONETA Money Bank?

- Yes
- No

13. How do you like the new image of the bank (logo, advertising, color ...)? Please rate it as at school:

Like 1 2 3 4 5 Not like it

14. Have you noted a new products or services after the re-branding? You can select more than one answer.

- The new version of the mobile application "Smart Bank".
- A lower interest rate on mortgages.
- A new product called "Express loan".
- More ATMs.
- No, I did not notice any new product or service

15. How would you in generally evaluate the re-branding of the bank?

- Positively. I like the change.
- The change did not affect me.
- Negatively. I'm not satisfied / a with change.