# Brand Building and Brand Extension in Service Sector: An Empirical Analysis*

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## Abstract

The work aims to analyze the role of brand building and brand extension in the service sector and to investigate how investment in marketing, communication and brand can affect the performance of a service enterprises.

In particular this research focuses on the ability of banking business to transfer *brand reputation* and *brand loyalty* built up over time on extra-core activities. The methodology used for the research is the analysis of a single case study, that is appropriate because of the complexity of the topic in question.

The research provides two levels of investigation. In the first part, after the literature review about the topic, it analyzes the strategies and investments in marketing and communication, in brand building and brand extension, highlighting the evolution of the last five years, with a quantitative and qualitative approach, through interviews with the management of the bank; in the second phase, the economic and managerial performance of the Bank are analyzed.

The originality of the research is to show a managerial model integrated with its place, in which it creates added value for all local stakeholders, through a suitable and customer centric marketing planning. However the work, while showing the evolution of investments and strategies in brand building and brand extension, despite analyzing market share, customer retention and churn rate during the same period, it does not show through a quantitative approach possible correlations between these elements. Further researches provide for an update of the work that includes empirical analysis on consumer perceptions about brand equity.

**Keywords**
brand building; brand extension; brand equity; service marketing; service management; bank marketing

* Although this paper represents the result of communal considerations of the Authors, the introduction and the paragraph 2 have been elaborated by Sansone M., the paragraphs 1 and Conclusions have been elaborated by Colamatteo A.

## Introduction

In the current economic system characterized by a tendency to homologation of the tangible characteristics of the products, the brand and the value related to it, assume an increasingly important role. This consideration is even more valid when applied to the service sector, seeing as their intangible character amplifies the value of brand and consumer's perceptions related to it.

Also in recent years it highlights a growing inclination of the banks to innovate the retail concept and to acquire more and more knowledge and marketing tools that have long been the prerogative of the industrial companies and, in a more recent period, even of commercial enterprises. The reasons for this innovative trend can be found both in macroeconomic variables - that resulted in a general trading down and have increased the need for credit from consumers- as in the increasing of banking firms number, of the branches and tools of internet banking, with the intensification therefore of accentuated forms of horizontal competition between the various competitors on the market.

In fact, the socio-cultural and evolutionary sectorial dynamics led recently also different kinds of relational model with which the consumer "lives" the branch and its in-store experience In fact it defines the indexes measuring the customer experience in the bank, and representative of the perception of the quality of the interaction between customer and company.

In this context, the present study aims to analyze the strategies of brand management in the case of the Banca Popolare del Cassinate that, based on a previous survey, is one of the main creators of value for the territory in which it operates. For this purpose, it analyzes policies and investments of marketing and communication - with a focus on brand building and brand extension - and also the performance of the bank in the same period.

The first part describes the conceptual evolution of research about the theme of the brand and the value of the brand, with the contributions of the main authors in respect of the elements that characterize the brand itself; then there is a focus on the role of the brand extension in the service sector. The second part of the work describes the analysis of the specific case of the BPC, the methodology used and the results obtained. Finally, the findings include the limits of research and future developments.

## 1. The evolution of brand and of brand equity: literature review

The role played by the brand in the preferences and in the purchase intent of consumers and in the economic assets of enterprises has led many scholars in recent years to investigate the subject of the value of the brand and its measurability.

The concept of brand equity was beginning to be used by advertisers in the 80’s (Barwise, 1993), while the major scientific contributions in this regard are developed from the '90s Aaker (1991), Srivastava and Shocker (1991), Kapferer (1992), and Keller (1993, 1998).

As defined by the American Marketing Association the brand is *“A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers*”.

Studies on brand equity can generally be divided into two main areas, customer-based and financial based: research on financial base provides a brand's asset evaluation. (Farquhar et al. 1991, Simon e Sullivan 1990), the customer-based analysis considers the response of consumers to the brand (Keller 1993 Shocker et al. 1994).

The analysis of bibliographical contributions and the definitions that have taken place over time, highlights an evolution of the concept of the brand: the definition of Kotler in 2002, is very similar to that mentioned above, because in this phase recognizes the main role of the brand's concept as a distinctive feature of products and services from those of competitors, while in 1991 Aaker defined the brand as *"A set of assets (or liabilities) linked to a distinctive sign (brand name, logo) that is added (or subtracted) from the value generated by a product or service".* Other definitions highlight the characteristics of intangibility of brand equity and the active role of the consumer in its perception: Swait et al. (1993) define the brand as the implicit valuation of it by the consumer, in terms of quality, reliability and of image of the product or service.

It can speak of customer-based brand equity when the consumer has more familiarity with the brand and has strong mental association with it (Kamakura & Russell 1993).

The brand, therefore, cannot be defined as a mere set of tangible assets, aimed at the recognition of a product, since it is equipped with its own expression, that connotes its character and personality (Pratesi, Mattia, 2006). It can be synthesizes in: brand identity – all elements of expression used by the company to convey the brand's values -, brand image – the brand perception by consumers - e brand positioning (Pastore e Vernuccio, 2006). So the brand is the element of synthesis of the conjunction between what the company is able to offer and the needs and perception of consumers (Fiocca, Marino e Testori, 2007).

In a scenario where the technological development and the increasing innovation reduce the possibility of product differentiation in terms of features of use, the brand is becoming increasingly important in order to establish strong and profitable relationships with consumers. So companies must aim to create value through a strong trustee heritage and of image inherent in the brand itself. The brand is the synthesis of the tangible and intangible characteristics that make it a unique product in the eyes of the consumer, for which the customer is willing to pay a premium price for value added.

The analyzed reference literature defines the brand as a multidimensional and complex concept, as it integrates the culture, corporate values and the value proposition that should inspire consistently and continuously every expression of the enterprise (Arnold, 1992).

The brand identity is based on the brand core purpose and its core values, that provide a system of guiding principles. Aaker e Joachimsthaler (2000) identify three dimensions of brand identity:

- *brand essence*, reflects the promise made to the customer, based on functional benefits, symbolic or emotional and it represents what the brand wants to identify for the market;
- *core identity*, the identity made up of all values based on the mission and on the strategic orientation;
- *extended identity,* the additional attributes that not concern the core, but rather specify the meaning;

The creation of a strong and lasting bond trust with the consumer, through a planned strategy of brand management, require significant marketing efforts by companies and their managers; in this context the role of communication and promotion of the brand is particularly important. Therefore these strategies must be supported by a product quality level coherent with its positioning.

Kapferer (2004) opposes the concept of brand identity to those of the brand image, that refers to consumer perception of the brand as a result of a subjective interpretation process of all the information issued by the enterprise. Therefore the identity belongs to the sphere of the voluntary transmission by the company of information and communications aimed to perceive by consumer the product in a certain way; on the contrary the brand image is how the product is actually perceived by consumer. The image can be ephemeral while the identity inspires all expressions of the brand, making it credible and coherent in time and space (brand extension) (Aaker, Joachimsthaler, 2001).

With a well-defined brand identity, it can proceed to the positioning of the brand: positioning can be defined as "*all about creating the optional location in the minds of existing and potential customers so that they think of the brand in the "right way"*(Keller, 1999). So the brand positioning aims to make a brand recognizable and distinguishable from the competition, overseeing a specific space in the map of the perceptions of the consumer by establishing parity and point of differentiation that make the brand instantly recognizable than its competitors (Keller, Busacca, Ostillio, 2005).

The strategic importance of the brand lies in its function of connection between consumer and enterprise[†]; however it can highlight features and benefits related to the company and other related to the consumer. Through an appropriately planned strategy of brand management , the company obtains identification and protection of their products or services, because they will be immediately recognizable to the consumer; the company, through its brand, capitalizes investments, going to accumulate over time a significant asset value.

So the brand first generates benefits of relationship[‡], in terms of trust and loyalty of consumers and, more generally, it leads to an improvement of relations with all internal stakeholders and external stakeholders. For example it determines the most favorable conditions for the procurement of financial resources. Also companies with a strong brand have greater bargaining power with suppliers and trading companies, and tend to fail to obtain more favourable terms of business.

In general it can say that a strong brand supports and amplifies the whole marketing strategy of the company, giving it a defensible and sustainable competitive advantage.

From the perspective of the customer Kapferer identifies five basic functions related to the brand: *guarantee*, through the brand, the consumer identifies the producer and gives him the responsibility to the level of quality inherent in the product itself; *customization*, the brand can also be the means by which individuals express themselves, through which pass on to others their ideals, values or opinions; *orientation with logo and colours* , the consumer is able to identify and select the most appropriate product for their needs, within the assortments that are becoming increasingly large; *practice*, the brand facilitates the memorization and recognition and consequently the process of purchase of the consumer; *emotion*, sometimes a brand is chosen to embody the hedonistic purchase, in this case the recreation and aesthetics dimensions are emphasizes, neglecting the functional aspects of the product.

The growing importance attached to the role of the brand, to its functions and advantages that can generate for businesses, leads to introduce the concept of brand equity and brand value; *the extra value perceived added to the functional value of a product when that is associated to a specific brand*[§] *"* (Aaker, 1991).

The brand equity is seen as a resource to be managed to increase the stock of enterprises; in fact, according to the resource-based view of the company's value, and therefore its economic and competitive performance are determined largely by the possession of unique intangible resources, of competence and confidence, and by ability to store and reproduce such resources in time.

The concept of brand equity implies that the results of marketing management of a brand product differ from those that would be obtained if the product is not associated with any brand; in fact, through the branding the company seeks to transfer the value of the brand the product or service, in order to convey to consumers the differences between different brands within a certain product category.

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[†] In 1989 Kapferer identified multiple functions performed by the brand. J.N. KAPFERER – J.C. THOENIG, "*La marque*", Ediscience International, Parigi, 1989.

[‡] Da FIOCCA R., "*Politiche di Marketing. Analizzare e gestire le relazioni con il mercato*", McGraw-Hill, Milano, 2010, p. 296 e ss.

[§] Da D.A. AAKER, "*Managing Brand Equity*", The Free Press, New York, 1991, p. 21.

The brand loyalty and the customer retention of which can enjoy a business in its target market derive from the value of the brand, with an impact on consumer behaviour, pricing, market share and profitability of the brand; it is important, although complex, measuring the value of a brand.

The brand equity measurement is analyzed by the greatest number of studies (Kamakura and Russel 1993, Erdem et al. 2006); a small number of studies focuses on brand value estimation (Ailawadi et al. 2003, Simon and Sullivan 1993); few of these estimate both brand equity and brand value by linking (Srinivasan et al. 2005, Goldfarb et al. 2009). Other studies are based on survey based data (Yoo and Donthu 2000, Srinivasan et al. 2005, Erdem et al. 2006), and some other are using market level scanner data (Kamakura and Russel 1993, Ailawadi et al. 2003, Goldfarb et al. 2009).

The approach according to which brands constitute one of the most valuable intangible assets of companies is becoming increasingly widespread. This approach determines that the concept of consumer-based brand equity has become a central marketing concept due to the increasing scientific and business interest in brands, since the brands constitute one of the most valuable intangible assets of companies (Kapferer 2008). It is worth investing in developing brands because brands are able to stay on the market in the long term until products transform or disappear (Kapferer 2008). Keller and Lehman (2001) formulate a categorization of brand equity measure; it can identify in their system three large categories: Customer mind-set measures[**], Product market measures and Financial measures.

Brand equity is a key marketing asset (Davis 2000; Ambler 2003), that can cause a unique and greeted relationship differentiating the bonds between the company and its stakeholders (Hunt & Morgan 1995; Capron & Hulland 1999), and developing long-term buying behaviour. Comprehending the confines of brand equity and inspect its growth elevates competitive barriers and drives brand wealth (Yoo et al. 2000). For firms, growing brand equity is a key objective gained through gaining more advantageus comparations and feelings between target consumers.

In this regard in recent years, have followed numerous studies and approaches measure the value of the brand, that are agreed on the concept that the value of the brand is based primarily on the customer and it is therefore linked to the knowledge-experience of the brand among consumers and the marketing actions to support it by the company. One of the models most important is the Aaker's one [††], that conceives brand equity as the set of five different brand asset.

*Notoriety,* because in order for a brand to have value it is essential that it is known by consumers; to the growing of awareness also the ability to identify and distinguish the part of consumers increases; also the reputation amplifies the positive or negative values associated with the brand.

The awareness is defined by Keller (2003) as “ the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Indeed the brand awareness must precede brand associations.

*Perceived quality* it is determined by both material factors of product-process and by marketing factors. It affects the degree of customer satisfaction that is then reflected directly to the value associated to this brand.

Associations of values and personality to the brand, since each brand consumers tend to associate mentally, almost automatically, certain values and general characteristics that form

[**] Customer mind-set measures mostly assess awareness, associations, loyalty and perceived quality (Aaker 1991, Keller 1993, Yoo and Donthu 1997, Christodoulides et al. 2006,). Their advantages are that they assess brand equity sources, can predict brand equity changes and predict a brand’s potential (Ailawadi et al. 2003).

[††] Da D.A. AAKER, “*Building strong brands*”, Simon & Schuster, New York, 2002, p. 31.

over time on the basis of their perceptions and experiences, associations which determine the current positioning of the brand and *the brand personality*[‡‡].

It can finds the brand associations in all of feelings, experiences that are brand related (Kotler and Keller 2006, p. 188) and is anything linked in memory to a brand. Other researchers (Farquhar & Herr 1993, Chen, 1996, Brown & Dacin 1997) analyze different kinds of association that provide to the brand equity. Product associations include functional attribute associations[§§] and non-functional associations (Chen 2001).

Customer loyalty[***], that together with a high level of customer retention are the basis of good profitability and growth of the brand, as well as its defensibility in competitive optics.

Aaker (1991) defines brand loyalty as the affection that a customer has to a brand. Behavioural loyalty is connected to consumer behaviour in the marketplace that can be shown by the number of repeated purchases (Keller 1998) or involvement to rebuy the brand as a primary choice (Oliver 1997, 1999). It can find the cognitive loyalty when a brand appears first in a consumers' mind, when the need to make a purchase decision arises; indeed that is the consumers' first choice. The cognitive loyalty is closely linked to the highest level of awareness, where the topic of interest also is the brand, in a given category, that the consumers recall first. Thus, a brand should become the respondents' first choices (cognitive loyalty) and is therefore purchased repeatedly (behavioural loyalty) (Keller 1998).

### *1.1 Brand Extension in service enterprises*

The brand extension strategies are based on the ability to move the capital of knowledge, of loyalty and relationships grounded in the brand in new competitive environments by strengthening it. This ability depends on the existence of an acceptable degree of perceptual coherence between the new category of product and the category in which the brand operates, as well as between the latter and the extension (Busacca, Bertoli, Levato, 2006).

Aaker e Keller (1990) describe the dimensions used by consumers for the formulation of the judgments of coherence between three fundamental types of categories: the complementarity, understood as the level to which the consumer believes that the products can be consumed in order to better satisfy a particular need; the sostituibility, understood as the perception with which the consumer considers that two or more products have the same mode of application, the same context of use, the same needs satisfied; the transfer, that reflects the perception of the consumer about the ability of a firm that makes a product category to produce another category of products[†††].

This work aims to analyze the policies of brand building and brand extension in the service sector; indeed their intangible features amplify the role played by the brand itself. Suffice it to say that the concept of brand reputation has been treated for the first time with reference to the sector services (Hem et al., 2003). This importance stems from the fact that, indeed the services are by definition "intangible", in the relationship with the client the brand image takes on the fundamental importance, acting as guarantor of the "promise" it has made to the consumer. The literature search conducted found few studies that have investigated the brand extension in the service sector.

[‡‡] The brand personality is the set of human characterizations associated with a brand, they are classified into five basic dimensions: "sincerity", "excitement", "competence", "sophistication", and "rudeness".Da J.L. AAKER, "Dimensions of brand personality", *Journal of Marketing Research,* vol. 34, n. 3, 1997, p. 347-356.

[§§] Functional attributes are the tangible features of a product (Keller 1993, Hankinson and Cowking 1993, de Chernatony and McWilliam, 1989).

[***] Between brand equity and customer loyalty, there is a two-way and circular relationship; in fact the latter can be considered both a cause and effect of brand equity, and the two ones are mutually reinforcing. Cfr. R. FIOCCA, *op. cit.*, p. 302.

[†††] However, the characteristics of the basis of brand extension strategies depend on the company's purpose; as it will see, in fact, the analyzed case study uses diversification aimed to broaden awareness and brand recognition and does not pursue the purpose of obtaining positive economic performance with new products and services.

In 2003, a study conducted by Hem et al. concerns consumer goods, durable goods and services - travel agency, bank and insurances-. That study - aimed to clarify the impact on the success of brand extension strategies by the perceived similarity between the categories of membership of the brand and the one where it places the extension; it analyzes the effect on brand extension resulting by brand reputation, the perceived risk and the inclination to innovation by the consumer. It has investigated the hypothesis that the extension in services happen to be part of a brand already present in the tertiary (Bertoli, Busacca, Pelloni 2008).

Another search was conducted by De Ruyter and Wetzels (2000), with the aim of examining the role of the corporate image in the extension of brands to the telecommunications service sector. Finally Alexander and Colgate (2005), have conducted research with the aim to investigate the attitudes of consumers towards brand extensions made by commercial enterprises.

## 2. Brand building in bank sector: a single case analysis

### *2.1 Methodology*

The methodology used for the research is the analysis of a single case study, that is appropriate because of the complexity of the topic in question (Yin, 1994; and Dubois Gadde, 2002). In particular, it was decided to analyze a single case of a territorial bank, with very positive economic performance that in recent years has invested heavily on strategies to build their brand and also on projects of brand extension, aimed at strengthening its awareness and brand image of the bank.

This choice is justified by the fact that, from a previous research, the BPC has economic performance, a local roots and a process of innovation that make it appropriate to the investigation in question. The research has provided a quali-quantitative analysis on two levels: analysis of BPC KPI and analysis of the indicators of innovation marketing.

So starting from the indicators of marketing innovation, it will analyze the evolution of investments in marketing, with a focus on strategies for brand building and brand extension.

In the second part it will be highlighted, with a qualitative approach, any correlations between investments in brand extension and the performance of BPC.

### *2.2 Case history*

The case analyzed is the Banca Popolare del Cassinate (BPC). The BPC was founded in 1955 with a mutual vocation supporting the reconstruction of the city of Cassino destroyed by the war. In this way the bank has improved the relationship with its place. This connection is the result of an extensive presence exerted by a dense network of branches, that associated with territorial proximity favours the support of numerous initiatives in the economic life of the local community (social, sporting, artistic and cultural). The local presence and the constant relationship with the community of reference constitute the focal point of the mission of the BPC.

Today, BPC is both the oldest bank in the province of Frosinone and the one counting the highest number of members (1572); the bank represents a point of reference as well as a strategic element essential to the growth and development of the territory in whose work also by supporting local institutions for artistic and cultural events. In the aim pursued by the bank, it can include the ability to reinvest the wealth on the same territory in which its generated; it has the commitment to offer services with an hig level of quality able to qualify the territory. The bank adopts the best solutions to meet the increasingly complex needs of customers offering, thanks to a robust and reliable structure, not only the typical services of traditional banks, but also the most innovative asset management, online trading, consulting companies (through agreements and partnerships with specialized institutions), the bank-insurance and tools of payment.

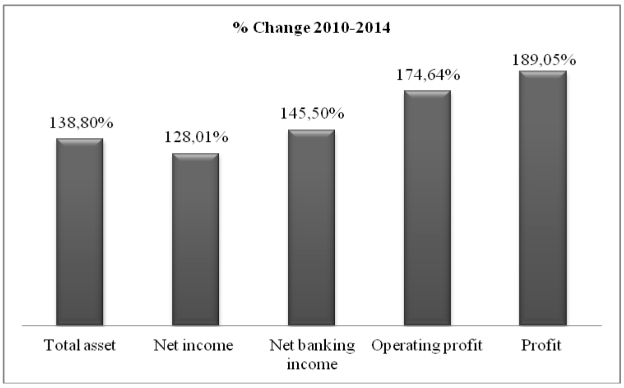
It must underline the extraordinary capacity of the bank to add the activity of restyling of the branches, which began in 2009, presenting characters of innovation and exclusivity. This restyling is aimed to transmit to stakeholders the philosophy and values that always characterized it. The BPC uses frequently the branches as meeting places and cultural promotion.

*2.3 Results*

The current research underlines that, in 2013, the economic performances of BPC qualify this bank as the first one; BPC was ranked first among the smaller banks for value creation, and in 2014 ranked third among the medium-sized banks, since it is the protagonist of a growth that evolves it in classification from 2013 to 2014. This study, conducted by Milano Finanza e Italia Oggi, with the title "L'atlante delle banche leader 2014", considered the bank's dimension in terms of funds under management selects lenders that have steadily increased in the last three years assets under administration and profitability (operating income, operating profit, ordinary profit and net profit).

The time frame is the five-year period 2010/2014. KPI analysis shows an increase of over 100% for all financial indicators: growth of operating profit is equal to 174.64% and that of ordinary income amounted to 189,05% in 5 years (Fig.1).

**Fig. 1**




Source: Author's elaboration

The last indicator considered by Milano Finanza, the ROE, describes a constant and positive value creation: the bank reach the highest ROE in 2012 (8.30%) and ended 2014 with an ROE of 7, 81%.

The performance measurement in studies includes not merely economic and financial indicators, but with a conjoint approach of analysis, also indicators that summarize the views of customers, of internal staff and the results obtained in terms of access to services. In all these aspects we have shown a positive growth trend.

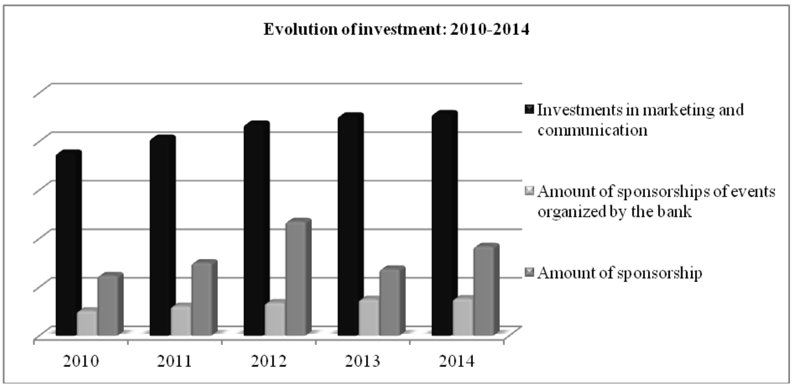
In the research it was included several indicators of marketing innovation

- Investments in marketing and communication
- Amount of sponsorships of events organized by the bank
- Investment in brand building BPC
- Amount of sponsorship
- Total number of services offered to customers
- Number of online services offered to customers
- Number of employees assigned to the marketing

- Number of extra-core business activities undertaken.

In this work, it intends to start from the evolution of investments in marketing and communication, from the amount of sponsorship and events organized by the bank and sponsorship external events, and to focus on investments in brand building and brand extension.

**Fig. 2**




Source: Author’s elaboration

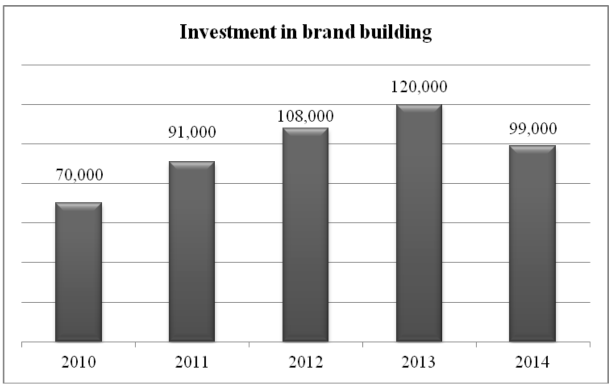
The performance of investments in marketing and communication demonstrate a growing commitment of the BPC: in the period of reference (2010/2014) in fact there was an increase in investment of 21.54%, but this growth is almost zero in the period 2013/2014.

Notwithstanding the well-established literature on the role of the organization of events in the construction of a brand and conveying corporate values (Zaric, 2012), it stresses a growth rate of investment in direct organization of events by the bank itself much larger than in communication in general, 49% in the period of reference. In line with the increase of external sponsorship that is equal to 48.58% (Fig.2).

In 2014, the BPC has invested € 914,000 in marketing strategies and communications that are the 9,82% of the net profit. However, continuing with a temporal continuity approach over time shows that the growth of investment in marketing, equal to 21.54% from 2010 to 2014, is by far lower than the growth in terms of net profit (128, 01%) and total assets (138.80%). So despite having a superior liquidity and assets over time, the increase of investments in marketing and communication of the bank grows not proportionally (Fig.3).

At this stage, it's appropriate to make a focus on direct investments in brand building, that are all activities carried out by the bank in direct building of the brand BPC, in terms of naming, color and payoff.

**Fig 3.**




Source: Author’s elaboration

As the table shows, these investments reached the highest value in 2012-2013; however this value never exceeds a percentage of 1.48 of the net profit of the bank and they represent only a part of the brand building strategy deemed *latu sensu*: as well known conveying the brand and its values, the consolidation of its reputation and the extension of the brand awareness are not limited to the conception and planning of brand management strategy, but materialize in all the activities of marketing, communication, sponsorship and organization of events previously described.

From interviews to the management, it is clear that the brand building strategy of BPC overlooks the purely monetary value, and consists of a reconceptualization of the brand that originates from the desire to choose a brand instantly recognizable - the use of the acronym BPC; this brand is able to transmit the connection to the place and the proximity to local stakeholders – individuating a particular colour of it – and the will to conceive a new banking model, summarized in the payoff. In fact, in a period in which authors and practitioners speak of dematerialisation of the company and of the banking service, the BPC focuses on a model very physical and material, thinking of a new concept of branch that is very customer centric in terms of layout and interior spaces, of the position of cashiers' desk and in-store paths, outlining a format of relational proximity to the typical customer of new trends in retailing (Sansone, 2004).

For the construction and consolidation of the brand BPC, the management of the bank underlines the importance of brand extension strategy: it represents the maximum expression of the ability of marketing innovation in the service sector. In fact, since 2009, the bank has launched a series of activities/strategies that exceed the normal core business of a banking company.

In 2009 in Cassino (FR) - headquarters of BPC- there were the opening of BPC Cafè, BPC Baby Area and BPC Shop Point; this represent the result of a strategic planning aimed at achieving two objectives: on the one hand to improve and expand the range of services available to local stakeholders, as well as consolidating the brand awareness to increase the number new customers and reduce churn.

If some of these initiatives may be a mere extension of the services available to customers in store - such as baby area or point shop-, other summarize the desire to diversify the offer with other services/product directed not necessarily to customers of BPC: in fact the ultimate expression of the diversification strategy is the BPC Cafè.

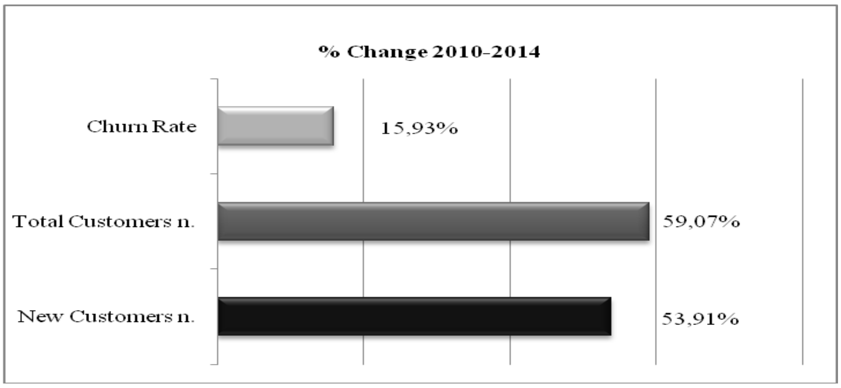
The 2013 is another important year for the implementation of the strategy of brand extension from the bank. The management decided to implement two strategies based on the results of the strategy began four years before and based on a calculation of isochrones of customers using the services of BPC Cassino. On the one hand to increase the penetration of Cassino the bank opens a BPC Flagship store and a multimedia museum about the history of the city, on the other it replicates the winning format of BPC Cafè, BPC Baby Area and BPC shop point in Frosinone, another pole strategic of the territory.

The strategy highlights once again the connection of the bank with the place and the desire to create value through socio-cultural initiatives that develop a sense of pride and belonging to the territory.

As mentioned, the goal of the activities of brand extension is certainly not the ones to make the mark up, but to increase the market share in the area and reduce the dropout rate. In this regard, it reports the summary data of the performance of the BPC in terms of customer acquisition and total number of customers and the churn rate (Fig. 4).

**Fig. 4**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| New Customers n. | 2.263 | 2.475 | 2.861 | 3.125 | 3.483 |
| Total Customers n. | 20.503 | 22.210 | 24.221 | 29.132 | 32.615 |
| Churn Rate | 5,40% | 5,95% | 6,05% | 6,15% | 6,26% |




Source: Author’s elaboration

The rate of acquisition of new customers has undoubtedly grown: in fact, from 2010 to 2014 the number of new customers in each year has increased from 2,236 to 3,483 and the total number of customers of the BPC increased from 20,503 to 32,615 (a growth trend of 59,07%). At the same time there has been a slight increase in the churn rate rising from 5.40% in 2010 to 6.26%. But the growth rate of the churn rate (15.93%) is really insignificant compared to the percentage growth rate of customer acquisition.

In conclusion, in the five years of reference, it can highlight very positive financial performance and increase customer retention; However, at the current state of research it cannot determine the reasons for such performance and the empirical correlation between the activities of brand building and brand extension and the growth of the Bank's performance; it is expected to implement it in the future empirical research to gauge the perception of the customers in terms of brand equity, brand awareness and brand reputation.

## Conclusion

This work aims to verify whether any strategy of integrated marketing - centered on customers and on brand building and brand extension - creates competitive advantages for the long term, resulting in positive economic and financial performance. It analyzes the services sector, particularly banking firms, seeing as the intangible character of its products/services makes it, if possible, even greater the brand value, as a result of the policies of brand equity, awareness and reputation building.

The first part of the work analyzes the contributions of the main authors and researchers about the brand concept and its evolution over time, the characteristics of brand equity and the brand's policy extension, with a focus on the services sector.

Empirical research includes the analysis of the case of the Banca Popolare del Cassinate; such choice is justified by the fact that a previous investigation has shown the positive performance and growth trend of innovation policies of marketing and management.

Starting from an analysis of key KPI of BPC - in terms of total asset, net income, operating profit, ordinary income, ROE, number of new customers, total number of customers, churn rate - and a number of indicators that summarize marketing policies - investments in marketing and communication, amount of events organized by the bank, Investment in brand building BPC, amount of sponsorship -, it focuses on the role and evolution of investments on three levels: marketing and communications, brand building and brand extension.

The analysis shows an increase in investment in marketing of 21.54% in the period of reference of five years; however, this growth is almost equal to 0 in the 2014/2013 period; in the same period there is an investment in brand building almost constant over time.

The qualitative analysis finds, since 2009, a diversification strategy that includes integrated services in store for customers of BPC, such as shop point and baby area. It highlights services that go beyond the core business of the bank, such as BPC cafe and multimedia museum, aimed at increasing the brand equity that realizes an increase in market share and in the retention rate and a decrease in the churn rate.

In this period, in addition to a strong growth of financial indicators, there is a growth in the number of customers of 59,07% and a slight increase in the churn rate. The research highlights a strategic planning by the bank that creates value for stakeholders in a tangible way, both from an economic point of view, both in terms of drivers that are economic, cultural and social development of the territory, assuming a supporting role to local policy maker.

It being understood that the characteristics of macro and micro environment impact on the marketing strategy and on results of management; it is believed that the model outlined is replicable in other contexts, determining implications for the bank's management and territorial governance.

However this research, while highlighting the evolution of investments in brand management and brand extension and the trend of the bank's performance, not quantitatively detects a correlation between these factors; for such situations in the future it is expected to be implemented empirical research to measure consumers' perceptions in terms of brand awareness of brand reputation and brand loyalty.

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