

Multichannel-integration in Retail Banking - a customer centric approach

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The title of your thesis Multichannel-integration in Retail Banking - a customer centric approach	Number of pages and appendices 71+2
Supervisor(s) Jari Luomakoski <p>The purpose of this study is to explore how multichannel-integration generate value to customers and create a competitive edge in Retail Banking. The objective is to produce new understanding of multichannel-integration in Retail Banking from a customer value perspective and to introduce a new approach to customer value based multichannel-integration.</p> <p>The study is conducted using customer interviews as a data collection method. Narrative content is used to support the interviews with customer context based stories and descriptions of multichannel-integration opportunities. The approach is suitable for providing new customer context based insight to customer value generation in multichannel environment.</p> <p>The main contribution of this study is the new knowledge related to how customer value appears in customer context and how multichannel-integration is able to generate value to customers. The study introduces also a theoretical model systemic approach to customer value based multichannel-integration.</p>	
Key words Customer dominant logic, value-in-use, value-in-experience, multichannel-integration, customer experience, resource-based view, competitive advantage	

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1 Introduction

The introduction chapter will describe the research phenomenon and illustrate the goals of the study. The chapter will also describe the focus of the study and research questions.

1.1 The purpose of the study

The purpose of this study is to explore how multichannel-integration generate value to customers and can create a competitive edge in retail banking. The study will concentrate in providing an alternative view to how multichannel-integration can facilitate the customer value creation and can be developed to become a competitive enabler in service focuser retail banking. As it is important to develop new approaches as companies are seeking for new and better ways for value creation and differentiation of service offerings to keep and attract customers and make profit (Shaw & Ivins, 2002). The study will also provide a model to illustrate the customer value creation in customer context facilitated by service providers' multichannel approach. Thus the objective of the study is to contribute to theoretical discussion and provide new customer centric perspective to multichannel-integration development for retail banking management.

In recent years the retail banking landscape has changed rapidly as the deregulation, financial crisis, digitalization and changing consumer behavior has affected the retail banks operating logic. As a result of this development the retail banking operating models have been adjusted accordingly. Retail banks have mainly been seeking for more efficient ways to service and advice customers which has resulted in closures of physical bank branches, introducing new ways of self service and developing existing channels to compensate the lack of physical presence. The development of multichannel-integration based service models has been topical and will continue to do so.

This development has stressed the importance of finding new ways to improve competitiveness. At the same time the deregulation and technological development has increased attractiveness of financial industry from a disruptive new market entrant perspective and new alternative business models have entered retail banking' sector. Threat of new disruptive market entrants and banking models has forced banks to develop their strategies focusing on retention of existing customers and improvement of customer satisfaction improvement (Abdullah, Noor, Manaf, Owolabi, Kamrul & Ferdous Azam, 2014).

The consumer behavior has also been rapidly changing in last years as the technological development and digitalization has changed how customers seek, buy and use services. Consumers' role in industrial system has also been changing rapidly from isolated, unaware and passive to connected, informed and active. (Prahalad & Ramaswamy, 2004) This change in consumers' role is also affecting the retail banking. The behaviour of banking customers is expected to be changing as the use of digital channels will grow and customers will be better informed demanding more transparency (Hedley, White, Cormac, dit de la Roche & Banerjea, 2006). Consumers are also more actively engaged, knowledgeable and demand better service from organizations (Bolton & Saxena-Iyer, 2009). It is also important to acknowledge that customer expectations are based increasingly also on experiences offered by service providers from other industries and their ability to provide multichannel services.

It is thus evident that the need for this type research is very topical in retail banking to provide insight from customer perspective and development ideas for customer value creation by utilizing the multichannel integration.

1.2 Retail Banking as a service industry

To better understand the phenomenon and the nature of retail banking as a customer oriented service industry the role of customer satisfaction and loyalty and the need for further research are described in this study. It is without a doubt that retail banking is a customer oriented services industry. Retail banks depend on customers to survive in the market (Guo, Duff, & Hair, 2008). This fact has been well present in various research regarding retail banking and multiple research exists focusing on customer orientation. However, the latest customer oriented research in retail banking has mainly been focusing on understanding and measuring customer satisfaction (e.g. Karim & Chowdhury 2014, Abdullah et al. 2014, Muyeed, 2012).

The role of customer orientation and customer insight is in the context of this study seen as the starting point for understanding how to improve competitiveness. This fact is emphasized especially in retail banking where the differentiation of products is very limited. (Abdullah et al. 2014). Previous research has also stated the benefits of having loyal customers as a result of customer satisfaction of services and service quality obtained from provider. The benefits are increased profit, lower service costs, improved understanding of customers financials and needs and cross-sales opportunities (Levesque & McDougall, 1996). Customer satisfaction and

loyalty are also seen to be the outcome of service quality and high customer service quality is perceived as a way for a bank to differentiate itself (Ladhari, 2008, Naeem & Saif, 2009). In the marketing literature the emphasis is mainly placed to developing service quality in pursue of improving competitiveness and developing a competitive edge in a respective market place.

A conceptual approach to service quality has been one of the main topics in marketing literature since 1980's. After introduction multiple research has identified the dimensions of service quality to be the main drivers for customer satisfaction (Parasuraman, Zeithaml, & Berry, 1985; Zeithaml, 1988; Brown, Churchill, & Peter, 1993). The service quality model (servqual) presented by Parasuraman et al. (1985) has been one of the ways to interpret and measure this phenomenon. However the concept of quality was been discussed already earlier by other academics (e.g. Crosby, 1979). To fully comprehend the service quality the characteristics of services are described as inseparability, heterogeneity and intangibility (Parasuraman et al. 1985). The service quality dimension in the servqual-model are identified as reliability, tangibility, responsiveness, empathy and assurance (Parasuraman et al. 1985). These dimensions are all valid although service provider oriented. However, from the perspective of this study it is important to understand what generates customer satisfaction and loyalty from a customer centric perspective. Thus, the study will adopt a customer centric perspective.

Due to the established importance of customer, centricity in services industry the need to understand better the determinants of what it means to be customer centric arises. Despite the established importance of service quality, the study will argue that from a customer centric perspective it is more important to focus on how customer value is created in customer's life rather than how customer satisfaction and service quality is measured from a service provider perspective. The fact is that service firms should focus on attaining customer satisfaction and improving loyalty by delivering greater value, a source for competitive advantage (Woodruff, 1997). The ability to create value can thus improve the service firms' competitiveness. The change in perspective is important to provide insight for innovations and development of new services and business models based on the findings. Innovation is perceived to also include development of new kind of business models and not only products and processes (Enders, Jelassi, Koenig & Hungenberg, 2007).

Thus, the nature of retail banking as a service industry and importance of customer value are recognized and adopted for the purpose of this study. The expectation is also that this type of approach will be more fruitful in providing new insight to the topic. The study will utilize the

existing theoretical discussion related to customer value creation in service systems to support designing the theoretical model of systemic approach to customer value creation in multichannel environment.

1.3 Customer value creation in retail banking

When focusing on the customer centric value creation phenomenon in detail it is important to describe the main concepts of value creation and the research gap which exists in empirical testing of the customer centric approach to value creation. It is evident that even when taking a more holistic approach to customer value creation there exists limited number of research and empirical testing focusing on this topic especially in retail banking. Although during the last decades the issue and locus of value creation for customers has raised the interest of management and marketing literature (Grönroos, 2008). Value has been extensively discussed and debated topic and marketing literature distinguished especially between goods-dominant and service-dominant logic (e.g. Vargo & Lusch, 2004). However, the discussion has stayed mainly in theoretical level. The service-dominant logic is adopted for this study as a foundation for understanding the phenomenon of customer value creation from a value-in-use perspective.

To provide sufficient background and justification to selecting the customer centric perspective in this study it is important to describe the role of the customer in value creation more thoroughly than merely utilizing the service-dominant logic approach. Thus although marketing and management literature identifies customers as co-creators in a value creation process between firm and customer (Prahalad & Ramaswamy, 2004). The approach that has been one of the main concepts in service-dominant logic. For the purpose of this study, it is important to elaborate on these findings and recognize that the value co-creation approach has been challenged in the marketing literature (Grönroos, 2008; Heinonen, Strandvik, Mickelsson, Edvardsson, Sundström & Andersson, 2010). The approach is seen too focused on service providers' perspective. Similar conclusions can be made based on the existing literature of service-system approaches to customer value creation. These approaches provide a systemic view on a generic level to customer value creation. The arguments of being too focused on service-providers' perspective are based on findings from research applying the service-dominant logic on service blueprinting (Bitner, Ostrom & Morgan, 2008) and interactions between customer and provider (Payne, Storbacka & Frow, 2008) which are both seen ultimately as provider centric approaches. Despite the fact that customers activities and perceptions are included in these researches the interpretation, categorization and presentation of findings are

made from a service-provider perspective. Based on these findings and the need to provide a new insight and contribute to existing research gap the study will focus on interpretation of value creation from a customer perspective.

From a customer centric perspective when goods and service are seen as elements of value-in-use the value creation is seen to exist only within customer's context. Thus, the importance to focus on what the customer is doing with the service to generate value arises (Heinonen et al. 2010). The customer-dominant logic is thus based on the insight of customer's context, practices, activities and experiences (Heinonen et al. 2010). As the purpose of this study is to provide a customer centric perspective to value creation the main focus of the empirical part will be placed on what customer is actually trying to achieve or accomplish and how the value emerges from a customer centric perspective. This is supported by the literature as there exists unexploited opportunities in utilizing the customer-dominant logic rather than a service-dominant logic (Heinonen et al. 2010). Thus the concepts of customer-dominant logic and value-in-context will be included in the context of this study.

To meet the objectives of this study it will pursue to seek new knowledge by applying a customer-dominant approach and taking a customer centric perspective in customer value creation. The concepts of value-in-use and value-in-context are adopted as elements in developing the theoretical model. Selecting the customer-dominant perspective demands that also the customer experience will be included in the theoretical framework of this study. When value is perceived to exist only in customer context the way that customer experience value is important to acknowledge. There exist a limited number of research and empirical testing focusing on customer experience especially from the perspective of perceived value.

1.4 Customer experience in retail banking

The importance of customer experience has increased and service industries have understood that customers expect high quality customer experiences to purchase and to become loyal to a certain company. Developing superior customer experiences is one of the main objectives of retailers today (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2009). From the perspective of the study customer experience is seen as a facilitator of customer value creation. This has been identified also in recent literature. "Value is now centered in the experiences of consumers" (Prahalad & Ramaswamy, 2004, 137). Thus, customer experience is seen interconnected with developing competitiveness in retail banking. Retail bank managers

should focus their strategies on activities which are surpassing the service expectations of customers. (Abdullah et al. 2014).

From the perspective of this study the concept of customer experience will thus be adopted to complement the theoretical investigation and to provide support for the empirical testing to understand how value can be identified to exist in the experiences of customers. However for the purpose understand where the customer experience takes place the multichannel environment characteristics are also introduced.

1.5 Multichannel-integration in retail banking

It is important for the study to also comprehend the systemic environment where and how customer value creation is facilitated in interaction with the customer. In retail banking the abundance of channels in which customer can be served creates a challenge for the retail banking managers. The difficulty is to understand and maneuver the customer experience when customers are moving across the offered channels and expect to be serviced. For the purpose of this study, it must also be acknowledged that in the multichannel environment the customer experience in one channel might be affected by the experience in another channel (Verhoef et al. 2009). The “multichannel customer management” research field has been introduced as an opportunity for academics to address these challenges (Neslin, Grewal, Leghorn, Shankar, Teerling & Thomas, 2006). The multichannel customer management is defined as coordination, deployment, design and evaluation of channels to improve customer value (Neslin et al. 2006). Despite providing important perspective to management of resource utilization and allocation across channels from a service-provider perspective for the purpose of this study, the approach presented in multichannel customer management is seen provider oriented. However, for the purpose of this study and acknowledging the technology-centricity in retail banking industry it is also important to acknowledge another research field, which provides insight to the multichannel environment development from a customer centric perspective – the interactive services research field.

The interactive services research field has been developed to address the interactive characteristic of services and to take into account the environments, which include the usage of any level of technology (Bolton & Saxena-Iyer, 2009). Another way to define interactive services is “consumer interactions with retailers through multiple channels to derive a benefit” (Berry,

Bolton, Bridges, Meyer, Parasuraman & Seiders, 2010, 155). The importance of interactive services research for this study is derived from the fact that in recent years the success of service companies has been depending on their ability to create innovations in providing the interactive services (Berry et al. 2010). The innovations in interactive services offer new kind of value to existing market or establishes new markets (Berry et al. 2010). Although there exists multiple gaps in the interactive research literature, the approach is important for the purpose of this study. The objective of this study is especially from retail banking perspective to provide new insight to multichannel-integration from a customer centric perspective to provide an opportunity for innovations. The latest theoretical discussion also identifies the need to rethink the building blocks of value creation when adopting a new multichannel retail business model (Yrjölä, 2014).

Thus, it becomes important for this study to also understand how customer value creation in multichannel environment can be facilitated. Based on the findings it is evident that there exists a need to increase knowledge and insight in the focus area of this study. Despite the fact that the way how retail banks can improve competitiveness with multichannel-integration is the objective of this study the purpose is not to thoroughly discuss the existing theoretical literature of competitiveness and competitive advantage. However, the customer value and experience is dependent on resources of the service provider and thus the resource-based view needs to be included in the study.

1.6 Competitive advantage from a resource-based view in retail banking

The objective of this study is to provide insight to how multichannel integration can be developed to provide competitive advantage in retail banking. Thus, the resource-based view to creating competitive advantage must be presented and discussed.

As an introduction to the theoretical discussion regarding service provider resources, the service-dominant logic identifies knowledge and skills as the key resources for competitive advantage (Vargo & Lusch, 2004, 2006, 2008, Vargo, Maglio & Akaka, 2008). Hence, in this logic the service company is offering the key resources in a form of knowledge and skills for customers for value creation. However the knowledge and skills are not in this context only limited to personal skills and competences of service persons rather than all resources available to develop new services and business models to support multichannel integration. This

view is shared by literature as the claim that services are seen as personnel-intensive is rapidly becoming old-fashioned (Sandström, Edvardsson, Kristensson & Magnusson, 2008).

Although the theoretical discussion of resources as competitive enablers goes back to early strategy publications in 1950's the main interest from the perspective of this study is placed on theoretical framework of resource-based view of the firm (Wernerfelt, 1984). In addition, the development of a model of competitive advantage from a resource-based view (Peteraf, 1993) is adopted to provide insight to how resources can become enablers of competitive advantage.

When considering the resources as the key elements provided by the company for customer value creation there exists a need to provide more insight to existing theoretical discussion. The concept of resources and utilization of resources to produce customer value and ultimately competitive advantage is thus adopted to this study.

1.7 The benefits of this study and research questions

As described in the previous the research problem of this study will concentrate on the multi-channel-integration in retail banking from a customer centric perspective and creating a competitive advantage. Only few academic researches concentrate on this because the multichannel development has been so rapid and driven by digitalization and changing consumer behavior. Limited number of research have also taken the customer centric approach to investigate how customer perceive the ongoing development and how customer value creation is facilitated in multichannel-environments. Multiple academic articles have stressed at the same time the importance of customer centricity and understanding the customer value and suggested that by adapting a customer-dominant logic companies are able to develop competitive edge. However, the connection between resource-based view to develop competitive advantage and customer-dominant logic seems to be an unexplored area of research.

Based on the knowledge about the development in retail banking and the academic research related to the area of multichannel-integration it is expected that this type of research will provide new information and create value for retail banks struggling with strategy development.

The expected benefits gained based on this study are two-folded:

1. New information and insight how customers value creation occurs in multichannel environments and how customer context affect it
2. Theoretical framework, assessment and conclusions of how multichannel-integration should be developed to become a competitive enabler

The main value contribution of this study will be the support given to strategy and business development to management representatives of an international retail bank operating in Nordics. The findings and conclusions of this study are to be utilized when developing an aligned approach to retail banking multichannel-integration across bank's operating countries.

Main research problem is stated as: "How multichannel-integration generates value to customers and create a competitive edge in Retail Banking".

The sub-questions are the following:

- How do customer value creation appear in multichannel-environments?
- How should multichannel-integration be developed to facilitate customer value creation?

Due to the unexplored nature of the topic, the study is conducted acknowledging the limitations it has in providing extensive and holistic theoretical foundation across research areas. Thus, for the purpose of the study it will focus on selected areas of theory, which are seen as the ones that are able to contribute to the development of a structured approach to answer the research questions. However, it should be acknowledged as a bold attempt to provide new perspective and insight to an area where there exists limited empirical evidence.

1.8 Key concepts

Customer value creation

The evolution of marketing research from a customer value perspective has been rapid in recent years. The introduction of goods-dominant logic vs. service-dominant logic by Vargo & Lusch (2004) has challenged the traditional approach of manufacturing based goods-dominant logic and placed the customer as a co-creator of value in service-dominant logic. Thus, multiple systemic approaches to customer value creation has been introduced to support the logic of value co-creation. The latest literature has challenged this approach and argued that value is

created only in customers' processes. The customer-dominant logic approach shifts the perspective of value creation to customers processes and activities and argues that only what the customer does with the services is important (Heinonen et al. 2010). The service providers' activities are seen as input to customers' activities and customer value is derived from the customers' experience of value (Heinonen et al. 2010). Customer value creation is also seen as highly context specific and thus the value-in-context approach has been introduced to replace the value-in-use approach presented in service-dominant-logic (Vargo et al. 2008).

Customer experience

The focus on customers in recent marketing literature has changed the perspective from seeing customers as objects for service to taking a holistic view on customers' emotional, affective, cognitive, physical and social dimensions in customer experience (Verhoef et al. 2009). The customer experience approach identifies also factors outside service providers reach, which influence customer experience. In addition, the previous experiences are seen to affect the customer experience.

Multichannel integration

Multichannel integration can be characterized in this study as the interactive services taking into account the environments, which include the usage of any level of technology (Bolton & Saxena-Iyer, 2009). Interactive services are also seen as customer interactions with service providers using multichannel integration (Berry et al. 2010). The interactive services also seen to include the ability to create innovations in multichannel environment (Berry et al. 2010).

Resource-based view to competitive advantage

From a resource-based view the services and products offered are actually considered to be the same. There would not exist any services or products without resources. (Wernerfelt, 1984). The resources are perceived as the key enablers for creating a strategic market positioning and diversification for a company (Wernerfelt, 1984). Sustainable competitive advantage can be achieved when combining and utilising the resources together (Peteraf, 1993). The model of competitive advantage from a resource-based view includes four dimensions. The dimensions of the model are identified as heterogeneity of resources, limits to competition, imperfect mobility and ex ante limits to competition

1.9 Research Methodology

The objective of the study is to gain insight of customer value creation based on customer context and thus the research methodology is qualitative. Data collection method used to collect data are in-depth interviews. The target group of the research was selected from a personal customer database of a retail bank. The research approach in this study is a hybrid approach utilising both a deductive and inductive approach (Saunders, Lewis & Thornhill, 2009). Thus, the research will apply the interpretive philosophy and epistemology. The ontology is thus perceived to be subjectivism.

The understanding of customer value creation is achieved in the research by using narrative format structured based on the theoretical framework and the data analysis is conducted utilizing mainly the analytic induction and partly explanatory building approaches.

2 Customer centric approach to multichannel-integration

The objective of this chapter is to introduce customer value creation logic in multichannel environment and the main concepts, which are important in taking the customer centric view. In the first part, the chapter will provide insight to concept of value and how the perception of value creation has evolved from value-in-exchange to value-in-use are the main outcomes of this fundamental change in perspective. To comprehend the impact of the change in perspective has to customer value creation a systemic approach is also discussed based on existing literature. In the second part, the change from service-dominant logic to customer-dominant logic and the main characteristics are introduced and the concept of value-in-context presented. In the third part, the characteristics of customer experience as a customer value creation facilitator is discussed. In the fourth part, the multichannel-integration and concept of interactive services is presented and the possibilities to develop multichannel-integration discussed. In the final part, the resource-based view to competitive advantage will be presented and discussed.

Based on the findings and arguments made in the critical literature review a theoretical model for systemic approach to customer value creation in multichannel-environment is developed to provide guidance for empirical part of this study.

2.1 Customer value creation in retail banking

As already described in introduction the retail banking is about the customers and customer satisfaction increases loyalty resulting to improved competitiveness and financial results. Customer value creation should thus be in the heart of retail banking business logic. The starting point for creating a holistic picture of customer value creation is in understanding the concept of value and the evolution of the concept in recent literature. As described by Vargo et al. (2008, 146): “The nature of value has been discussed and debated since Aristotle”. Meaning that value as a concept is considered elusive and has multiple purposes in marketing literature. However to be able to utilize customer value creation as a source for developing and innovating new services, business models in multichannel environment and thus improving competitiveness of retail banks the concept of value must be investigated for the purpose of this study. It is also important for this study to discuss the way that retail banking organization still hang on to old traditions and much of the operations are organized from a traditional perspective.

The literature identifies two main perspectives to value, value-in-exchange and value-in-use (Vargo & Lusch, 2004). Characteristics of these two approaches form the basis of how customer value creation is anchored in marketing literature. The traditional value-in-exchange approach suggests that customer value is embedded to goods, outputs of manufacturing processes of firms (Grönroos, 2008). The fundamental logic of this approach is company centric. In goods-dominant logic, the roles of customers and companies are distinct and value is created by the company and distributed to customers in exchange of money or goods (Vargo et al. 2008). Based on the experiences of interconnected and digitalized world of today it is quite easy to argue that goods-dominant logic seems outdated and limited in providing a foundation for customer value creation development. Literature argues that an integrated view for goods and services is needed (Rust, 1998). The division between services and goods has been long outdated (Gummesson, 1995).

Although a retail bank is not a manufacturing company in a traditional sense the same challenge exists in the goods-dominant way that many retail banking managers approach value creation. Much emphasis is placed in delivering products rather than offering services to facilitate customer value creation. The approach is supported by focusing on setting sales targets and following the sales performance in number or volume of sales. Thus, the aspiration to develop competitive advantage based on customer satisfaction and loyalty is challenged by short-term sales objectives. Similarly, the business development emphasis is also focused in developing the efficiency of delivering output, improving the sales performance and pricing. Although the retail banking managers have acknowledged the challenges of the existing approach and the way how rapidly new market entrants are adopting customer centric ways to create new services and business models the actions have so far been limited in making significant changes to existing business models and facing the competition from a customer centric perspective. Thus, the value-in-use approach is investigated in this review to provide new insight from a customer centric perspective.

Service-dominant logic suggests that there exists no value before the offering is used and in value is determination the perception and experience are essential (Vargo & Lusch, 2006). Service can also be seen as value-supporting process and goods as value-supporting resources (Grönroos, 2006). The difference is significant from a future research perspective and service-dominant logic has been widely accepted as a basis for a framework for developing a theory (Vargo, 2011). The value-in-use approach provides an important perspective into customer

value creation for the purpose of this study. The perspective is customer-centric as stated by Gummesson (2005, 251): “Activities render services, things render services. The shift in focus to services is a shift from the means and the producer perspective to the utilization and the customer perspective”. It is obvious that value-in-exchange mindset has constrained marketing research. When switching to value-in-use perspective customer are seen as consumers and producers who actually determine value. (Ballantyne & Varye, 2008). The alternative approach where there exists no distinct roles between consumers and producers, value is created reciprocally and jointly in interactions utilizing the integration of competences and resources is perceived as service-dominant logic (Vargo et al. 2008). Thus, the service-dominant logic suggests that customers and suppliers are to be seen as co-creators of value. The dominant logic in marketing should thus be changed from goods-dominant to service-dominant logic (Vargo & Lusch 2004).

The proposed change of perspective in marketing research is not something new. Although the service-dominant logic approach was able to capture and describe the needed change in a way which raised debate and new insight in the area of marketing research. The Nordic School research has been developing the approach for marketing of services for some decades already. The development of concepts and models for services has started already in 1970's and service marketing has been acknowledged as a field of research (Grönroos, 2006). In addition, the need for new dominant logic was also not something new as several academics had argued the need already before the article by Vargo & Lusch was published (e.g. Achrol & Kotler, 1999, Sheth & Parvatiyar, 2000). The important question from the perspective of this study is lack of empirical testing of the service-dominant logic. Much of the discussion has stayed on a theoretical level. When applied many of the approaches have been focusing on measuring service quality as an indicator of value from a provider centric perspective.

The co-creation of value in interaction with provider and customer is the conclusion made in service-dominant logic. Thus, the realization of value happens when a service is used. Service users are seen as the judges and co-creators of value (Sandström et al. 2008). This fundamental shift in value creation logic enables new research in the area of service and business logic development. This is especially important for service companies like retail banks when customers are not any more seen only as objectives for sales of new products. The fact that a customer is seen as co-creator and a ultimately the one who determines value leads to a conclusion that customer point of view should be used as the starting point for developing new services and business models.

The natural consequence of seeing the customers as co-creators is the fact that customer value is created in co-creation experiences (Prahalad & Ramaswamy, 2004). Thus, the focus from a provider perspective should be placed in how the co-creation experiences are facilitated. The importance of experiences as a way to differentiate and generate value to service providers offering has increased (Pine & Gilmore, 1998). Thus, the customer perspective should be used to design co-creation experiences, which produce value to customers.

At the same time, changing consumer behavior is setting new expectations for how the customer co-creation should be developed. Customers want to co-create value by interacting with the companies (Prahalad & Ramaswamy, 2004). They have also become more knowledgeable of value, which has affected the behavior of the customers (Berry et al. 2010). Customer demand for new type of ways to interact and co-create value applies also to retail banking. Despite the technology centric nature of retail banking the industry has been slow to move to this direction. Retail banks have been active to develop solutions such as web banks to encourage customers for self-service and improve the efficiency of banks daily operations. However, the development has concentrated in taking the core business logic of retail banking products such as accounts, loans and investments to web bank environment rather than developing new co-creation experiences. The approach has been company oriented and driven by a need for customer integration to company processes and moving tasks to customer (Heinonen et al. 2010). Now the changing consumer demand calls for companies to innovate new types of customer experience settings for value co-creation with the customers (Prahalad & Ramaswamy, 2004).

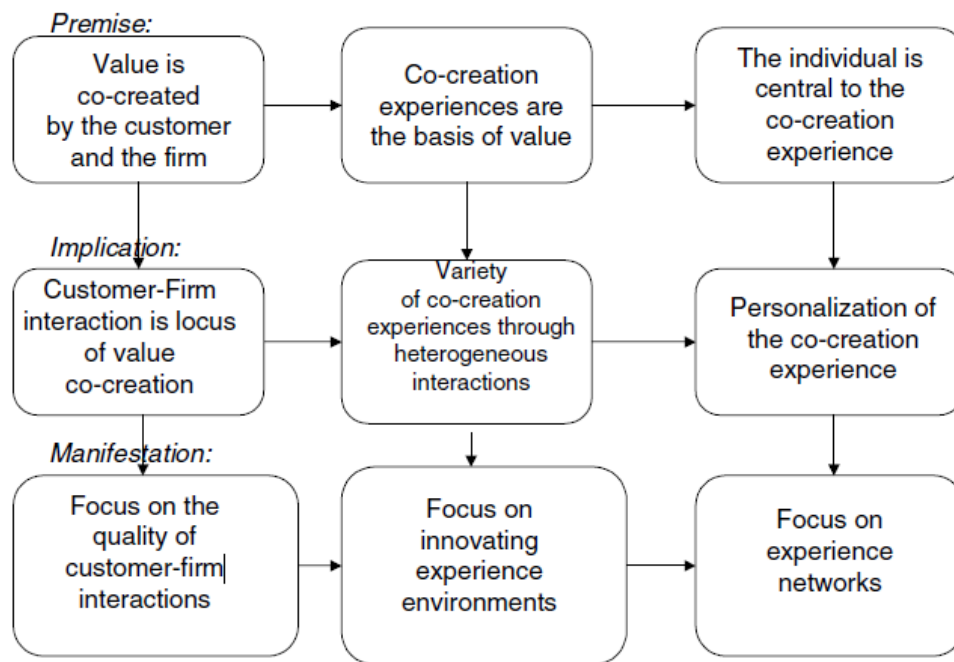


Figure 1. The frame of reference for value creation adapted from Prahalad & Ramaswamy 2004, 5.

The suggested approach provides an interesting opportunity for retail banks to focus the development activities in developing new type of customer experience environments to enable value co-creation. The perception of the author of this study is that the ability to develop such customer experience environments will determine the future success in retail banking.

Thus, the conclusions based on findings from the customer value creation literature review are that the customer value creation should be prioritized in retail banking because it provides an opportunity for developing new customer centric ways to operate and thus a way to differentiate. The concept of value-in-use must replace value-in-exchange approach to enable the development of value co-creation experiences with the customers. There exist also a significant opportunity due to the currently applied traditional operating logic and approach to value creation in retail banking.

The conclusions also indicate that the approach to customer value creation should be investigated from a broader systemic perspective to gain insight of how customer value creation emerges in co-creation experiences. Co-creation as an approach naturally implies to having at least three elements in the approach. The customer, service provider and interaction. The following chapter will focus on providing a review to systemic approach to customer value creation.

2.2 Systemic approach to customer value creation

Despite the fact that co-creation of value is one of the main premises of service-dominant logic there exists a limited number of frameworks in marketing literature which are actually developed to provide a systemic view and to help companies manage the co-creation of value with customers. Three of these frameworks are the most important ones from the perspective of creating a systemic approach to value co-creation. First is the DART-model of value co-creation, which identifies dialogue, access, risk assessment and transparency as the key building blocks (Prahalad & Ramaswamy, 2004). Second is the conceptual framework for value co-creation (Payne et al. 2008). Third is a similar conceptual approach of interactive services framework, which identifies the company, consumer, co-creation and customer behavioral outcomes and company outcomes. (Bolton & Saxena-Iyer, 2009). A systemic view to co-creation is seen valuable to gain deeper understanding to the value creation logic between service companies and customers. Also from a retail banking perspective the need for a holistic model to understand customer value creation is evident.

The DART-model (dialogue, access, risk and transparency) illustrates the dialogue as the source for interaction, communication and sharing of learning and between company and customer leading to loyalty. Access is providing the tools and information for active participation. Risk is described as providing the customers the possibility for customers own risk assessment with appropriate methodology and information. Transparency is taking away the information asymmetry between provider and customer and providing transparency to data, products and business models (Prahalad & Ramaswamy, 2004). However, the DART-model logic is leaning towards technology centric companies. It also provides questions rather than answers. The way customer understanding is connected to model is described vaguely and the approach is rather provider centric. Although for the technology-oriented retail banking purposes the model provides important questions. How is the dialogue with customer arranged on a systemic level and how the input is delivered to whole organization? What is the level of access provided to customers? How customers can assess their risks and thus become more risk adverse? How is the increasing customer demand for transparency towards banks processes and services solved? These all are valid questions to be answered when designing a systemic approach to customer value creation in multichannel environment and designing the empirical part of this study.

The conceptual framework for value co-creation provides a more holistic service system approach. The framework identifies customer value creating processes, supplier value-creating processes and processes for encounters. The customer processes includes the behavioral, cognitive and emotional dimensions with the relationship perspective (Payne et al. 2008). Alternative approach has been provided in framework for interactive services, which separates customer perceptions and behavior in participation resulting in behavioral outcomes based on the co-creation experience (Bolton & Saxena-Iyer, 2009). The customer's role has been much debated in recent literature and the narrow view suggests that customers are only objects of providers orchestrated actions and customer experience constructs of rational and emotional experience. However, a broader and more holistic approach to customer value creation is perceived to involve affective, cognitive, social, physical and emotional dimensions (Verhoef et al. 2009). The systemic approach should thus identify the role of customers' world in value creating mechanisms.

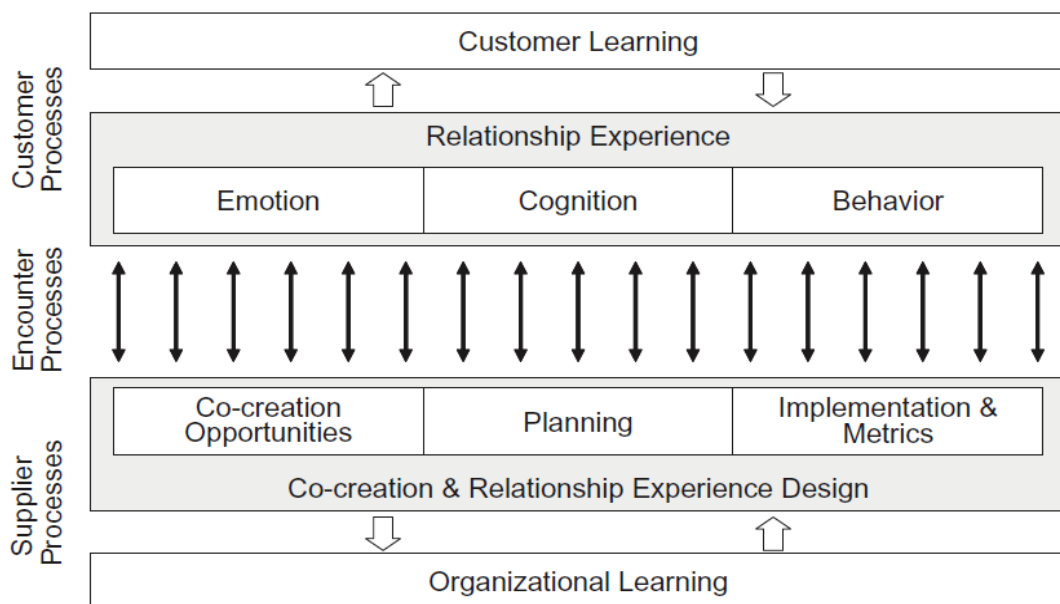


Figure 2. A framework for value co-creation adapted from Payne et al. 2008, 86

The conceptual model for value creation suggests that the suppliers' processes consists of opportunities for co-creation, planning the co-creation experiences and implementation of the experiences supported by relationship experience (Payne et al. 2008). The service-dominant logic also identifies competences and knowledge for co-creation as the source of developing competitiveness (Vargo et al. 2008). The supplier must ensure needed resources for customer

value creation (Grönroos, 2006). Thus, the co-creation activities should be designed based on knowledge of what creates value to customers and to provide the needed resources for value creation. As the final evaluation of value is made by the customer the role of the supplier is only to provide value propositions (Vargo & Lusch, 2004). A simplified approach support the logic by identifying that suppliers role should be divided to actions and strategy supported by people, processes and technology (Bolton & Saxena-Iyer, 2009). The conclusion for the systemic approach is that the suppliers should focus on developing and acquiring resources that are value creating for the customers.

The processes for encounters in the conceptual model for value creation are the interactions between the customer and the supplier (Payne et al. 2008). Services are generated and transported in interactions between customers and suppliers resources (e.g. people, technology and processes) (Bolton & Saxena-Iyer, 2009). The interactions are divided to service, use and communication encounters (Payne et al. 2008). The model proposes also that activities are divided into groups based on the experience generating purpose. Interactions are thus seen to have a informing, emotional, cognitive or action oriented purposes (Payne et al. 2008). From a systemic model perspective, the approach seems logical and well suited for a generic model approach. Although despite the fact that it uses in customer centric approach terminology the approach is ultimately constructed from a supplier perspective trying to take control and manage customer interactions. It is lacking the deeper understanding and empirical evidence from a customer perspective. This was also the finding made based on the literature review of service system approaches. In addition, the suggested approach to manage and orchestrate variety of interactions based on the purpose taking into account the multichannel environment and customer individual value perception seems unrealistic. The more suitable approach from customer centric perspective would be to perceive the customers actions as the indication for the supplier to engage in interaction and value creation.

The marketing literature identifies several different techniques to describe customer activities and utilize the knowledge for interaction development between customer and suppliers. The approach suggested in conceptual framework for value co-creation (Figure 2.) divides the activities in customer process activities, interaction activities and supplier process activities (Payne et al. 2008). Despite the fact that this type of approach is commonly used in marketing literature the problem arises from the irrational nature of customers interactions. The approach is forcing customer activities into a process to define the purpose and to design a solu-

tion for interaction and supplier resource utilization. The main problem of this type of approach is the lack of insight to provide room for innovation. The systemic approach to interactions between customer and supplier should focus on the suppliers facilitating role in value creation. Thus changing the perspective from managing customer activities to facilitating customer value creation.

The conclusion from the literature review related to customer value creation is that a systemic view including the dimensions of customer experience, interaction and service provider resources need to be included in developing the theoretical framework and empirical investigation to customer value creation. The customers experience should be seen as multi-dimensional. In addition, the interaction layer between the customer context and service provider perspective needs to be established and the purposes of interaction investigated.

However to gain further understanding an investigation is needed from the customer perspective to include and deepen the customer view from a customer-dominant logic and customer experience perspective. In addition, the multichannel integration opportunities and service provider resources must be described further to be able to take the findings of this study to service provider logic and identify the needed resources to customer value creation in multichannel environment.

2.3 Customer-dominant logic

Despite the fact that the marketing literature is quite limited in the area of customer-dominant logic research and empirical testing of the approach it is well suited for the purpose of this study. The approach provides an important perspective to customer value creation and complements the systemic approach. Although from customer-dominant logic perspective, also the service-dominant logic is perceived as too company-centric where customers are placed as collaborators in value creation (Heinonen et al. 2010). As already described the service-dominant logic also identifies the suppliers role to provide value propositions and customers to co-create and determine the value. However, the emphasis of service-dominant logic is in co-creation and service providers are seen to have a defining role in value creation. Customer-dominant logic argues that instead of involving customers to co-creation with the service providers the service providers should be involved in customers' world (Heinonen et al. 2010). The service providers should take part and support the customers' activities (Grönroos, 2008). Thus, the understanding of customers' processes where value is created is essential (Storbacka &

Lehtinen, 2001). The service providers should understand what the customer is trying to accomplish by using the services (Heinonen et al. 2010). Thus it can be concluded that when taking a customer centric perspective the focus should be in the customers processes and the interpretation of value starts from customers world. Co-creation is thus seen as a facilitator rather than intermediary for customer value.

Starting from this perspective the service provider can develop processes to support customers' value creation. (Payne et al. 2008). Thus, the service provider will become interconnected to the context and actions of the customer (Heinonen et al. 2010). The approach is illustrated below.

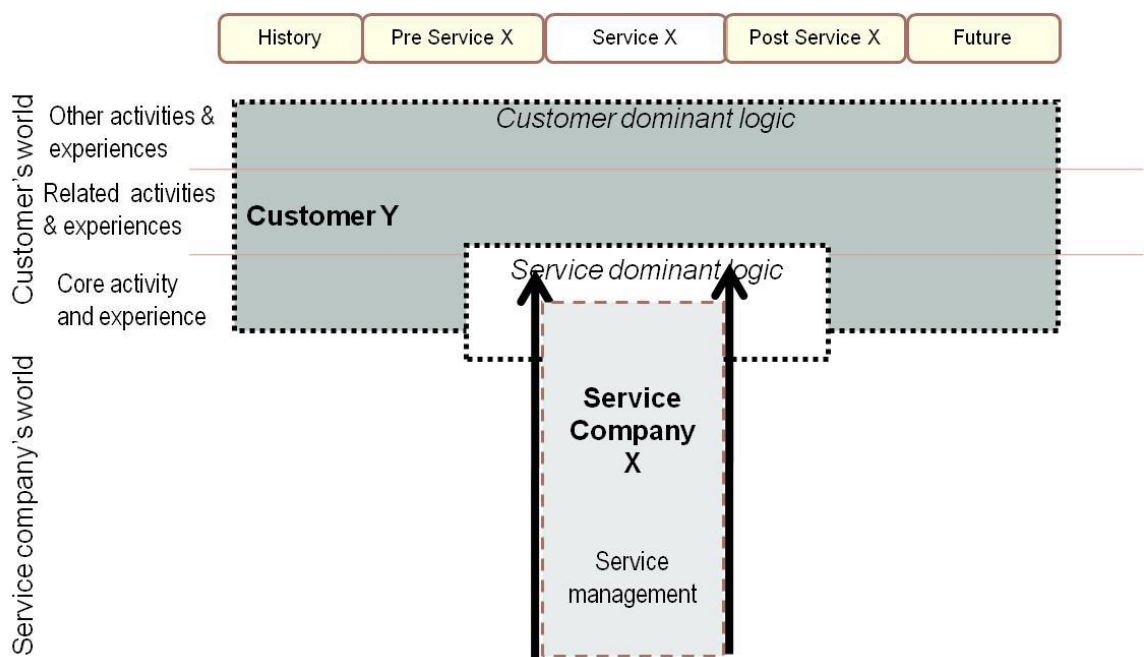


Figure 3. Customer-dominant-logic approach adapted from Heinonen et al. 2010, 535.

From a customer centric perspective the starting point should be the understanding of what the customer is trying to do or accomplish by interacting with the supplier and based on the knowledge to choose a method, which should be applied for value facilitation. The support for this approach is found in the marketing literature. It is important to distinguish between customer value creation and production of service where customers are included (Grönroos, 2008). Thus the value is ultimately created by the customer in customer processes. When value is perceived to be determined uniquely by the beneficiary in a certain phenomena the value-in-use approach should be transformed into value-in-context (Vargo et al. 2008).

Value-in-context has been described briefly in the literature but there exist little actual evidence of how value-in-context has been tested empirically. From a theoretical perspective, resources are seen to become resources depending on the contexts they are embedded in and the value of a resource as a service depends on the context (Chandler & Vargo, 2011). Thus, the customer value is generated only in a unique and relevant context in customer's life. As a simple example the argument can be made that having the resources available for customers to e.g. to buy a house by taking a mortgage produce value to customers only in customers context related to buying a house. This value-in-context approach underlines the fact that value creation is always context related and should be recognized when designing a systemic model for customer value creation.

As a conclusion of the customer-dominant logic, the focus should be placed in the customers' world in a broader sense and by applying the value-in-context to gain deeper knowledge in how context related customer value creation actually is. However, the customer value is perceived to exist in the experiences of the customers and thus the customer experience approach is presented in the following.

2.4 Customer experience

The debate regarding service-dominant logic has increased the management attention to customer centric approaches and the concept of customer experience has been established in the marketing literature. The role of customer experience is centric to customer value creation as value is considered to be perceived thru experiences.

From a systemic perspective, the interactions between customers and service providers facilitate customer value creation. The customer-dominant logic perspective supports the approach where experience is defined by the customer and based on the action made by the customer (Heinonen et al. 2010). These interactions create experiences, which are seen as inputs to overall customer experience. From a customer perspective interactions are only components of overall experience (Verhoef et al. 2009). Thus, customer experience is not only limited to experience of a certain interaction. However, the individual experience contributes to the overall experience but the customer experience as a concept should be seen as a broader concept including the previous experiences.

The service system approaches identified multiple dimensions to customer experience including affective, cognitive, social, physical and emotional experience. However, from a multichannel integration perspective a more narrow perspective to customer experience including the rational and emotional dimensions is preferred to maintain focus and not to expand the theoretical framework to consumer behavioral sciences. However customer experience should be seen to consist of two parts for the purpose of this study. First, the customer experience including the rational and emotional dimension and the previous experiences. Second, the value-experience the customer experiences when interacting with the service-provider in a multichannel environment. In the following the approach to value-experience is described.

The individual experience include what the offering is (the functional result) and how the offering is delivered (context, process and emotions generated) (Berry, Lewis & Stephan, 2002). When applying the customer centric perspective to service development the conclusions is that services should be approached as experiences. Services should be viewed as experiences of interactions (Gupta and Vajic 2000). Thus, the recognition made in service-dominant logic that service providers can only create value proposition should be further developed to include that service providers can only create value propositions and facilitate value experiences. This conclusion has significant impact to developing a customer centric approach to multichannel integration. However, for the purpose of this study the value experience needs to be defined more accurately to enable empirical testing. Thus based on existing knowledge the value experience is concluded to be divided in three types of experiences. The user experience, operational experience and competence experience. The user experience is described as the customer engagement with interfaces in different channels. Operational experience is described as the actual processes customer is trying to execute across channels. The competence experience includes the social engagement and competences provided for customer value experience. In this study, these value experience types are seen to be interconnected with the resource-based view and the types of resources available for the customers in multichannel-environment.

2.5 Multichannel-integration in retail banking

The role of multichannel environment is increasingly important to retail banks today. They orchestrate multiple channels and a vast number of customer engagements with different needs every day. The channels are seen as structures for service, dialogue and transactions including retail stores, web and mobile sites, ATM's, etc. (Berry et al. 2010). The common channel mix

used in retail banks include web, tablet and mobile bank, contact centre, branches, ATM's, homepages and social media.

The traditional approach to multichannel management starts by defining channel roles and customer segments to be served in each channel. This approach however is seen very much outdated and fits poorly to customer centric perspective. The perspective should be changed to what the customer is trying to accomplish and how multichannel-integration could facilitate customer value creation.

The experience-oriented approach to multichannel-integration demands a holistic view. A holistic approach to how the integration of channels provides a superior customer experience. This is especially important in multichannel services when customers can select from multiple channels and navigate across the channels when conducting an activity (Patrício, Fisk, & Falcão e Cunha, 2008). The logic applies to retail banks, as there exists a variety of opportunities to start and end a service process.

However, the need for new technology based innovations in the area of interactive services is emphasized especially in multichannel environments. Future multichannel service innovations are expected to be technology based (Patrício et al. 2008). Innovations in delivering services to customers navigating in multichannel environment is crucial in retail industry (Berry et al. 2010). Main challenges are expected from the areas of integration of information, customer understanding, evaluation of channels, resource allocation and strategy coordination across channels (Neslin et al. 2006). The knowledge of technological capabilities and how the capabilities are applied in retail banks to support multichannel integration currently was conducted parallel to the theoretical investigation by seeking for information from internet and discussions with retail bank representatives. The new type of co-creation experiences were especially in focus of this investigation. The main applications found were focusing on providing customers with a possibility to chat with service personnel, offering online meetings and service contacts thru social media. However the conclusion was made that there exist unexploited opportunities in the area of technology based multichannel integration development and development of new type of experiences. The main directions for this type of development were presented and discussed in the customer value creation chapter as being dialogue, access, risk and transparency (Prahalad & Ramaswamy, 2004).

Thus, the objective should be set to develop multichannel-integration thru technology-based innovations. The definition of a market-challenging innovation could be stated as “an idea for a performance enhancement that customers perceive as offering a new benefit of sufficient appeal that it dramatically influences their behavior, as well as the behavior of competing companies” (Berry, Shankar, Parish, Cadwallader & Dotzel, 2006, 56).

Based on the theoretical findings and existing knowledge of the technological opportunities in retail banking multichannel environment the possibilities to develop multichannel integration should be investigated in the empirical part of the study. The main areas for the purpose of this study are identified as providing customers with enhanced access and ability to manage their relationship, integrating channel functionalities to provide new types of service mix and enhancing the capabilities to engage in dialogue with the customers. These areas are further elaborated and tested in the empirical part of the study.

2.6 Resource-based view in generating a competitive advantage

To complete the literature review it is important from the perspective of this study to present and review the resource-based view and framework for competitive advantage from a resource-based view. As stated in the introduction in retail banking building a competitive advantage is difficult because the products and services are very similar and also the regulation demands set boundaries to competitive advantage could be achieved.

Based on the service system approach to customer value creation the resources are identified as key enablers for customer value creation. From a systemic perspective the understanding of value creation from a customer centric view is only providing the knowledge of what would be value creating. The resource perspective provides the view of how the value could be facilitated in this case in multichannel environment.

The services and products offered are actually considered to be the same. There would not exist any services or products without resources. (Wernerfelt, 1984). Thus, the offered value propositions are actually resources used for customer value creation. It is also important to acknowledge that resources are presented in strategy literature as the key enablers for creating a strategic market positioning and diversified strategy for a company presenting the resources as any kind of weakness or strength of a company (Wernerfelt, 1984). The argument is well

suitable for this study and enables the competitiveness to be seen as an outcome of resource utilisation in this case of multichannel integration. It is important to also comprehend that some capabilities and thus resources can only be developed in a longer time period in a certain firm's context and are thus the resources are seen to be path dependent. (Barney, 1991). In a competitive market such as retail banking developing resources using the path dependency logic means that retail banks should pursue in developing systemic competitive advantage embedded in resources by developing them over a longer period of time and combining them in a way that competitors find difficult to imitate. This would enable development of competitive edge despite similar products and regulation in a particular market place.

However, the resource-based view is in many ways a theoretical structure relating in existing strategy literature and for example provides a very broad perspective of what could be considered as a resource. Technology, machinery, experience and customer loyalty are for example perceived as resources (Wernerfelt, 1984). To utilise the approach it needs to be operationalised. In the previously illustrated systemic approach to customer value creation multiple different resources were presented as the key resources e.g. people, technology and processes (Bolton & Saxena-Iyer, 2009) as value creating and multiple arguments were made. These arguments were very general attempts to identify value creating resources from a generic perspective. However, for the purpose of this study the resources need to be identified from a multichannel integration perspective and to support the existing conclusions made in defining the value experience dimensions. Based on the existing literature and the existing broad definition of resources the following key resources were identified:

- Usability (incl. interface functionality and content, technological solutions)
- Operations (processes and operating logic)
- Competences (incl. banking expertise, social skills, ability to provide support)

However, the key resources for the retail banking multichannel integration development could be argued to be too narrow to provide the possibility to develop systemic competitive advantage. Thus, it is recognised that to support these multichannel integration resources it is important to identify supporting resources as financial, managerial and business development resources. These resources in combination will ensure the financial investments to be made, the leadership to pursue the changes and making the right choices to succeed by having the necessary business development skills.

The resources are seen as the enablers of sustainable competitive edge when combined and utilised together (Peteraf, 1993). Thus, a model of competitive advantage from a resource-based view is presented and discussed. The dimensions of the model are identified as heterogeneity of resources, limits to competition, imperfect mobility and ex ante limits to competition.

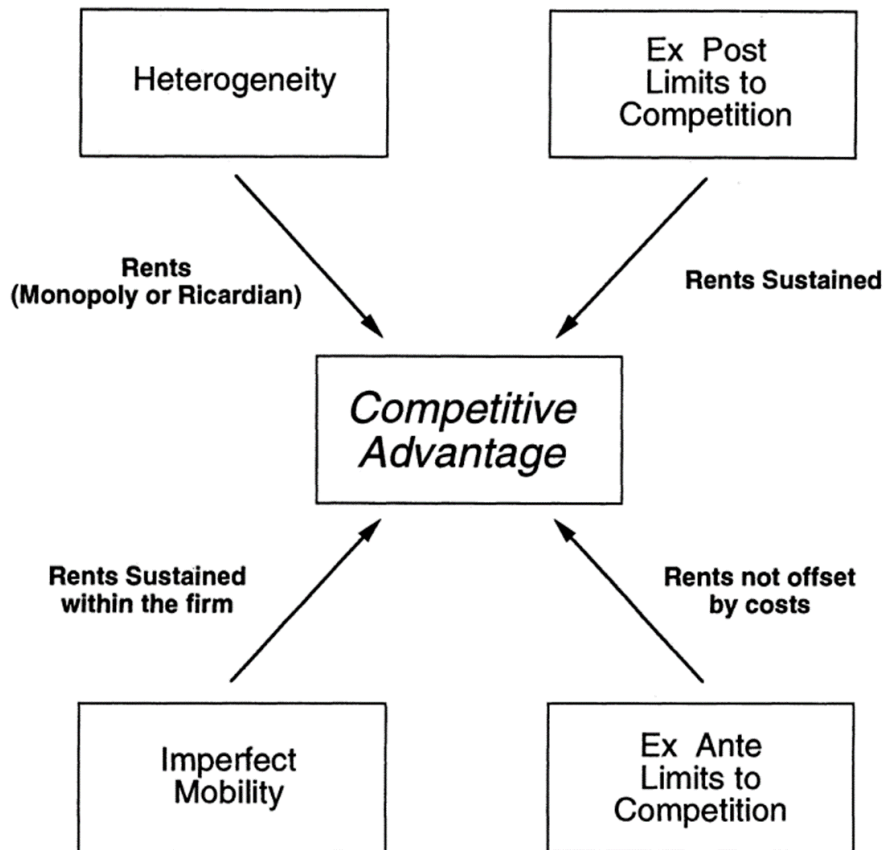


Figure 4. The cornerstones of competitive advantage adapted from Peteraf, 1993, 186.

The first dimension in the model is identified as heterogeneity of resources. In other words, the resources and the way they are utilised vary across companies (Barney, 1991). The logic also implies that companies are able to compete successfully with different resources. However, the ones with resource superiority will make the best result (Peteraf, 1993). It is also important to acknowledge from the model perspective that to have resource superiority also means that the resources are not easily copied or replaced by the competitors.

The second dimension is limits to competition. The ability of a company to sustain the situation of having resource superiority is also due to existing limits to competition. The model

identifies two types of imperfections, which are connected to substitutes and imitation. The main types of limits to competition are thus identified as causal ambiguity, path dependency and social complexity (Peteraf, 1993). Causal ambiguity refers to the ability of competitors to know exactly what to copy. Socially complex resources are seen to be developed within the company and are seen as path dependent because they are developed based on existing knowledge and accumulated over time.

The third dimension is imperfect mobility and refers to the fact that when resources designed based on company-specific needs and thus difficult to move from a company to another (Peteraf, 1993).

The fourth dimension is ex ante limits to competition. Meaning that when a company has been able to gain a certain market position with resource superiority there exists limited competition to that position (Peteraf, 1993).

Thus, the conclusion can be made that in order for resources to become enablers for competitive advantage they should fulfil the proposed criteria. Based on the findings of the empirical research a suggestion will be made on how resources should be developed to become enablers of competitive advantage.

2.7 Summary of the critical literature review

The selected view of customer centric approach to multichannel integration has guided the literature review. The main conclusions regarding customer centricity is embedded in the concept of value and how value is seen exist. The literature has provided extensive insight and support for conclusions on how customer value creation as a concept has developed and how it provides an opportunity to develop new competitive business models. This requires a systemic approach to fully comprehend where and how customer value can be created. The conclusion is that in the systemic model the value is perceived to exist only in customer processes. Thus, the efforts of the empirical part need to be directed to understanding what the customer is trying to achieve to avoid the service-provider centric approach.

However, the conclusion is that systemic model needs to include customer experience, service-provider resources and interaction between the parties in a multichannel environment.

The customer experience needs to include the rational and emotional dimensions of experience and the past experiences. Interaction should be perceived as value-experience facilitating rather than value generating. The value-experience is divided into user, operational and competence experiences to support the purpose of this study. The resources of the service providers are seen as the enablers for facilitating the value-experience and developing competitive advantage. The key resources in this case were identified as usability, operations and competences. The conclusion from a competitive advantage perspective the resources should be developed within the company to become superior by utilising path dependency, causal ambiguity and social complexity approaches.

The critical literature review has provided extensive insight to the research phenomenon and supported the development of theoretical framework for the purpose of the study.

3 Conceptual framework

The objective of this chapter is to present the conceptual framework developed to assist in designing the empirical part and to guide the data collection and analysis.

Based on the literature review a conceptual framework has been developed to guide the empirical work to answer the research questions. The conceptual framework of systemic approach to customer value creation in multichannel-environment provides assistance for conducting the empirical research. The model has been developed based on literature review and empirical findings related to customer value creation, customer experience, multichannel-integration and resource-based view for competitive advantage. The model consists of customer, service provider and interaction dimensions.

As presented in the earlier chapters value can only be created in customer processes and customer experience determines the perception of value. The rational and emotional experiences are seen as the dimensions of customer experience. Thus, these dimensions need to be placed as the drivers for value creation. The value creation is also considered to be context related. The value can only occur in a context relevant to customers life and thus it must be recognized as a part of the model. The interaction the customer engages himself to with a service provider is context-related.

The interface for facilitating the value experience is considered to be the multichannel-environment where customers engage actively with different channels in different contexts related to customer life-events.

The interaction between the customer and service provider is seen as the dimension where value experience is facilitated. The value experience is divided in three types of experiences. The user experience, operational experience and competence experience. The user experience consists of the immediate engagement with different interfaces in multichannel environment. Operational experience is seen as the how well the operations are conducted across channels for customers benefit. The competence experience is proposed to consist of the expertise and social engagement the customer experiences.

Thus, the multichannel-integration has a key role in service experience and how the value experience is facilitated to the customer. Based on the theoretical investigation three multichannel-integration dimensions were identified which contribute to value experience. First is increasing transparency. Second is integration of channels. Third is engaging in dialogue proactively. These dimensions are included in the empirical part of this study.

The competitiveness of a service provider is based on the resources of the service provider. These resources are utilized for creating a value experience for the customer. However, the service provider can only provide value propositions and facilitate value experiences. The key resources are identified as usability (incl. interface functionality and content, technological solutions), operations (processes and operating logic) and competences (incl. banking expertise, social skills, ability to provide support) in multichannel-integration. In addition, the supporting resources as financial, managerial and business development resources were identified as enablers for creating a competitive advantage based on multichannel integration.

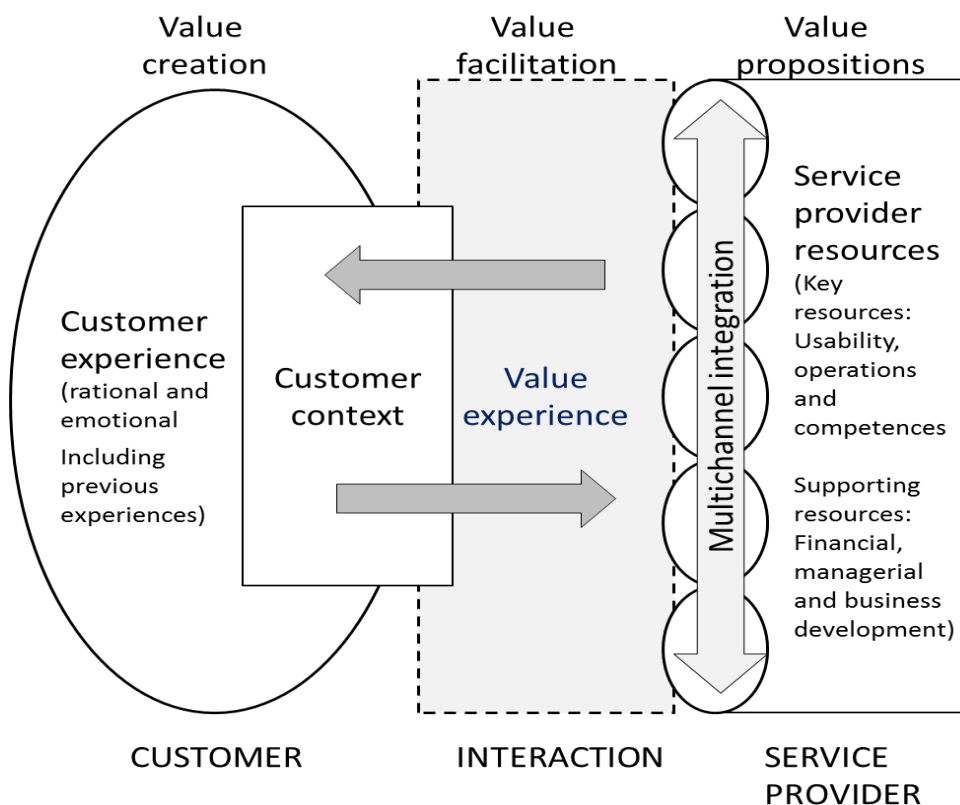


Figure 5. Systemic approach to customer value creation in multichannel-environment

4 Methodology

The objective of this chapter is to describe the research methodology of this study and the research statement assumptions. Research is perceived as a systematically conducted process, which collects, analyses and interprets the information to increase the understanding of certain phenomenon (Leedy & Ormrod, 2010). The approach utilised in this study is presented in the following.

The methodology of this study is explained using the “research onion model” (Saunders et al. 2009, 108). The model divides the research methodology to philosophies, approaches, strategies, choices, time horizons and techniques and procedures. The selected research paradigm, philosophy and strategy are described and justified for the purpose of this study. Also the research approach, data collection and data analysis methods are illustrated.

4.1 Research assumptions

The research assumptions are perceived as the basics which enable the research problem to exist (Leedy & Ormrod, 2010). The main research assumption made in this study is that by examining how customer value is created in customer context based on interactions with service provider resources will provide insight needed to provide answers to research problem and questions. In this case these interactions are assumed to happen in service providers multi-channel environment and thus the study will concentrate in investigating the customer context (life-event), the interaction between the customer and the service provider and the resources which are facilitating the customer value creation. The assumption is made based on theoretical investigation and the conclusions made in the previous chapter. The conclusion is that the preferred method to gather the necessary understanding regarding contemporary phenomenon is to conduct a qualitative inquiry using in-depth interviews as the method.

Another research assumption is also that interviewed customers are describing the life-event truthfully and the as the actual events took place. All participants were provided the assurance that all material was anonymised and confidentiality was ensured to guarantee truthful answers. In addition, the customer selection criteria used as a basis for customer selection from a customer database of a retail bank ensured that such a life-event had taken place.

The assumption of representative amount of interviews needed to gain understanding of the phenomenon was also made based on selection criteria. Customer selection criteria identified a major life event, in this case purchase of an apartment or changing an apartment/house and a multichannel-interaction event between the bank and the customer. The selection ensured the relevance of the survey from a customer context and multichannel environment perspective. Albeit the purpose of this study was to explore the customer behaviour in each unique customer experience context to identify opportunities for customer value creation development and thus the findings are not supposed to be representative for larger population. Thus for the purpose of this study the conducted 10 interviews were able to provide the needed insight to be able to make conclusions and provide insight to research problem.

To ensure that the study will provide the desired new insight to be used in retail banking multichannel-integration development the survey approach, interviewee selection and interview questions were discussed and reflected together with business development management of a retail bank providing also the customer data. The approach was compared to several customer insight methods used by the development unit of the bank and validated to deliver insight to the research questions proposed in this study.

4.2 Research philosophy and strategy

The research philosophy includes ontology, epistemology and axiology chosen for this study. The formulation of the research problem and the need to generate new knowledge, which can then be utilised for customer value creation in multichannel integration development, guides the selection of research philosophy and paradigm. The knowledge in this case requires qualitative in-depth interviews and thus the suitable research philosophy is interpretivist (Saunders et al. 2009). Similarly, the proposed paradigm followed in this study is interpretive as the study focuses on trying to understand and interpret what is happening (Saunders et al. 2009). Another proposed paradigm for the purpose of the study can be identified, as critical theory as there exists competing paradigms in the field of qualitative research (Cuba & Lincoln, 1994). However, the approach for ontology, epistemology and methodology are perceived similar in both paradigms.

The selected ontology is thus subjectivism due to the approach of the study to focus in understanding what generates customer value and in which type of interaction. The epistemology is perceived as the way to seek for knowledge which is acceptable for the purpose of the study.

From an interpretive philosophy perspective the study will explain an individual customer as a social actor in a certain life event and seeks to understand what are the subjective meanings of the social actor in a certain life event. The chosen approach also strongly argues that the axiology in this study is subjective and researcher will influence what is researched. This approach will provide the researcher the ability to demonstrate values in conducting the research and formulating the findings. However, the researcher must be aware of the values in a way that enables the researcher to make the right conclusions (Saunders et al. 2009).

4.3 Research approach and method

The research approach in this study is a hybrid approach utilising both a deductive and inductive approach (Saunders et al. 2009). The research methodology also identifies this approach as abductive. The objective of the study is to gain insight based on customer context by collecting qualitative data and reflect the collected data with the proposed theoretical framework. However, the theoretical framework is used to assist the empirical analysis and provide themes for narrative analysis. Thus, the theoretical framework is not constructed only for hypothesis testing in this study. The research strategy in this study is case study as the focus will be in empirical survey of certain contemporary phenomenon and the ability to answer why certain value exists or does not exist in the research context (Yin, 1989).

The research problem formulation of this study requires that the research must be able to deliver new insight of the research topic. Qualitative method is therefore selected to be used in conducting the research. In addition, to ensure that understanding of customer value creation is gained the research will use the narrative format. The selected way to execute the research is to conduct in-depth interviews with customers from the target group. The approach for the interviews is to utilize a narrative logic in discussing the customers' life event context in detail, connecting the interaction with a bank in to contemporary narrative life-event context and to identify the value creating elements. Furthermore, the identified ways to enhance customer value creation in multichannel environment are presented to customers in question format and the usability and relevance for customers taking in to account the customer context is discussed.

The target group of the research was selected from a personal customer database of a retail bank. To be able to select the appropriate candidates who could contribute to the study a set of selection criteria was established. The selection criteria was based on the retail banking

business development participants extensive knowledge of personal banking customers activities with the bank and the objective of the study to provide insight for customer interaction in a multichannel-environment in customer life-event context. Although the actual life-event is not possible to detect from customer data there exists ways to identify that such an event has taken place. Based on the iteration with the retail banking representatives a short list of these assumed events was made and prioritized. From a retail banking perspective it was also important to include a life-event with a significant business and volume impact for retail banking business. However the inquiry to the selected life-event was considered to provide findings that would also have a generic nature on how multichannel-integration could be developed. Based on the described demands the customer selection included the following main selection criteria.

1. Customers in contemporary life event based context – customers that have recently (1-3 months prior) executed an activity with the bank in relation to customer life event. The selected life-event based on the prioritization was taking a housing loan. From the perspective of the study, it was beneficial that these type of customers could be identified from the customer database when the life-event related activities and feelings are still fresh in mind.
2. Multichannel customers – customers that have recently used the physical or online meeting, web bank (or tablet/mobile) and phone channels to execute the housing loan process. From the perspective of the study, the ability to identify customers with a multichannel-interaction experience with the bank was important to ensure that customers are able to provide insight for operating in a multichannel-environment and test the hypothesis of how multichannel-integration could be improved.
3. Full banking customers – customers with loan(s), daily banking products, recurring income and activities in digital channels. From the perspective of the study, it was important to ensure that customers are actually customers of the bank participating in this study. Thus, the customers are familiar with the value propositions and have a relationship with some kind of emotional attachment to the bank.
4. Customers living in capital region – customers who have recently acquired an apartment or house from Helsinki, Espoo or Vantaa. From the perspective of the study,

the living area was important to ensure that customers can participate a physical interview. Otherwise, from the data collection perspective the living area was seen indifferent in affecting the results.

Based on the selection criteria 36 customers were identified from the customer portfolio of a retail bank and 10 were invited to an interview. The customers were called and invited to interviews. The interviews were arranged in the premises of a bank they were customers to. This arrangement was made to ensure that customers felt comfortable talking about their housing loan experience.

Interviewee	Gender	Age	Interview	Duration
Customer 1.	Male	36	22.4.2016	60 min
Customer 2.	Male	44	25.4.2016	47 min
Customer 3	Female	43	25.4.2016	50 min
Customer 4.	Female	49	25.4.2016	41 min
Customer 5.	Female	27	26.4.2016	52 min
Customer 6.	Male	36	27.4.2016	49 min
Customer 7.	Male	43	27.4.2016	61 min
Customer 8.	Female	56	28.4.2016	52 min
Customer 9.	Female	38	28.4.2016	59 min
Customer 10.	Male	37	3.5.2016	32 min

Table 1. List of conducted interviews

4.4 Data collection

The data collection was constructed using semi-structured interview approach (Fisher, 2010). The interview was divided in three parts for the purpose of the study to provide insight based on suggested dimension in the theoretical model. The first part of the interview focused on providing information about customer's previous banking relationship. Second part in the interview focused on customer life-event context and the interaction with the bank motivated by the life-event. To support the discussion and document the activities interaction map –tool was used to gather data and to provide a structure to the discussion. However, the customers were not asked to identify phases or steps in their process to ensure that the customer centric approach will be applied and the customers are not forced to follow service providers centric

logic. Third part focused on the questions regarding how multichannel integration could produce value. Examples of new types of capabilities were presented to frame the question and provide narrative content to reflect upon. The examples were linked to proposed multichannel-integration development areas in increasing transparency and providing customers access to data, channel integration to provide access to immediate decision making and advisor support in customer context and proactivity in multichannel environment based on customer behavior. These areas were also identified in the theoretical framework of this study.

4.5 Data analysis

The data analysis of the study is constructed in a multi-dimensional way as the selected hybrid approach suggests. The qualitative analysis process is conducted by structuring the meanings using themes in the narrative analysis. However categorizing is also used to group the findings and to be able to present them. (Saunders et al 2009). The analysis will mainly follow the analytical induction approach but also includes explanation building parts (Yin, 2003).

The analysis was conducted using structuring of meanings with narratives. The interaction map tool developed for the purpose of this study provided help in organizing the interaction in a timeline to identify causality and the actual process customer was conducting.

5 Presentation of the results

This chapter will focus on presenting the empirical data. The analysis is conducted using themes to structure the narrative analysis. The presented first theme is focusing on customer experience and the previous experience the customer has had with a bank and the expectations the customer had based on the previous experiences. In addition, the findings based on rational and emotional customer experience are presented. Second theme is focusing on the value-in-context illustrating the findings from interviewees' life-events and how life-events provided a context for customer value creation. Third theme is focusing on the value experience based on the interaction in the multichannel environment and what kind of value drivers were identified during the interaction. Fourth theme analyzes the typical multichannel process and the final theme focuses on analyzing the findings related to multichannel-integration development.

5.1 Customer experience

The customer experience was investigated from a rational and emotional perspective and the previous experiences were included as they were assumed to set expectations for the upcoming interaction with the bank. Although some of the interviewees had become customers of the bank during the housing loan process and some had only limited banking relationship beforehand. Five interviewees were actually new housing loan customers to the bank which made the customer selection from the database. Thus, they could provide only limited information about the customer experience regarding the bank they had selected in the process. However, the interviews provided insights to how customers perceived a customer experience in a bank and how previous experience affected the decision-making during the interaction.

The overall finding was that interviewees seemed to have a mainly rational approach to banking relationship. The customer experience seemed to focus mainly to the rational experience. However, multiple interviewees indicated a feeling of satisfaction when they were asked to characterize the banking relationship.

“Well it works, and what I need from a bank, it seems that I get it.”

(Customer 1.)

“Well, pretty good, things have been handled quite well that and there has not been anything miraculous before this housing loan case.” (Customer 5.)

“I think that the feeling has been on overall satisfied” (Customer 4.)

From a rational customer experience perspective bank is expected to offer services which are perceived to work according to customer expectations. The expectations towards a rational customer experience can thus be concluded as expectations towards a hassle free experience with the bank. Customers expect a bank to support their daily life so that it will not cause any problems or inconvenience. The rational experience then contributes to emotions and produces a feeling of satisfaction.

“Things have been pretty good. I did not have the need to change to anywhere else. Of course, there has become offers elsewhere sometimes, but I have not seen any reason to act based on those. I have been quite satisfied.”
(Customer 8.)

The good customer experience and feeling of satisfaction resulted also in preventing customer churn and despite competitors efforts the customer satisfaction to existing bank has prevented the customer to leave the bank.

“The previous one was a bit like uncertain and the one before that was a really bad experience so if there would be a third poor experience then you should considered changing the bank.” (Customer 2.)

Also the fact that having a good customer experience for a long period of time in the past affects customers willingness to accept also poor customer service situations.

“It did not make any sense to be a customer of a bank in Järvenpää when I work in the metropolitan area.” (Customer 3.)

“Because the co-operative bank, where I had a mortgage to the apartment in Helsinki, was a small bank over there in the north, where I come from. Born in Helsinki, but there I spent my youth, so our communication was then messaging or telephone when I would have liked to meet in person.” (Customer 9.)

When looking into customer experience related to existing bank relationship there actually were signs of interest to change a bank before the actual process. The customer experience of being a customer in a bank located physically in a distant location affected customers customer satisfaction despite the ability to take care matters in other channels.

“It is why I once again moved back, because we thought the service in the other bank, for the time we were there and then, especially when you applied for a new loan was so poor.” (Customer 10.)

Another factor identified in the interviews was related to offering relevant service. When the customer was questioning the relevancy of provided service it affected the experience suffered and the willingness to change increased. The actual reasons for what resulted in poor customer experience were not directly asked but the interviewees were proactive in describing the poor experiences.

“That is especially because in the previous bank there were these “cashier ladies” with two hours of training saying to you "you should take it, because it says so in the paper". It seems that, at least those solutions could not be justified to the customer in any way. I do not know whether they were correct in my case, but the impression was that it was forced sale of their side more.” (Customer 6.)

“Had to go to meet a young guy who sold funds all the time. "So now you need to consider these fund issues and other savings” as we were expecting to talk about car loan.” (Customer 2.)

The argument of providing relevant service to improve customer experience and satisfaction is valid. The importance of this fact was also underlined because customers were very passionate about describing the poor experience and what was wrong about the approach.

The findings related to customer experience can be summarized as expectations towards a hassle free experience from a rational perspective, which will affect the emotional experience of being satisfied to existing banking relationship. The satisfaction will prevent customers

from leaving the bank despite competitor attempts to acquire the customer. Overall satisfaction seems to also endure over time and carry the relationship over poor experiences at least to some extent. The fundamental perspective identified in the analysis is that the service offered needs to be relevant from customer perspective. Otherwise, the offered service will result in weakening the customer experience.

5.2 Value in context

The second theme concentrates in investigating the meaning of customer life-event context in value creation. The empirical data is analyzed using two thematic approaches. First, the way how customer life-event context acts as a driver for engagement with the bank and second the way customer life-event context is perceived to affect the customer value creation. The interviewees were asked to tell about their life and what were the motivating factors in their life-event. In addition, the situations where the process was for some reason discontinued were investigated to gather knowledge about the sudden value loss experienced by the customer.

“We had been for several years considering and discussing, that we should change the apartment and then we had been looking at apartments and dwelling. There has not been any apartments for sale in a nearby complex and then one happened to come on sale we had been wondering about.” (Customer 2.)

“We have so far been renting the apartment saving in ASP-savings. In 2009 we moved to the metropolitan area from Oulu and here of course the price level at that point jumped a lot and then, of course, my family has grown in between. So then the price that's necessary for adequate housing has grown and grown here along the way, and then you would like to have a little bit of accumulate savings for the apartment and a bit of courage, or, in fact, it was more the courage to make the actual purchase.” (Customer 1.)

“Well, therefore that I live in a rented, and then I wanted to have my own apartment, I had a somewhat investments and then it felt silly when interest rates are so low that I lived in rented apartment.” (Customer 4.)

Based on the interviews two types of life-events that ignited the interaction with the bank were identified. The first type identified was connected to longer term planning of changing an apartment, which was then initiated and executed without any other immediate reason.

“Workplace changed. My previous apartment was in Puotila and then my workplace changed to Espoo. The distance to work became quite insane. Public transportation takes like an hour. If you ride a bike then it is something like 22.5 kilometers, which is not so nice.” (Customer 6.)

“Got divorced. And because of it, then had to sell the old apartment and had to buy new. Just the base case.” (Customer 8.)

“Well, we had many reasons, we have a boy who now turned three years, and we needed a bigger apartment and a own room for him, and then I have been working in Espoo, now 12 years, commuting took so much time and we wanted more family time.” (Customer 9.)

Another type of need to change an apartment was due to some incident or multiple incidents in customer’s life which had not been directly connected to a need to change the place to live. These were typically situations like changing jobs or changes in family situation. However, what was common in all these cases was the fact that customer need had been established related customer life before contacting to the bank. Thus, the possibility for value creation is seen to be based on customer activities rather than service-providers activities.

“I think it was a significant disappointment that in the first time we did not get the apartment. Therefore, in that sense we already forgot the matter between us and the bank was left in the background. That the loss of the apartment was so big thing that the housing loan negotiation loses its meaning. When you do not now have the need for a loan negotiation or a need to contribute at all.” (Customer 7.)

The articulation of experiencing a sudden value loss was underlining the finding that value existed only in a life-event context. The customer’s reason to pursue the loan negotiation ended despite the fact that everything was ready for the customer to continue.

The findings related to value in context can be summarized as understanding of customers role in value creation as the one who ignites the interaction and provides the service-provider the opportunity to create value. In addition, the fact that without a customer life-event based context the offered service is meaningless to customer and thus there exists no value from customer perspective.

5.3 Value experience and value drivers

The third theme in the empirical data analysis concentrated on the experiences interaction generated and how value emerged. Based on analysis of the empirical data the phases for value experience and value drivers from a customer centric view in the investigated life-event were identified. Three phases in customer value experience were identified. First phase was identified as acquiring financial security. Second phase initiated the actual deal and third phase concentrated in closing the deal. The selected type of approach for data analysis was selected due to the customer centric logic applied in the research. It was important to acknowledge what the interviewee was trying to do and achieve.

The first phase in a customer centric value experience concentrated on acquiring financial security. All ten interviewees started the interaction with the bank by first investigating the loan size that would fit their budget. In the second phase after the preliminary discussions with the bank all, the interviewees gave either an indicative offer or actual offer for an apartment based on the level of certainty they had established with the bank. However they recognized the difference between an indicative loan offers for certain amount and then final loan offer for a certain apartment. Thus the customers were sending information to bank regarding the actual apartment to finalize the loan negotiation and to gain certainty for financing the selected apartment. The last phase consisted from the customers' perspective of all the unpleasant but necessary stuff to complete the actual purchase of the apartment. It was commonly across the interviewees understood to be necessary as a part of a process. The following analysis of the empirical data is thus divided into three parts to follow the customer centric approach to facilitating a value experience and identifying the value drivers in multichannel-environment.

5.3.1 Acquiring financial security

From a customer centric perspective the actual interaction with the bank started from the first contact request they initiated. The initial work regarding selecting the banks to talk to, the customer already conducted using the calculators and seeking for information from homepages at this point and the customers seemed to have somewhat unclear memories of what had actually happened before the contact. Although couple of the customers had prepared to the discussion with a bank by making their own calculations and budgeting tools. Mainly the ones who had been planning changing the apartment for a longer time had been also following the market and price levels.

“That is why it must be at least three, most preferably four offers. In almost any competitive bidding, you should have at least that.” (Customer 6.)

“Well, I decided to take three offers” (Customer 3.)

The interviewees perceived valuable for them to engage in dialogue with multiple banks and six asked offers two called other banks and two continued with the existing bank. Multiple interviewees mentioned three offers as being a suitable amount in a bidding contest. Despite the good overall satisfaction to existing bank identified in the earlier chapter, the customers perceived the bidding contest a logical way to approach loan negotiations.

“The first point I wanted to know what are my chances of getting a loan and what size. Then I wanted to know the size of apartments in that size class that I am able to look for. So I made a preliminary application to know at least how much can I afford to bid.” (Customer 3.)

The interaction with the bank was started by five of the interviewees by sending a contact form or web bank message. four initiated the contact by phone. One of the interviewees was contacted by phone based on a lead from a co-operating real estate agency. The purpose of the contact was named by all of the interviewees as acquiring financial security for a certain housing loan amount or to arrange a meeting where they could discuss and receive the same information. The customer expectations at this phase were very similar. All interviewees valued the fast response to their request.

“That phone call was good. I had a little disappointment that point, wait a minute, I would have liked at this point to take care of the matter.” (Customer 2.)

Main part of the interviewees expected that it would require a meeting to be able to provide even the indicative offer. Although two of the customers also brought up the expectation that the actual indicative offer should have been given in the phone immediately. The customers perceived the offered service as old-fashioned.

“Then I briefly told of my situation and that I now have a pretty spectacular apartment at my hands and said that it will go quickly and then at first I thought that it will not succeed. That it takes a long time until I can get a meeting with an advisor, at least two weeks.” (Customer 4.)

Interviewees appreciated the fact that their situation was recognized and the person contacting them was taking this in to account when planning how to proceed. Although as an example of poor situation recognition in the contact phase the customers brought up the instances where the meeting took too long time to be arranged for their purpose. The main reason from customer perspective was in these situations the fact that a suitable apartment was available and the answer regarding financial ability to provide an offer was needed soon. However, from a value creation perspective these findings are clear indication that the recognition of the situation plays a significant role and can set the value experience off track from the start. In addition, the ability to react to customers situation was perceived valuable.

“Unlike in the previous bank I was told by the bank that of course it could be arranged. I had the impression that things succeed.” (Customer 6.)

From a value experience perspective the feeling that things could be arranged according to customer needs was considered to be so significant that customers selected the bank based on it. Despite the fact that they had already agreed everything with another bank.

Customer meetings were arranged as online meetings in eight of the cases and one in phone and one in a branch. Main tasks from customer perspective were the loan amount, price and monthly installments.

“Then there was an online meeting, and it was awfully good one. I had a terribly busy time at work on those days.” (Customer 4.)

Interviewees that used the online meeting were comfortable with it and from a customer value perspective especially the convenience and customer centricity was mentioned.

“Well if you use online for a meeting with a bank, then I expect the camera to be on. It was not so. I thought that I went into a meeting, where I could see a person. But I did not see.” (Customer 8.)

The customer were also expecting the online meeting to be kind of a face-to-face meeting in online environment. Thus, some critical feedback was given because they could not receive live picture from the advisor that was serving them. This provided a clear indication to the fact that from a value experience perspective customers are willing to establish an emotional bond between the advisor and interviewee using the online meeting. Only one of the customers preferred a face to face meeting. The customers also noted the advisors name they had been talking to and came back to the same person when proceeding in their activities. The customers recognized the advisor to be someone taking care of their case, which was perceived valuable from the customer perspective.

“They also asked about our life, and why we want to change and understood our reasons and because of that it was such a rich debate.” (Customer 9.)

The interviewees also recognized valuable the fact that they were treated as an individuals and that their individual situation was taken in to account when planning the solutions. Multiple interviewees also identified the possibility to talk and share the information about their situation personally as value generating.

“Well in any case, I can get the loan, so it was for me the most important information.” (Customer 8.)

Acquiring the financial security to proceed in their life-event was identified and considered in this phase as the most significant value creating element by all the customers. Thus, it can stated that without this value creation element the customer’s process would have stopped and thus the possibilities for future value creation would disappear.

“They called me then afterwards and said that they had provided misleading information, so that came as a disappointment then, that I was misinformed in the online meeting and was promised too much.” (Customer 5.)

Although providing the information for the customer even on indicative level needs to be confirmed to be based on facts. The misleading information has a significant negative impact to value experience and still some time after the actual deal the customer expressed strong disappointment and lack of trust towards the service-provider.

“And at least those persons with whom I have now been working with I have received the impression that, now I am working with professionals. If you do not have the know-how and the ability to justify the proposals to customers, so in that way it becomes like a big thing.” (Customer 6.)

Bank as a service-provider is expected to provide professional approach to all activities from the customer perspective. The customers expressed in multiple occasions the sense of professionalism, which was valuable for them. Although again the other side of the coin is that when the services offered by the bank are, seen lacking the professionalism there exists no value to customer.

“Well, I wanted to hear that I had made the calculations correctly, and that I can get the loan. And I got the information. At that point, I did not want anything else to be sold to me. And nothing else was sold.” (Customer 2.)

Interviewees also perceived valuable the fact that they could concentrate in the matter of their interest and what was seen valuable from their perspective. Again, there existed no value to customer when the subject was changed to something, which was not interesting to customer.

“It made such an impression on us when those calculations were made, and then the fact that while we are paying the loan repayments we will also be able to save at the same time.” (Customer 9.)

However providing new insight to customer situation was seen even exceeding the expectations and providing more value than anticipated. In the described individual interviewee experience it was also perceived as the main reason for selecting a bank. Providing new insight to customer situation should thus be considered as one of the main value creating drivers

It is important to notice that multiple customers made the selection between banks based on the initial discussion in the acquiring financial security phase and then continued with the selected one. Thus, it is important to actually provide the value creating resources in a relevant way for customer in the first contact. Multiple value drivers were identified during the analysis regarding the acquiring financial confidence phase. These value drivers can be summarized as immediate recognition of customer need, ability to act based on situation, providing a convenient way to discuss, focus on the customers matter, being treated as an individual, providing the needed financial security to proceed with the matter, having a professional approach, providing new insight to customers situation and providing a contact person who was aware of the customers situation.

5.3.2 Initiating the deal

The second phase in the customers' value experience concentrated in making an offer for the selected apartment. The financial security acquired in the first phase was in this phase used to have the courage to actually give an offer.

“Well, in that phase you don't know what the exact amount is. So you know the initial amount to seek for an apartment. You do not know the exact amount of the apartment in the tender negotiation.” (Customer 7.)

The customers recognized between the indicative loan offer provided in the acquiring financial security phase and the final loan offer related to certain apartment. Thus, from the customer perspective there existed a second round of negotiations. Because when the actual apartment was on sight, the customers wanted to know the details concerning the particular apartment and negotiated details. The ability to discuss with the person aware of customers situation was seen valuable at this phase

“Well, of course, it probably was quite classic that although it was prepared for years the situation then came surprisingly quickly.” (Customer 1.)

Multiple interviewees brought up the situation where the actual deal was initiated faster than expected when a suitable apartment was found. From value experience perspective the capability to respond fast was seen value creating.

“You can be a little unsure in this kind of situation and you need support from the bank, which we also obtained. Which was a good thing, and it left a positive mind.” (Customer 7.)

Multiple interviewees identified the fact that the situation was not familiar to them and thus all the support they could receive from bank was seen valuable.

“It was a kind of positive surprise that how it went. How you wish to experience good customer service, or how would you have thought about communicating, so they just went like that. The communication was done in ways reasonable for each situation using a web bank it was convenient and calling when it was suited for the situation.” (Customer 2.)

The interviewees perceived valuable to use convenient ways to communicate across channels. Thus, the utilization of multichannel-interface in conducting matters with the bank is seen valuable and customer expectations can be exceeded by utilizing the channels in a value creating way.

“To say that now that the banking relationship was formed and this delicate phase of buying a house became solved so now I think that meetings and such can be arranged with who ever from the bank, because now the relationship has been created and now it’s more routine then.” (Customer 3.)

All of the interviewees identified the contact person or a named person who was taking care of the matter value generating. Although multiple interviewees saw no reason for continuing the discussion with the same person when taking care of matters with the bank in the future.

Multiple value drivers were identified also for initiating the deal phase. These value drivers can be summarized as ability to come back to named contact person, ability to respond according

to customer demand, finding the most convenient channel for communication and providing support for customer.

5.3.3 Closing the deal

From the customer value experience perspective the last phase focuses on making the actual deal and to complete the actual purchase of the apartment. It was commonly across the interviewees perceived important however bureaucratic in nature. Some interviewees also identified the upcoming government legislation, which would in the future enable the actual deal to be made in online environment. However also for this phase in value experience the interviewees contributed by sharing their experiences and perceptions.

“So in a sense that someone is watching from above, that all goes according to the protocol, as it should go and everything went okay in that sense.”

(Customer 7.)

The interviewees identified the knowledge and assistance they received in the final phase valuable. There existed multiple technical issues, which needed to be clarified, and customer to be assisted thru the process of conducting the deal.

“There has been no confusion and everything was done as it should be. It worked in my view, much faster than when we sold our old apartment. Then we were in another bank. Because there we sat, and sat, and I was expecting this again. However, it actually did not last very long. I was surprised.”

(Customer 8.)

Another important finding is related to making it all easy for the customer. There exists limited possibilities in this phase to surprise the customer positively, but the way in which conveniently everything happens can be identified as value generating.

Value drivers were identified also for closing the deal phase. These value drivers can be summarized as providing the knowledge and assistance and making it easy for the customer.

The identified customer value experience phases and value drivers are illustrated in the next section of the chapter.

5.4 Multichannel-process

The actual multichannel process was also documented as a part of the research. The interaction map tool developed for the purpose of this study. The most important finding related to how the interviewees were using the channels. Different approaches were used to come to same outcomes and each interviewee had an individual style in conducting the interaction. However, a typical path could be identified based on the analysis of the interaction map – tools. In the following analysis the customer interaction across channels is illustrated as activities facilitating the of customer value experience.

Activity phase 1. Contact request or call or sending a loan application, meeting booking

Activity phase 2. Having the meeting in online or face to face or phone, receiving the offer

Activity phase 3. Contact to bank using message or phone and dialogue with advisor using web bank / email / phone

Activity phase 4. Signing the loan documents and signing the apartment purchase documents



Figure 6. Generic customer interaction map in multichannel-environment in housing loan cases

To provide summary of the analysis for value experience and value drivers and multichannel-process chapters the following table was formed to include the customer value experience phases, identified customer needs, activities in multichannel-environment and identified value drivers.

Customer value experience phase	Customer need	Multichannel activities	Value drivers
1. Acquiring financial security	To know how much they can take loan / what would be a suitable loan amount which the customer is able to take care of	<ul style="list-style-type: none"> • Contact request or call or sending a loan application • Meeting booking • Having the meeting in online or face to face or phone • Receiving the offer 	<ul style="list-style-type: none"> - Immediate recognition of customer need - Ability to act based on situation - Providing a convenient way to discuss - Focus on the customers matter - Being treated as an individual - Providing the needed financial security to proceed with the matter - Professional approach - Providing new insight to customers situation - Contact person who was aware of the customers situation
2. Finding the apartment and initiating the deal	Making sure that the apartment is suitable and can be financed	<ul style="list-style-type: none"> • Contact to bank using message or phone • Dialogue with advisor using web bank / email / phone 	<ul style="list-style-type: none"> - Ability to come back to named contact person - Ability to respond according to customer demand - Finding the most convenient channel for communication - Providing support for customer
3. Closing the deal	To arrange the actual deal and get things done according to plan	<ul style="list-style-type: none"> • Agreeing the details with advisor using web bank / email / phone • Signing the loan documents • Signing the apartment purchase documents 	<ul style="list-style-type: none"> - Providing the knowledge and assistance - Making it easy for the customer

Table 2. Customer value experience phases and value drivers

This concludes and presents the main findings from the value experience and value drivers phase combined with the multichannel-process activities.

5.5 Multichannel-integration development

The selected areas of further investigation based on theoretical investigation and included in the research approach were identified as increasing transparency and providing customers access to data, channel integration to provide access to immediate decision making and advisor support in customer context and proactivity in multichannel environment based on customer behavior.

The first development area increasing transparency and providing customers access to data was investigated by using a question format was made taking in to account the customer context: What if you could access the information about your maximum liabilities in web bank based on your financial situation?

“Well, that would have helped a lot. There would have been so much more clarity. Because normally you have to wait for the online meeting and its results, and will go a long time, and at all the kind of uncertainty about whether the housing loan is approved and how much it is and so many things are in mind that it would be nice as it would be immediately known.” (Customer 5.)

The spontaneous interviewee comments were all positive and all ten interviewees considered this type of functionality to be valuable. The main value drivers for this type of approach were suggested to be the instant knowledge and removal of uncertainty from the acquiring financial security phase.

“Well, at this point where the change of apartment is not acute, or that I don't need any additional loan of at the moment it might be not relevant data. If now all of a sudden, I would need to repair the roof of the apartment then I might be interested.” (Customer 3.)

However, the relevance to customers in a life-event context was again brought up to discussion again to underline the value-in-context approach.

The second development area of channel integration to provide access to immediate decision making and advisor support in customer context was investigated using a question format: What if you could engage in dialogue with competent advisor and get a housing loan offer immediately in online?

“It takes time to call the bank and arrange online meeting and in the meantime fill your application. Have the online meeting and get the indication, so instead of that you do not even call the bank, you do it in the loan application and you know that there is the person available that is capable of providing the offer. I would have been pleased - absolutely.” (Customer 1.)

Almost all customers perceived valuable this type of integration of channels to provide customer value. Nine interviewees perceived this type of channel integration valuable and the main value drivers were identified as saved time and removal of phases from customer process, immediate recognition, professional support and removal of uncertainty.

“As I suppose it is, so to speak universal decision and universal pricing. It cannot be that the proposal is personal, because you will probably not have time to study it and I would feel that I have to pay on the loan too much.”

(Customer 8.)

Although some doubts regarding how personal the offer could be were identified. Multiple interviewees brought up the same issue. One of the value drivers for personal contact was actually to ensure the offer was made personally for them and with as good price as possible.

The third development area of proactivity in multichannel environment based on customer behavior was investigated using a question format: What if the bank would proactively call or send you a sms-message offering assistance immediately after online activities (using calculators, making an application)?

“I do not mind if I do something in online bank and then based on that I will be contacted.” (Customer 1.)

“I would have just been doing a loan calculator, so I think it would be strange for me that I would be called all of a sudden. I would feel that I’m spied on, or something like that.” (Customer 5.)

The findings based on the interviews were that seven considered phone call to be too much and eight would accept only message. However, the message itself was considered to be value creating because the bank was offering assistance proactively.

“You will not like it if it is only a dreaming phase and the calculators are used to investigate what is at all possible.” (Customer 3.)

It was identified that if the planning is just on a preliminary phase too much proactivity was not considered valuable.

“So, as long as it is behind the approval of the customer so that the bank does not automatically send anything.” (Customer 6.)

“I would not like it without an approval that I can be contacted. If I would receive a direct contact I would experience a loss of a sense of privacy.” (Customer 7.)

And it was also considered to be valuable if it would require customer acceptance. Without acceptance, some customer would experience a loss of privacy.

These findings clearly indicate that the multichannel-integration development is able to facilitate customer value creation by saving customer time and removing phases from customer process, providing immediate recognition, professional support in customer context and removal of uncertainty.

To provide summary of the analysis the following table be formed to include the multichannel-integration development areas, proposed improvements, improvement formulation to question format and identified value drivers.

Multichannel integration development areas	Proposed improvement	Improvement formulation to question format	Value drivers
1. Increasing transparency	Increasing transparency and providing customers access to data	What if you could access the information about your maximum liabilities in web bank based on your financial situation?	<ul style="list-style-type: none"> - Instant knowledge - Removal of uncertainty
2. Channel integration	Channel integration to provide access to immediate decision making and advisor support in customer context	What if you could engage in dialogue with competent advisor and get a housing loan offer immediately in online?	<ul style="list-style-type: none"> - Saved time - Removal of phases from customer process - Immediate recognition - Professional support in customer context - Removal of uncertainty.
3. Proactivity based on channel use	Pro-activity in multichannel environment based on customer behavior	What if the bank would proactively call or send you a sms-message offering assistance immediately after online activities (using calculators, making an application)?	<ul style="list-style-type: none"> - Assistance is offered proactively

Table 3. Multichannel-integration development areas and value drivers

The findings of the data analysis in suggest that all areas of customer value experience identified in the theoretical framework (user experience, operational experience and competence experience) contribute to customer value creation. The findings are divided between competence (e.g. professional support), operational (e.g. removal of phases from customer processes) and user experience (instant knowledge) it is assumed that especially in the future the role of user experience will increase.

The theoretical framework is structured to support these findings also from a resource perspective (usability, operations and competences) to provide support for focusing the resource development efforts based on identified value driver. Thus by developing the resources according to identified cornerstones of competitive advantage, the insight provided in this study will ultimately result in developing a competitive advantage based on customer value creation and enabled by multichannel-integration.

6 Recommendations and implementation

The theoretical framework and empirical evidence provided by this study indicate that there exists an opportunity for creating a competitive edge in retail banking by developing the multi-channel-integration based on customer value creation.

6.1 Recommendations

Based on the findings the suggestion is to make the following recommendations to those planning to conduct a theoretical investigation or pursuing business development activities in the area of retail banking multichannel-integration.

The first recommendation is to adopt a customer centric perspective. The most valuable insight of this study is the customer centric empirical investigation. However, the customer perspective is not something new in the theoretical or managerial discussion but the empirical utilization and most of all the way how customer centricity is applied in retail banking provides room for utilization of customer centricity to develop existing business models. The customer centric approaches utilized in the empirical investigation could be converted to business use and utilized to gain customer insight for development purposes.

The second recommendation is to focus on value creation. The insight provided by this study in the empirical part and the theoretical investigation illustrates well the multidimensional nature of value and the importance to understand where and how value appears and most of all how value creation could be facilitated to improve competitiveness. The empirical part analysis identified multiple customer value drivers to utilize in customer value experience development.

The third recommendation is to select a systemic approach. The insight provided by this study in the investigation of service systems and resource-based view of competitive advantage indicate that it demands a holistic view to customer value creation, interaction between service-provider and customer and the service-provider resources and what are the systemic interdependencies between these.

The fourth recommendation is to focus on resources in multichannel-environment. The insight of this study has indicated there exists unexploited opportunities in developing the resources for multichannel-integration to gain competitive advantage in retail banking. The customer acceptance to proposed improvements in the empirical part suggests that customers are more willing to adopt new ways to operate with the bank than retail banks are able to develop the capabilities. This insight confirms the opportunity to develop the resources to gain sustainable competitive advantage. However, this demands focus on the key multichannel-integration resources of usability, operations and competences and the needed supporting financial, managerial and business development resources.

The last recommendation is to implement the proposed multichannel-integration development areas for increasing transparency and providing customers access to data, channel integration to provide access to immediate decision making and advisor support in customer context and pro-activity in multichannel environment based on customer behavior taking in to account the findings in the empirical analysis. This would act as a first step towards creating the multichannel-integration to a competitive advantage enabler.

6.2 Implementation

The implementation of proposed recommendations has been discussed with the representatives of retail banking management and they have provided positive feedback on the recommendations. Due to the strategic nature of the findings and recommendation made in the research and also the fact that to implement the proposed findings will require further planning and financial investments the implementation schedule remain open.

7 Assessment of the quality of the results

In this chapter the assessment of the quality of the results is made and concepts for validity, reliability and role of the researcher introduced and discussed from the perspective of the study. The philosophical approach of qualitative research however emphasis the need to explore, create and to be flexible conceptually which creates challenges to develop criteria for regulation and control (Seale, 1999). Thus, it is important to note that the chapter will focus on presenting the methods and tools used in the study to improve the validity and reliability. Especially in qualitative research the approach of developing measures for evaluating the quality has been disputed (Seale, 1999). Despite the extensive debate in theoretical literature it is important to present the facts which make the findings in this study useful for future research and applicable for retail banking multichannel-integration development.

7.1 Validity

Validity has been a main topic for discussion regarding the acceptability of research using a qualitative approach (Maxwell, 1992). There exists no scientific measures like in quantitative research to ensure validity. However, to discuss and present the concept of validity from the perspective of this study we need to understand further the meaning of validity from the theoretical literature viewpoint.

The validity of the research focuses on the fact that the research really answers the questions it is aiming to answers and that the results are what they appear to be (Saunders et al. 2009). Another way to approach validity is to say that to provide information, which is meaningful, in another words true, is valid (Fisher, 2010). For evaluating the validity the following aspects should be considered: Is the terminology and approaches used in describing and analyzing the research material presented fairly? Are the analyses and assumptions made based on the findings in a logical and robust way? Have the research methods been used professionally to ensure the reliability in the findings made from the topic? Is it safe to use the conclusions in further research and apply them to organizational purposes? These questions represent different aspects of validity (Fisher, 2010).

To provide answers to these questions in this study the validity has been categorized in a way, which seems from a theoretical literature perspective be commonly accepted. The following categories are used: Construct validity, internal validity, external validity and ecological validity

(Fisher, 2010). Each category will be presented and reflection will be made to the research approach used in this study.

The construct validity refers to the situations when the construct of the research is not referring to what the conclusions are claiming they do (Fisher, 2010). The concept of construct validity is mitigated in this study by using a semi-structured interview approach and giving the opportunity to customers to tell stories and provide insight to activities and emotions within certain context. The semi-structured questionnaire was designed in co-operation with retail bank's management representatives to ensure that it will provide answers to research questions. In addition, the findings were presented as the customer was telling about the situation and conclusions are made based on the actual customer comments leaving little room for interviewer to make assumptions of what the customer was actually trying to say. Thus, the construct of the study is transparent thru out and also includes material from customers in a real life situation with no motive to evaluate anything else then the actual activities which took place.

The internal validity focuses on whether the presented relationships of cause and effect are justified (Fisher, 2010). The main tool used to mitigate internal validity was to conduct a credibility assessment by presenting and discussing the conclusions and the proposed cause and effect relationships with retail bank's management representatives that have conducted multiple research related to customer context inquiries in housing loan cases and service quality measurements. In a way this approach was used as a triangulation method to ensure that the conclusion made in this study were perceived truthful and logical. Another way was to use a research approach most suitable for the purpose of the study and come to conclusions based on the data analysis.

The external validity focuses on the extent the research results are generalizable (Yin, 2009). Meaning that can the conclusions made in this study be generalized to a larger population. The another view to external validity is the fact that can the conclusion be transferred to other organizations (Fisher, 2010). The ten interviewees have provided insight to the topic and the sample size is seen suitable to provide the needed data for the purpose of the study. The conclusions are made to provide new insight to theoretical discussion and business development t purposes in retail banking. Thus, the purpose of the study has not been to provide conclusions which represent the whole population of multichannel customers. The study focuses on a certain phenomenon related to customer context and is perceived to exist within a certain

context. The fact that are the conclusions possible to transfer to multichannel environments to another industries is left for the reader to assess. However, this has not been the intention of this study.

The ecological validity focuses on the observations made by the participant of a socially constructed phenomenon in a naturally existing context (Saunders et al. 2009). However, for the purpose of this study the researcher needs to be part of the study to understand the naturalistic way that customer value is facilitated. The researcher has to also be able to steer the discussion when the customer is telling about a certain activity or emotion related to certain activity. Thus, the researcher is inevitably part of the study but more as observer to what happened in customer context.

Thus, it can be stated that the conclusions of the study are perceived to come to fair and logical assumptions using a tested research approach with a vigorous theoretical foundation. This provides an opportunity for future research to be conducted using the findings of the study and also to benefit of retail banking multichannel-integration development.

7.2 Reliability

The reliability of the research is defined as the repeatability of the research and consistency of the findings if similar research would be conducted (Saunders et al. 2009). In this study the threats to reliability are mitigated by designing a research approach based on theoretical framework to guide the data collection and analysis. The research was also conducted systematically, interviews were recorded and transcribed and findings categorized to provide transparency to how data analysis was made. The conclusions were made based on actual customer comments ensuring transparency.

The assessment of reliability can be made by investigating if same measures will provide same results when used in a different settings, will other observes come to same kind of conclusions and the transparency provided in the way for the data was interpret (Easterby-Smith, Thorpe, Jackson & Lowe, 2008). The research conducted in this study is focusing on a phenomenon of social construct and investigated in multiple natural settings with the customers. Thus, it needs to be recognized that the results of what is value creating for a customer in a different multichannel environment might be influenced by a characteristic of a multichannel environment setting or customer context in that particular situation. Although it needs to be stated that by

using the research approach of this study it is possible to gain insight of existence of customer value in certain life event contexts in other industries multichannel environments and come to conclusions what is value creating in that environment.

7.3 Role of the researcher

The chosen research approach in this study is subjective and researcher will ultimately influence what is researched. The chosen approach enables the researcher to present values in conducting the research and interpreting the findings. The researcher must however be aware of the values to ensure researcher to make the right interpretations (Saunders et al. 2009).

In this study the role of the researcher has been mitigated by conducting the data collection and analysis in a robust and transparent way. The approach and the conclusions has been presented and discussed with retail banking management representatives. The objective has been to decrease the researcher influence to research methods and making logical conclusions based on the data analysis. However, in the selected research philosophy approach the researchers role cannot be totally removed from the research setting.

8 Assessment of the business value and conclusions

8.1 Assessment of business value

The presentation of the recommendations of the study has been introduced to retail banking management representatives. The assessment illustrated below are the main conclusions summarized from those discussions.

First important assessment has clearly been the fact that multichannel-integration is perceived to be a topical issue in retail banking and thus all insight regarding that area has been welcomed. The theoretical approach and empirical findings has been seen valuable to take a customer value based systemic view to how multichannel-integration should be developed.

Second assessment has been that the actual development ideas investigated in this study have been seen interesting and something that could actually be developed in a short timeframe and thus those have been placed in the development prioritization lists and further planning has been commenced regarding assessment of implementation possibilities.

However, it is evident that all retail banks have identified the challenge on the area of multichannel-integration and have their development and investment plans in place. Thus the main contribution and business value of this study is to provide theoretical finding, insight to customer value and ideas for further development in retail banks'.

8.2 Conclusions

The suggestions for further research were identified during the process of this study. The main areas suggested focus on customer value creation and multichannel-integration.

Customer value creation is empirically unexplored topic and to contribute to the development of the theoretical discussion more extensive empirical investigations would be needed. An interesting suggestion for further research would be to conduct research based on the proposed value experience approach. By applying the value experience approach the research could be focused in how value is perceived to exist in experiences.

In addition, the appearance of customer value in different types of environments to develop services which facilitate value for the customer. The insight identified in this study was the fact that the research provided important strategic insight to retail banking management. Thus, it is assumed that similar value can be produced in other business areas.

The multichannel-integration in retail banking can also be perceived as an unexplored topic despite the fact that changing customer behavior and technological development will change the setting with an increasing pace. Thus, the theoretical approaches of such as interactive services should be supported with broader empirical research.

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Appendix

Appendix 1.

Interview structure

Part 1.

- What was your previous bank relationship?
- Have you been a customer for this bank a long time?

Part 2.

- What was your life situation and reason for buying a house?
- What happened in the interaction next? (repeated using the interaction map –tool)
 - What was the task you were trying do?
 - Was your situation recognized?
 - What was the service like?
 - Did you get the task done?
 - Was something left unsolved or open?

Part 3.

- What if you could access the information about your maximum liabilities in web bank based on your financial situation?
- What if you could engage in dialogue with competent advisor and get a housing loan offer immediately in online?
- What if the bank would proactively call or send you a sms-message offering assistance immediately after online activities (using calculators, making an application)?

Appendix 2.

Interaction map –tool used in interviews

