

Co-Creation in Danish Retail Banking

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0. Executive summary

The aim of this thesis is to contribute to a further understanding of the concept of co-creation within the context of Danish retail banking, and the problem formulation is thus: *What is the meaning of the co-creation concept among marketing managers and customers in the Danish retail banking sector?* This were investigated through an action research process involving primary data consisting of qualitative, semi structured interviews with marketing managers and customers within sector.

Retail banking in Denmark is influenced by a few big players, and the mobility on the market is low. One explanation of this might be the complexity of the offered services that is only made more complicated by the vast use of loyalty programs. Consequently, costumers often lack the right information in order to make informed financial decisions. Financial products are highly dependent on the individual customer and her life situation, and through loyalty programs and product packages, mass-customization is a natural part of the sector. However, the complexity of the services and customers' lack of interest raises the question whether the customers are even capable of appreciating such customization.

There were found no evidence of an overall dominant marketing logic among the interviewed managers, but instead two mindsets were identified; a macro-oriented-mindset and a customer-oriented-mindset. It was furthermore concluded that co-creation takes place in all the interviewed managers' banks, which indicates that the marketing managers, regardless of their mindset, are interested in co-creating value with the customers. However they are hesitant in regards to co-production activities that result in the customers gaining insight to e.g. their price policies.

It is found that customers' interest in engaging in co-production activities seem to relate to their operant resources and general interest in financial decisions. This suggests a new way of thinking about customers, as it categorises them according to their value creation processes rather than their activity level, which is normally used by the sector to segment and target marketing activities. One implication of this is that the banks should focus more on the customers value creation process and aim at co-creating relevant value with them.

Keywords: Co-Creation, Co-Production, Retail Banking, Service-Dominant Logic

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1. Introduction

1.1 Motivation

A quick search on Google trends¹ shows how the interest of co-creation have increased over the past years. The concept that has been a central focus among marketing scholars the past 5 years time, are now also gaining more focus in the business world, where industries and consultancy companies begin to focus on the discipline.

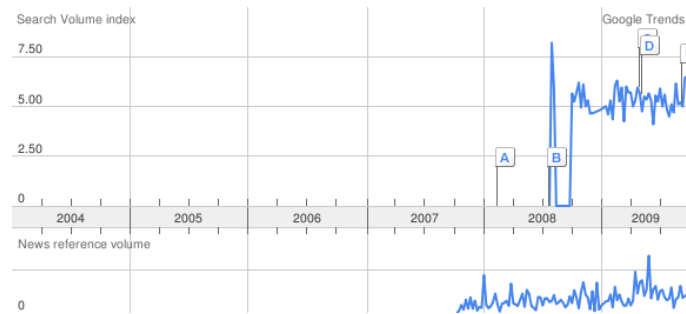


Figure 1-1 Average worldwide traffic of “co creation” (Google trends
<http://www.google.com/trends?q=co+creation>)

Within the last two decades many new concepts and streams of thought have emerged in the field of marketing; relationship marketing, quality management, market orientation, supply and value chain management resource management, and networks, services marketing etc. Vargo and Lusch tried with their article from 2004 to gather these thought into what they thought to be the emergence of a new dominant logic within the field, *the service-dominant (S-D) logic*. One of their main concepts is the shift in how value creation has shifted from something that is provided by the firms in order for the consumers to consume, to something that is co created between the companies and the customers. This emphasis on having a more market oriented focus is widely covered in the recent decades (Vargo & Lusch 2004 ; Prahalad 2004; Davenport 2006).

The current financial crisis have made the western world experiencing a great turbulence. As a result of this everywhere present crisis, the financial sector has in particular felt it, and is currently widely discussed and scrutinized by the media, the business world, politicians and the

¹ <http://www.google.com/trends> allows you to see how often certain words have been searched on Google over time. Google Trends also shows how frequently your topics have appeared in Google News stories (the graph below).

customers. Unfortunate cases like IT Factory and the fall of Roskilde Bank, where poor financial guidance and overly risk willingness in providing loans have caused an immense drop of trust among the Danish customers from the second most satisfied bank customers (B2C) in the past six years, to the least satisfied in Europe (EPSI Denmark). This lack of trust have for instance forced Danske Bank to put its slogan, “Do what you do best – that’s what we do”² on ice (Information; 4th June 2009). Though it is still not known whether we have steered clear of this crisis or not, it has already been widely discussed why it happened, and how another can be avoided. One answer to these questions might be found in how the customers are approached, and in taking a more customer oriented approach to value creation. One that focuses on co-creating value *with* the customers.

Because co-creation is a novel concept the question remains as to how, and if this co-creation concept is used and understood in the business world. The task of the present thesis is precisely to investigate how co-creation is understood among marketing managers in the Danish sector of retail banking. Thus, the following problem formulation and key research questions have been formulated:

1.2 Problem Formulation and Key Research Question

What is the meaning of the co-creation concept among marketing managers and customers in the Danish retail banking sector?

1. How is co-creation understood, conceptually?
 - a. Who is involved in the co-creation process?
 - b. When does it take place?
 - c. How can co-creation be used as a conscious strategy by firms?
 2. Are the antecedent conditions for co-production present in the Danish retail banking sector?
 3. Are the marketing managers interested in co-creating value with their customer?
 - a. What mindsets do the managers possess?
 - i. Which tasks, issues and knowledge to they emphasize as important in
-

² “Gør det, du er bedst til - det gør vi”

-
- regards to marketing management?
- b. How is co-creation interpreted among marketing managers?
- i. Are there expression of a S-D logic?
4. Are Danish customers interested in co-creating value with their bank?
- a. What motivational drivers do they have when it comes to their choice of bank?
- b. Are they interested in engaging in co-production activities?
-

1.3 Visual Structure of the Thesis

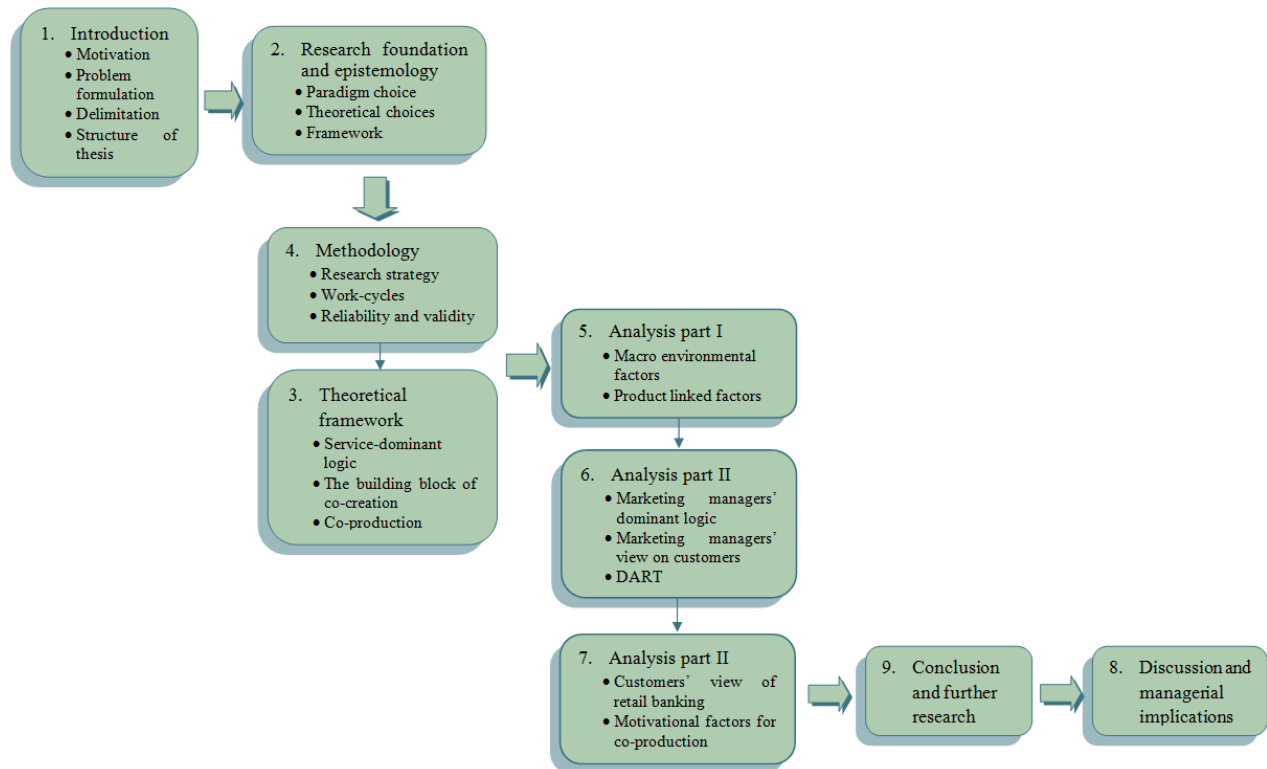


Figure 1-2 Structure of thesis

1.4 Delimitations and Definitions

The research is limited to the retail banking side of the Danish financial sector, and thus the B2B side of banking is not included in the data collection and analyses.

It has been chosen to focus not on one particular bank, but the industry as a whole because the scope of the thesis is to gain an overall understanding of how co-creation is or could be approached in the whole sector.

The aim of the thesis is to approach a deeper understanding of the concept of co-creation in the context of the financial sector, and it should be seen as the initial investigation into the field that provides a basis for creating more explicit and practical marketing strategies. However, the discussion is provided with some initial thoughts and tentative ideas. This also means that the activation and evaluation processes from Etgar's (2008) model of co-production are not dealt with. Furthermore the culture aspect of the antecedent conditions for co-production presented by Etgar (2008) is not included in the analysis, because this relates to the employees and company conditions that I have delimited myself from.

When looking at the company side of co-creation I have chosen to limit myself to look at marketing management, and therefore exclude employees and specific company conditions of the particular banks where the interviewed managers are employed. This is also because the aim of the thesis is not to do a comparative case study of these banks.

1.4.1 Definitions

Two central terms used in the thesis is often used synonymously, however I see them as two separate things, and therefore the definitions of the two are briefly given below (for a further discussion and definition I refer to 4 Co-creation From A Theoretical Point of View).

Co-creation

Co-creation is the mutual value creation and integration of resources between companies and customers, that takes place in service systems.

Co-production

Co-production is when actual participation in the creation of the core offering itself happens. It can occur throughout a service's lifespan through shared inventiveness, co-design, or shared production of related goods, and can occur with customers and any other partners in the service system (Vargo and Lusch 2006b: 284).

2. Research Foundation and Epistemology

Before considering the methodological and theoretical choices, I find it crucial to elaborate on the underlying assumptions behind these as they impact which theories and research methods I find relevant.

2.1 Choice of Paradigm

The two dominant and widely discussed paradigms related to social sciences today are the interpretive and the realist (or positivist). In marketing, the positivist and interpretivist paradigms have been characterized based on their ontological (“what is”) and epistemological (“what it means to know”) assumptions (Hudson & Ozanne, 1988). The positivist theoretical perspective is associated with objectivism – the epistemological view that things exist as meaningful entities independently of consciousness and experience, that they have truth and meaning residing in them as objects. (Hopkinson and Hogg 2006:157). The goal of research within the positivistic paradigm is thus to explain and predict future outcomes. Positivists seek to generate knowledge that can be generalized and developed into laws of general understanding, the knowledge gained is accordingly context and time independent. Opposite of this, the interpretivist theoretical perspective, which includes several schools of thought with different views of reality (e.g. constructivism and subjectivism), the commonality is that they all reject the view of an objective reality that can be discovered through research (ibid.). Rather the interpretivist believes that a situation is to be understood from the perspective of the participants within that situation, and they therefore explore the meanings through which they construct their reality (Hopkinson and Hogg 2006:158). Reality is thus socially constructed, and consequently also is time- and context specific.

The ontological and epistemological assumptions naturally impact the preference of theory as well as the chosen data collection/analysis methods. Having a realist worldview often results in quantitative research, as these techniques aim at distancing the researcher from the data e.g. by sending out a survey rather than listening through interviews, and often numbers and statistics are favoured over words (Daymon et al. 2002: 8). Contrarily, interpretivists usually make use of qualitative research methods, because such methods explore the way people interpret and make

sense of their own context (Daymon et al. 2002: 4). The one does not exclude the other, and many scientific researchers use a mixed approach. Bahl and Milne (2006: 198-199) for instance argue for the possibility of using mixed methods while remaining true to one's philosophical assumptions. I support this view because I believe that it is not so much the method, but how it is used which needs to be consistent with the philosophical assumptions. In other words the choice of method should be based upon the phenomena being studied and the problem formulation (Andersen 2003: 45).

I find that the positivistic perspective has obvious limitations, especially concerning the study of human and organizational behaviour, which is a central part of this thesis. It is impossible to predict the mindset of marketing managers and bank customers, because their environments are highly dynamic and individual, and their own interpretations depend on various socially constructed factors that constantly evolve, and therefore I share an interpretivist paradigm.

2.2 Theoretical Choices

At the heart of co-creation lies a Service-Dominant logic (from now on referred to as S-D logic) and thus the theoretical foundation of the thesis is build on this logic. It was Vargo and Lusch who in 2004 first presented the S-D logic, which is a mindset for a unified understanding of the purpose and nature of organizations, markets and society. Within this logic value is co-created and *“always uniquely and phenomenological determined by the beneficiary”* (Vargo and Lusch 2008, FP10). The underlying basis for the service-dominant logic is therefore the interpretivist paradigm, which also is the foundation of this thesis. The S-D logic perspective of co-creation is further supplemented with Prahalad and Ramaswamy, because I believe that their building blocks of co-creation, DART, helps to shed further light on the concept.

The concept of co-creation through the lens of the S-D logic is very theoretical in scope, and thus I found it necessary to supplement it with a more pragmatic approach of co-creation. Etgar (2008) is one of the few who presents such a pragmatic approach to co-creation, however he talks of co-production as a means for companies to ensure customization, and propose a conceptual model including a list of antecedent conditions that need to be present in order for co-production to take place. Among these are the mindset of management

2.2.1 Visualization of Theoretical Framework

The framework on which this thesis is build constitutes the theoretical foundation as well as the structure of the analysis. The structure of the framework is dominated by the model of co-production presented by Etgar (2008), and is further explained in section 4 Co-creation From A Theoretical Point of View.

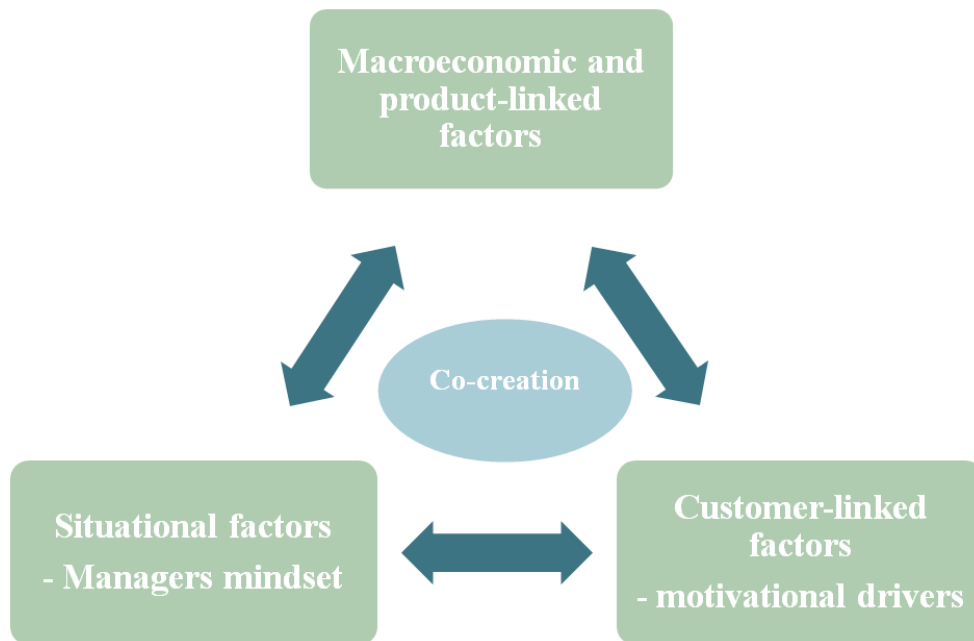


Figure 2-1 Theoretical framework for analysis

3. Methodology

The key purpose of this chapter is to explain the reasoning about the methodological choices made throughout the research process, as well as provide an understanding of the knowledge generation. Finally, reflections of reliability and validity of the study are presented.

3.1 Methodological Approach

The thesis is build around a research question, which is sought to be answered through theoretical reasoning and empirical qualitative studies. The purpose of an academic study can be exploratory, descriptive or explanatory. In this thesis, the analysis part I is a descriptive section covering the antecedent conditions of co-creation through data of the financial sector, which is ‘explanatory’ in scope. At the same time, part II and III of the analysis are based on theoretical inference as well as practical studies, and can be characterized as ‘explorative’, as the objective of this part of the thesis is to discover and understand a matter, which is unknown. Hence, the comprehension objective of this thesis is both explorative and descriptive (Andersen, 2002).

3.2 Research Strategy

The primary information source in the thesis is qualitative data collections. This choice is a consequence of the underlying ontological and epistemological assumptions about social constructivism and the explorative nature of the research. The qualitative data is in the form of interviews, as these are *“a unique, sensitive and powerful method for capturing the experiences and lived meaning of the subjects’ everyday world”* (Kvale, 1996). This was supplemented with secondary data to gain further understanding of the Danish retail banking sector, and includes qualitative as well as quantitative. By using both qualitative and quantitative data is used to ensure that many of the weaknesses inherent in one type of data are complemented by the strengths of the other – consequently strengthening the reliability (Andersen, 2003: 208). Furthermore, the research process has been iterative in scope, and the knowledge have thus been created through cycles of reflection upon practice, sharing of reflections, further reflections etc. (Maklan et al. 2008: 224).

Stan Maklan, Simon Knox and Lynette Ryals (2008) present this approach as an action research process. In action research, the survey is conducted in the researched interest, rather than the interest of the researcher (Maklan et al. 2008: 224). Thus the aim of the thesis is to provide an

understanding of how co-creation is understood in the financial sector by marketing managers, in order to provide an understanding of whether the concept can contribute to improving the performance of marketing in retail banking i.e. the thesis is concluded with a set of recommendations. Figure 3-1 below provides an overview of the action research process of this particular study. In the following these four work-cycles are explained, and inherently also what data have been collected, and how. Throughout the work cycles, a process of analyzing the gathered data has taken place, 3.2.5 Across Work-Cycles.

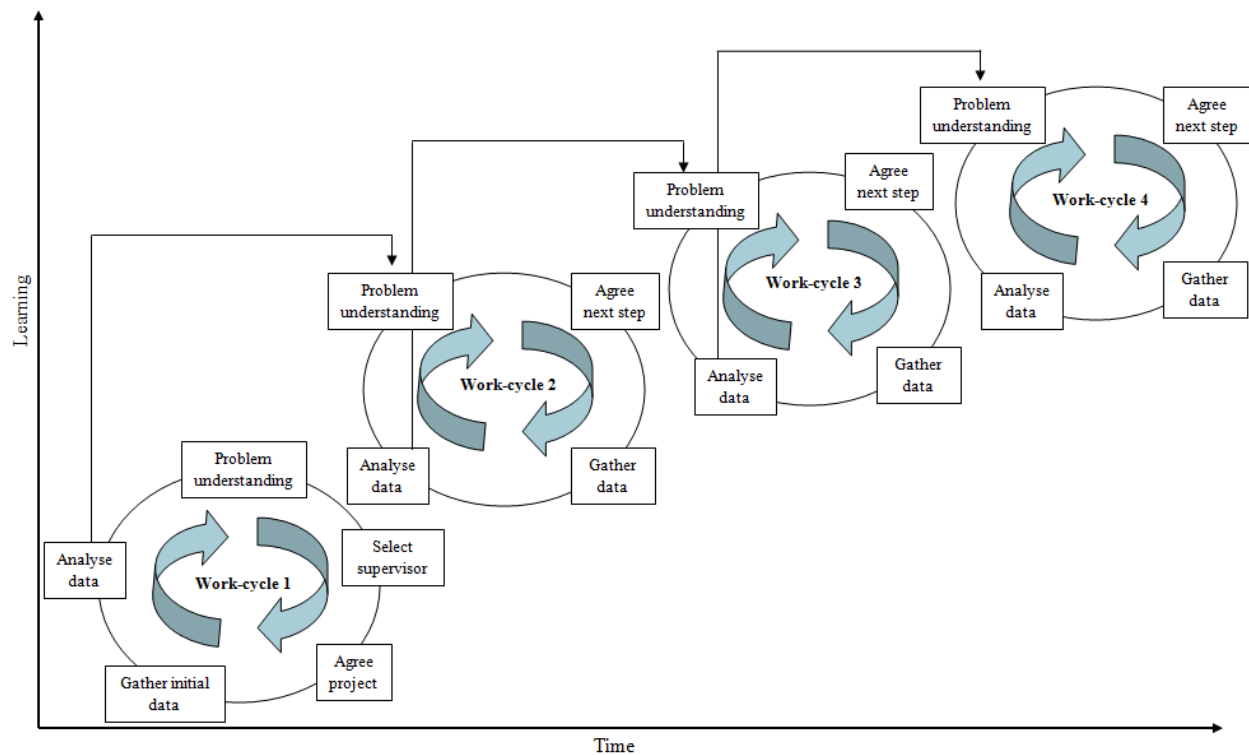


Figure 3-1 Action research process (Maklan et al. 2008)

3.2.1 Work-Cycle 1

The thesis was initiated by choosing a problem to investigate, and selecting a supervisor to support the research process.

Secondary Data Collection Part I

The initial data collection consisted of secondary data in order to gain knowledge of the field of co-creation. This was done in order to create a solid theoretical fundament to support the analysis of the primary data, and thus a comprehensive number of scientific articles published in

recognized journals, as well as relevant books, case studies and websites revolving the issue of co-creation were studied. It was early decided to focus on the service-dominant logic as presented by Vargo and Lusch (2004) and Etgar's model of co-production (see section 4 Co-creation From A Theoretical Point of View for more information). The data was gathered from the M. Sc. Strategic Market Creation program as well as the library at Copenhagen Business School, and its available resources i.e. online access to numerous scientific.

3.2.2 Work-Cycle 2

Through the theory it was discovered that co-creation partly depends on the mindsets of marketing management, and therefore it was decided to conduct interviews with such. In order to interview managers within a somewhat similar context, and consequently gain a more coherent data material, I decided to focus my investigation of co-creation in the context of retail banking.

Interviews with Marketing Managers

The first part of the data collection concerned gaining knowledge about the mindset of marketing managers, including the tasks they perform, which current issues they observe and what they perceive as the most important knowledge for meeting their objectives. For this purpose, in-depth, personal interviews with an explorative nature were chosen.

The advantages of personal interviews over e.g. focus groups is a higher level of control of the outcome, as well as the avoidance of individuals influencing each other, or the dominance of one particular person in the group. In other words, personal interviews may create more honest answers (Daymon et al. 2004: 199). The retail banking sector is highly competitive, and the marketing managers were thus all very conscious of what the interview was about, and that they might not be able to share all necessary viewpoints and data³, and therefore they probably would not have agreed to a group interview together with other marketing managers. The weakness of interviews include the resource demanding nature, both in gaining access to the interviewees and conducting the interviews, but especially also in the following transcription and data analysis (Daymon et al. 2004: 184). Because of the time scope of the thesis, a rather small sample group was chosen. Kvale (1996) states that in-depth knowledge obtained through interviews

³ This however never became an issue in this particular study

compensates for the smaller sample size; “*If the purpose is to understand the world as experienced by one specific person, this one subject is enough*” (Kvale, 1996).

Selection of Interviewees

I conducted four interviews with marketing executives from four different financial organizations that I was able to gain access to. The criteria were to interview the person directly responsible for the marketing decisions, and who were either a part of or had direct communication with the top management. The contact was established through the researchers network, however none of them were a part of my personal network.

Marketing Manager N (MMN) is employed in one of the five biggest banks, and they are thus a perfect example of a financial supermarket (explained in 5 Analysis part I -).

Marketing Manager A (MMA) is employed in one of the top ten biggest banks in the sector, they are similar to the bank of MMN and offers a wide pallet of financial product, however they do not directly offer mortgage credit⁴.

Marketing Manager E (MME) is employed in a financial organisation focused on online stock trading, however they also offer traditional bank and pension-related services. These however, do not include financial advising, as the bank has delimited themselves from offering this type of service (6 Analysis part II - Marketing Managers’ Dominant Logic).

Marketing Manager S (MMS) is employed in a financial organisation focused on long-term capital growth i.e. pension. The bank is one of the biggest in the Nordic market, but in Denmark however they are rather small.

Interview Guide

In designing the interview approach, it was necessary to choose the level of structure. Daymon et al. (2004) distinguishes between structured, semi-structured and unstructured interviews. The nature of the research is to explore and understand, not to confirm, and thus the semi-structured

⁴ Directly, however they work close together with mortgage credit institutions and provide financial advising regarding buying property

interview form was chosen. This approach, compared to unstructured interviews, allows the researcher to focus on the research aim, and ensures that similar types of data are collected from all informants (Daymon et al., 2004: 171). The questions in the interview guideline (Appendix A) were categorized to keep a certain structure, but kept open to allow subjective answers and minimize bias and interviewer effect. Furthermore, the purpose of gathering responses to open-ended questions is, according to Patton, *“to enable the researcher to understand and capture the points of view of other people without predetermining those points of view through prior selection of questionnaire categories”* (Patton, 2002, p. 20-21), which is the case in more quantitative studies. Because of this approach, the interview guide also included clarifying follow-up and “probing” questions. Furthermore, the interview guideline acts as assistance in the interview-sessions, but is not strictly followed in the specified order. This helps creating an atmosphere of a natural conversation, which might also positively influence the outcome of the interview. The interview guideline is composed of an outline of subjects deducted from the theoretical principles.

All interviews were recorded and transcribed to ensure a solid base for the later data analysis and to make sure that no information were lost. Also, it allowed me to give the interviewee my full attention, and thus be more able to absorb the information provided, which is especially relevant in the case of a novice researcher as myself (Daymon et al. 2004: 179).

It applies to all conducted semi-structured interviews that the questions for co-creation should be made indirectly using theoretical concepts, i.e. to what degree interaction with customers takes place, and what the mindsets of marketing is. From conducted secondary data prior to the interviews, I had an assumption that the use and understanding of co-creation, as presented in theory, is not widely recognized in Danish retail banking. Therefore, I deliberately avoided to ask direct questions of co-creation, as the respondents might have special understanding and interpretation of this phrase, which is not necessarily consistent with the way the concept is defined in this thesis.

3.2.3 Work-Cycle 3

Work-cycle 2 provided important information about the managers mindset, but it also became evident that co-creation furthermore depends on outside factor, or as presented by Etgar (2008),

antecedent conditions. At this point of the process it was thus necessary to supplement with further secondary data.

Secondary Data Collection Part II

This part of gathering secondary data focused on the financial markets, and was a supplement to the empirical research. The data mainly consisted of banks' websites, news articles and research papers especially Juul (2006), Euromonitor and Berg et al. (2004) provided valuable knowledge through their studies.

3.2.4 Work-Cycle 4

Reaching the end of work-cycle three in the process of constructing this present thesis, I was left with an understanding that the average Danish retail banking customer has very little knowledge and competences relating their personal finances. This low interest, even though it seemed to be increasing, might be a barrier for value co-creation, as their motivation for getting involved is a prerequisite for co-production to even happen. The second part of the primary data collection therefore concerned gaining a deeper knowledge about bank customers in order to investigate whether the motivational drivers of co-production are present.

Interviews with Danish Bank Customers

The earlier approach to use in-depth, personal interviews with an explorative scope was again chosen (0 Interviews with Marketing Managers). One argument for this form is because of the subject of the interview is something personal, and a person would maybe not be confident sharing the choices regarding financial decisions in a group setting. Furthermore, the semi structured form allowed me to be flexible and open to any (surprising) information that might be created in the conversation.

Selection of Interviewees

The five interviews with customers were conducted with Danish adults in the age range of 26-29, common for them all is their educational background from Copenhagen Business School,

however they come from different lines of study⁵. The interviews were gathered to explore the possibilities for co-production in retail banking, by examining customers motivational drivers. The narrow sample group is not a representative of the average bank customer, however they were not chosen with the aim of generalising the findings. Their shared educational background from a business school might impact their knowledge and interest in the financial sector, and mean that this could be higher than the normal customers.

Interview Guide

The interviews were initiated by asking: “Do you have a bank that you call your bank?” and from here came a talk about why it is the interviewees bank, and how the relation to it is experienced. In order to obtain a certain depth and relevance to the discussion, a so called ‘experience question’ (Daymon et al. 2002, 173) were used, where I asked the interviewee to choose a recent episode they have experienced with their bank e.g. getting a house loan, and talk about that specific situation. This approach provided helpful, as some of the interviewees did not feel knowledgeable to talk about banks. The interviews were all ended by asking them whether they themselves would be interested in engaging in product development, and also if they had any views as to how the interaction with their bank might change in the future (Appendix A).

3.2.5 Across Work-Cycles

As mentioned, an ongoing task throughout the four work-cycles has been to analyse the gathered data, both from the secondary as well as primary data collection.

Data Analysis

Data analysis is about categorizing the empirical data collected with the intention of describing what is identified. Data is thus processed in order to provide clarity in the quantity which we possess (Andersen 2003: 237). When analysing qualitative data, the separation between conceptualisation, categorizing, analysis and interpretation is blurry as these are often intertwined, and take place simultaneously throughout the research process (Daymon et al. 2004: 231). The goal of the analysis is neither to develop theory nor to use the data to confirm or test specific hypothesis based on theory. It is therefore not possible to characterize the data analysis

⁵ The different lines include: ‘Strategic Market Creation’, ‘Finansiering Investering og Regnskab’, ‘Marketing Communication Management’ and ‘Økonomisk Markedsføring’

as purely inductive or deductive. As mentioned, the empirical study is framed by theoretical considerations, and thus the data analysis lean more towards a deductive approach, however I took an explorative approach in analysing data, and thus the categories and patterns emerged out of the data and initially the approach was thus inductive. Because of the action research approach, there is a constant interplay between analysis and data collection, an iterative process (Daymon et al. 2003: 232). As shown in figure 3-1, the data analysis throughout the process were also the kick-start to the next work-cycle as it provided new knowledge and puzzlement.

The main purpose of the interviews with marketing executives was to gain knowledge of their marketing mindsets, including exploring how the co-creation concept is understood and used, while the purpose of the customer interviews was to obtain an understanding of their behaviour and motivational drivers regarding banks. The topics covered in the data collection as well as my focus throughout the data analysis is thus relatively bound to theory, but I aimed at keeping an open mind and not let my personal interpretations of the data get coloured by the theory.

As mentioned the interviews were transcribed, which made it possible to thoroughly read through them several times, and code them in relation to the theoretical framework. From the initial review of the theory I created a priori coding, but because of the explorative nature of the study I remained open to any new issues that could potentially occur from analysing the data. The transcriptions also made it possible to go back and read them again whenever this was found necessary.

Other Data Gathering

Throughout the process other data have been collected out of interest, and to gain a more in-depth understanding of the sector, including:

- Participation in a presentation held by Danske Bank and Unge Kommunikatører, a communication society, with the headline "Social media – can dialogue help create a better bank?"⁶
- Danske Bank company presentation

⁶ "Sociale medier - kan dialog skabe bedre bank?"

- Jyske Bank presentation held for the Cand. Merc. SMC line
- Commercials and advertising from banks across the sector

3.3 Reliability and Validity

Validity and reliability are terms derived from quantitative research and a positivist paradigm, but are still used by qualitative researchers to account for the quality of research.

3.3.1 Reliability

In quantitative research, reliability concerns the degree to which a research instrument will reproduce the same results or data when used more than once. In qualitative research the researcher is the actual instrument, and therefore research can never be wholly consistent and replicable (Daymon et al. 2002: 90). From an interpretivist perspective, reliability is the degree of dependability i.e. how accurate the research techniques generate data. The use of both primary and secondary data is a means to heighten the reliability of conclusions. Furthermore, the fully transcribed interviews provide a precise data material available to others than the primary researcher (Appendix B and D). Also these transcripts ensure that no data was lost or neglected during the time from where the first interview was conducted to the final data analysis was done. The transcriptions are provided with timeslots, and these are used as references whenever a quote is used in the analysis - consequently heightening the transparency. Finally, the interviewees were offered anonymity which might create an increased validity because of the presumably higher degree of openness and honesty in their answers.

3.3.2 Validity

Validity is a more salient concept than reliability because invalid data is useless, and is therefore highly prioritized by both quantitative and qualitative researchers. Positivists view validity as whether you measure the issues you intend to measure (Daymon et al. 2002: 90). Interpretivists on the other hand view validity as whether the data is interpreted in a correct way, authentically representing the true reporting of the researched's ideas (Daymon et al. 2002:93). Furthermore, in action research, it is not essential that the knowledge generated is generalisable or repeatable, rather it is about acting upon the learning that the researcher generate, and also that the knowledge creation process is transparent and observable (Maklan et al. 2008: 224). This methodological section itself aims at creating exactly such transparency of the research process

and the choices made along the way, and accordingly the chapter raises the validity of the thesis. Furthermore I aim at raising validity in the research by minimizing bias through my own underlying assumptions. This was done by designing the interview guides with open ended questions that were only followed up by the researcher with explanations or elaborations if absolutely necessary. This way, the interviewees were allowed to express themselves through their own words.

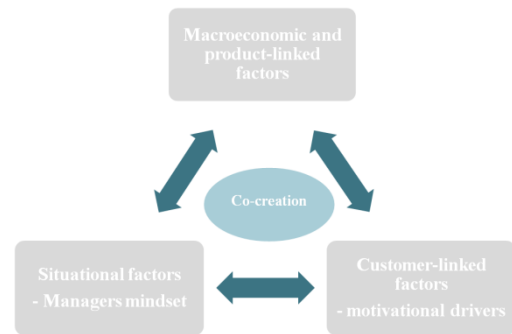
A barrier, which might influence the outcome and the validity of the interviews, is the language issue. The interviews are conducted in Danish, as it has been decided that the information will be more accurate and descriptive if spoken in Danish rather than English. This is due to the fact that the author is not aware of the English language skills of the interviewees, and therefore relies on her own English language skills when translating the information provided. When translating there is a danger if the translators own assumptions might shine through and colour the translations. To accommodate such risk Appendix B and D present the interviews in their original form.

Regarding the customer interviews I also look at the length of the interviews, and the emotions that are reflected through their tone and choice of words. This is done because I believe that their interest are reflected if they e.g. are very passionate when talking about the subjects.

4. Co-creation From A Theoretical Point of View

The aim of this section is to answer the first research question: *How is co-creation understood, conceptually?*

First, the concept of dominant logic is presented followed by an investigation of co-creation in the S-D logic and Prahalad and Ramaswamy's four building blocks of co-creation (DART). Also the concept of co-production is investigated mainly through Etgar's conceptual model of co-production (2008), and finally the theoretical framework for the analysis is presented.



4.1 Dominant Logic

The concept of dominant logic aims to explain strategic decision-making in top management by thinking about the process of cognitive simplification in organizations (Bettis & Wong, 2003). As presented by Prahalad and Bettis (1986) a dominant logic is defined as the way managers conceptualize the business, and make critical resource allocation decisions. It is the shared cognitive map and strategic mindset of the dominant coalition (i.e. the top management), which includes beliefs about appropriate product cost structures and desirable customer characteristics. Dominant logic is helpful because it allows top management to simplify and speed up decision-making (Bettis & Wong, 2003), as it defines what the top management views as important and unimportant, and how they problem-solve, allocate resources, employ new team members etc. – in short, how they ‘do business’. The interpretations made on the background of managers’ logic thus influence which issues that are attributed meaning or even realized, which is paid attention to, how they are reacted upon etc. Because of this, the dominant logic of the management is critical to understanding how marketing strategies are developed, implemented and evaluated (Tollin & Jones 2007). A dominant logic evolves over time, and is influenced by the developments in the society and/or of the overall industry. Furthermore good experiences reinforce the decisions made in the past, consequently; the more successful a firm is, the more uniform and strong the dominant logic becomes over time (Bettis & Wong, 2003). A mature industry, such as the financial service industry, is therefore likely to make future strategic decisions based upon the experiences made in the past. Therefore the dominant logic can also act

as a blinder for organizations, as it biases knowledge, know-how and skill accumulation into path dependent knowledge pathways preferred by the dominant logic (Bettis & Wong, 2003, 351). This can create cultural lock-in, and as a consequence; the inability to change (Foster & Kaplan 2001 in Davenport, 2006: 115). A dominant logic, however, is not only present in individual firms, it is also present on a larger scale; in whole industries and within scientific schools, though in this context such logic is often termed “paradigm”.

Karin Tollin and Richard Jones (2007) have developed a framework in which to examine the use of logics in marketing management. They believe that marketing managers’ logics can be understood in terms of four key topics: knowledge, issues, tasks, and values. Issues represent the critical events that trigger managerial action. Tasks represent the routines and processes that managers set in motion to respond to these events. Knowledge is both that which is applied from the learned experience of managers and used to make choices about appropriate tasks, but also that which is gained as a result of these tasks. Finally, values are the fundamental assumptions about the environment that the manager works within, be they personal, professional or corporate values (Tollin et al. 2007: 529).

4.2 The Service Dominant Logic

With their article from 2004 “Evolving to a New Dominant Logic for Marketing”, Vargo and Lusch made an attempt to present a pieced together view of disparate streams that has taken place the past twenty years time in major marketing areas such as customer and market orientation, services marketing, relationship marketing, quality management, value and supply chain management, resource management, and network analysis. The logic is not a reinvention of marketing, rather it is a “*reoriented philosophy*”, and thus it does not implicate a discard of the traditional (goods-centered) marketing concepts (Vargo and Lusch 2004: 14). At the same time, Prahalad and Ramaswamy published their book “The Future of Competition. Co-Creating Unique Value with Customers” that came out of the same observation that something was changing around them in the field of strategy and marketing: “*The most basic change has been in the role of the consumers – from isolated to connected, from unaware to informed, from passive to active*” (Prahalad et al. 2004: 2). Figure 4-1 below gives an overview of the evolution.

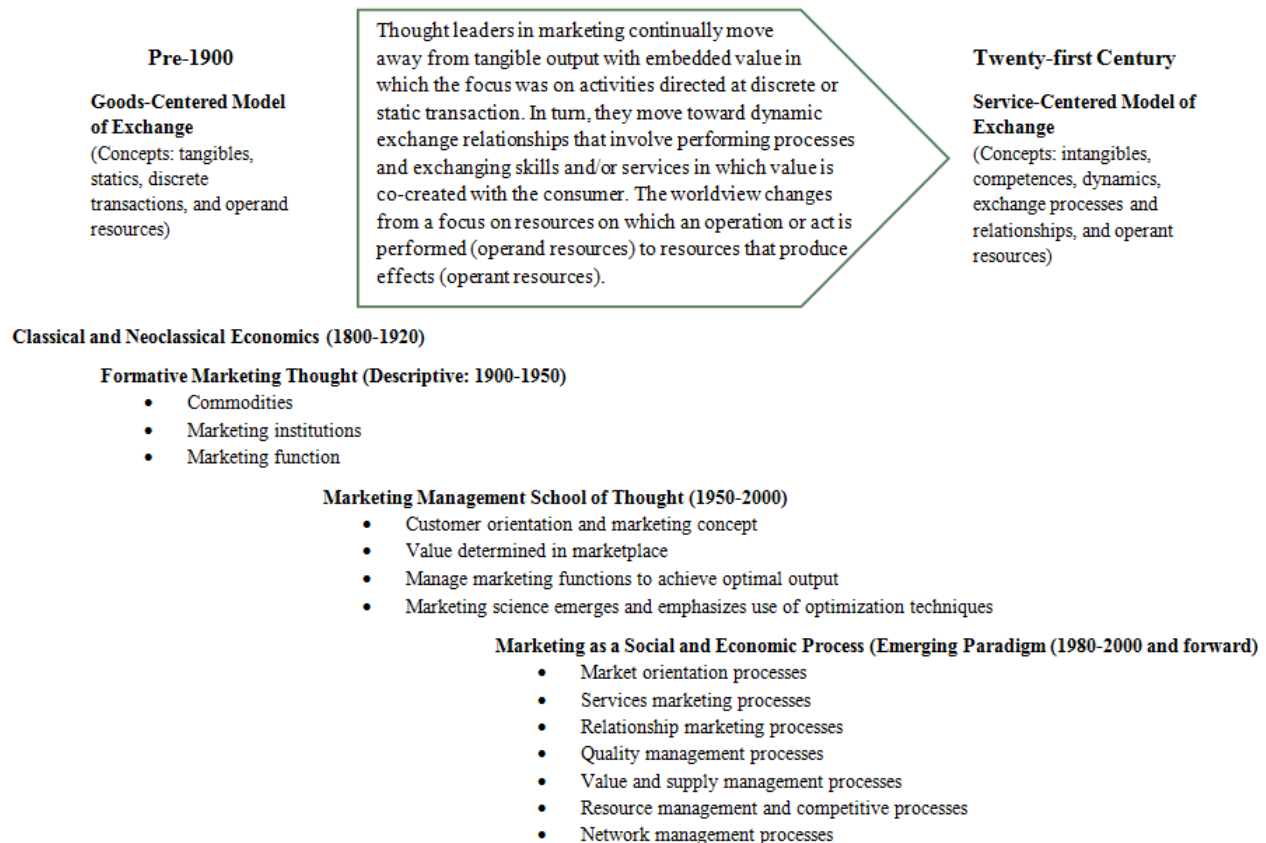


Figure 4-1 Evolving to a new dominant logic for marketing. (Vargo & Lusch, 2004)

As the figure show, the traditional approach to marketing is by Vargo and Lusch termed as the good-centered model of exchange or the Goods-Dominant logic (G-D logic).

4.2.1 Foundational Premises of the S-D Logic

The S-D logic is a mindset based upon ten⁷ foundational premises (Table 4-1) of how one within the S-D logic approach business.

Foundational Premise (FP)	
FP1	Service is the fundamental basis of exchange
FP2	Indirect exchange masks the fundamental basis of exchange
FP3	Goods are a distribution mechanism for service provision
FP4	Operant resources are the fundamental source of competitive advantage
FP5	All economies are service Economies
FP6	The customer is always a co-creator of value
FP7	The enterprise cannot deliver value, but only offer value propositions
FP8	A service-centered view is inherently customer oriented and relational

⁷ Vargo and Lusch first presented eight premises in the article from 2004. Later in their article from 2008; these were further explained and supplemented with two new premises.

FP9	All social and economic actors are resource integrators
FP10	Value is always uniquely and phenomenological determined by the beneficiary

Table 4-1 Foundational Premises of S-D logic (Vargo & Lusch 2004 & 2008)

From these premises it is clear that especially service, resources and value creation is the centre of the logic, and thus these are reviewed in the following.

4.2.2 Service in the S-D Logic

In the G-D logic, the term “services” are understood as intangible *outputs* of the firm, intangible goods, or simply a particular type of product that posses the IHIP attributes; intangibility, heterogeneity, inseparability and perishability (Lovelock and Gummesson 2004, as quoted in Vargo and Lusch, 2008b: 26). Services are thus a category of market offering - essentially anything that is not a tangible product. Contrary to this, the S-D Logic understands the term service as: *“the application of specialized competences (operant resources – knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself.”* (Vargo and Lusch, 2008b: 26). Because a single persons operant resources might not be sufficient for his or hers survival, specialization is beneficial for the individual and society (Vargo and Lusch, 2004: 6). The unit of exchange in an economy of such consisting of specialized skill thus revolves around a process of service exchanged for service. Service is thus the process of using one’s competences for the benefit of some party. This relational understanding of service as a process that revolves around activity, interaction and solutions for customers, implies a more customer oriented approach than the G-D Logic. Furthermore it means that the dominant value creation happens within value-in-use (see 4.2.4 Value in the S-D logic for elaboration). In other words, we do not buy drills, and according to Grönroos (2006: 330) we do not buy them for the holes either. So what do we buy? What customers consume are the *process of using the drill*, applying ones operant resource i.e. the knowledge of how to drill, in order to make the hole. In this way the good is not a transmitter of service, rather it is a resource in the service process needed to make the service consumption possible (ibid.). For retail banking this implies moving away from a G-D view of selling financial services i.e. intangible products such as credit or mortgages to a more S-D aligned view that recognizes how they actually exchange for customer provided services.

4.2.3 Resources in S-D logic

Resources are a central part of the S-D logic, which is actually grounded on a resource advantage and core competency theory. Consequently the competitive advantage is found in the development and identification of core competences (Vargo & Lusch 2004; 5). According to FP4, operant resources (as opposed to operand resources) are thus the fundamental source of competitive advantage.

Operand and Operant Resources

Operant resources act on other resources to produce an effect. They are often intangible and invisible as well as dynamic and infinite, such as a firm's competencies and capabilities. *Operand* resources on the other hand, are those that must be acted on to produce an effect (Constantin and Lusch 1994). In the traditional G-D view, the market and customers are perceived as operand resources, which must be "captured", "segmented", "penetrated" and "promoted to" (Vargo & Lusch; 2004; 2). Historically, human civilization has been all about acting on finite resources such as land, animal life, minerals etc. The people who were considered wealthy, were the possessors of the most resources. Consequently, within the G-D model of exchange, operand resources are considered primary (ibid.). Over the past 50 years however, the perception of resources has become more inclusive, and are now not only understood as "stuff", but also as "*intangible and dynamic functions of human ingenuity and appraisal, and thus they are not static or fixed*" (ibid.). In the late 20th century, it has become obvious that the most important resources are skills and knowledge. Resulting from this change, and contrary to the traditional G-D view, the resources that are considered primary in the S-D logic are thus *operant resources*.

Vargo & Lusch (2004: 7) presents five⁸ differences in which operand and operant resources distinguish the G-D and the S-D. The first is that the primary unit of exchange shift from operand resources, such as goods, to operant resources, such as specialized knowledge and skills. Second goods are no longer seen as operand resources or end products, but rather as transmitters of operant resources and appliances for value creation in the service process. Third, the role of the customer changes from a recipient of goods to being primarily an operant resource, where the customer is a co producer of service. Fourth, within the S-D logic value is determined by the

⁸ Firm customer interaction

customer as a result from the beneficial application of operant resources, sometimes transmitted through operand resources. Finally wealth within the G-D logic is obtained from owning operand resources, as opposed to the S-D logic, where wealth represents the right to the future use of operant resources.

Resource Integrators

As indicated by FP1 and FP3, all entities exchange service for service, and organizations, money, goods and networks are merely the intermediaries in this process (Vargo and Lusch 2008; 29). Furthermore FP9 states that “all economic and social actors are resource integrators”. This implies that customers

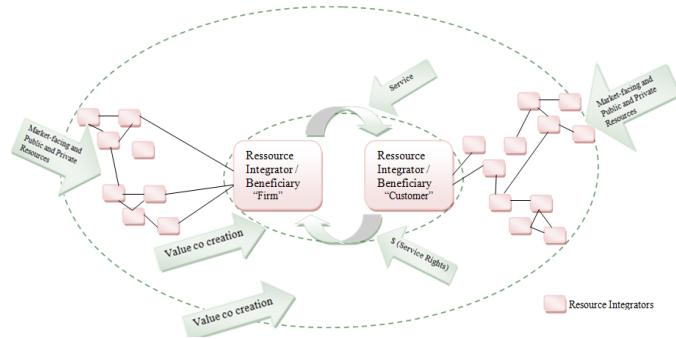


Figure 4-2 Service Exchange Source: Vargo & Lusch 2009 www.sdlogic.net

have a network of public, private and market-facing service systems, in which the focal firm is just one (small) part. This creates a value co-creation space that consists of many resource integrators, and because value is always derived and determined in context by the beneficiary (FP10), each actor is its own primary resource integrator (Vargo 2008: 213-214) (see 4.2.4 Value in the S-D logic service system for further elaboration). In such a system, firm activity is best understood in terms of input for the customer’s resource integrating, value creating activities, and not as the G-D Logic, where the focus of firm activity in such a system would be on where the firms’ own integration of customer resources for the “production” of (valuable) output (ibid.).

4.2.4 Value in the S-D logic

Value comes in various forms, including product utility, perceived benefits over the costs, market-perceived quality adjusted for the relative price, and perceived benefits over sacrifices (Ngo & O’Cass 2009). In the S-D Logic, value is threefold and consist of value-in-use, value-in-exchange and value-in-context.

Value-In-Use

There is no value until an offering is used, and therefore the individual experience and perception of the offering is essential to value determination (Vargo and Lusch 2006). Within the S-D Logic,

the locus of value creation is thus in the interaction between the customers and the company, and consequently value is co created. To meet specific needs in the marketplace, a firm therefore needs to cultivate relationships, involve customers in developing services and competitively compelling value propositions. Furthermore, it is necessary to gauge marketplace feedback by analyzing financial performance from exchange, to learn how to improve the firm's offering to customers, and hence the overall performance of the firm (Vargo & Lusch 2004; 5). This logic does not talk about consumers, who "destroy" value; instead they talk about customers that play an active role in the value creation. The focus is thus on the value-in-use perspective *"in S-D logic, the roles of producers and consumers are not distinct, meaning that value is always co-created, jointly and reciprocally, in interactions among providers and beneficiaries through the integration of resources and application of competences,"* (Vargo, Maglio & Akaka 2008; 146). Vargo et al. (2008) provides the illustrative example of an automobile, where it is only when the customer makes use of the automobile, in the context of his or hers own life, that it has value. If the customer did not know how to drive, or did not have access to fuel or an efficient road system, the automobile would have no value. Thus the manufactured automobile is only an input into the value creation that occurs when a customer uses it and integrates it with other (operant) resources. Within the S-D logic, a firm's role in the value creation process is to offer value propositions and provision of service, which serve as intermediary to the value co-creation process. Value propositions are the connections and relationships among service systems (Vargo, Maglio & Akaka 2008; 148) (service systems are further explained below). This understanding of value based on processes that integrate resources makes Vargo, Maglio and Akaka (2008; 149) to define value in terms of an improvement in system well-being. Co-creation of value thus happens through personalized interactions that are meaningful and sensitive to a specific customer. This focus on individuals, constructs a market as a forum that is organized around individuals and their co-creation experiences, rather than around pockets of demand offered by firms (Prahalad & Ramaswamy 2004;14).

Value-In-Exchange

Because of the focus of neoclassical economics on the product (good) being embedded with utilities. Value has traditionally been viewed in the literature as embedded in a product that is exchanged (Grönroos 2006: 323). The focus is thus on the upside point of the value chain, where firms exist to make and sell goods that possess value in order to offer this to consumers, who then

‘destroy’ the value through consumption. The purpose of economic activity is thus to make and distribute units of output, preferably tangible, i.e., goods, and the goal is to maximize profit through the efficient production and distribution of goods - goods should therefore be standardized, produced away from the market, and inventoried till demanded (Vargo & Lusch 2004; 5). ‘Producers’ and ‘consumers’ are in this view distinct. Vargo et al.’s (2008) automobile exemplification can also be used to illustrate value-in-exchange: A manufacturing firm constructs an automobile through the use of materials (metal, plastic, rubber etc.) that otherwise would not have any value in regard to transportation. By this transformation of materials into something the consumers want, the firm embeds value in the automobile. Finally, this product is exchanged in the marketplace for money or other goods, and thus value is measured through this exchange transaction. From a management point of view, value-in-exchange is therefore easier to calculate and observe, and can be useful for measuring relative value within a context of surrounding systems, as the value of things is reflected e.g. by how much they costs. This value is also evaluated through the individuals’ experience and knowledge as well of that of others in the market (Vargo, Maglio & Akaka 2008: 150.). However value-in-use is still considered the value driver, as real value-in-exchange cannot be determined before value-in-use has been determined by the beneficiary which further implies that value-in-exchange is a function of value-in-use (Grönroos 2006). This is supported by the notion from Vargo et al. (2008: 150) thus suggest that it is possible for value-in-use to exist without value-in-exchange, but only when there is no need of resources from others. Value-in-exchange cannot be ignored but value-in-use ultimately determines value-in-exchange and, thus the long term success of the firm. The process of co creating value is driven by value-in-use, but mediated and monitored by value in exchange (ibid.).

Value-In-Context

As mentioned, in S-D Logic all actors are resource integrators (section 4.2.3 Resources in S-D logic), and therefore value is not created until the beneficiary (customer) of the value proposition has somehow integrated this new resource into his or her life. This expands the interface of value creation and makes it exponentially more complex. Moving the locus of value creation from exchange to use, requires transforming our understanding of value from one based on firm output, to one based on processes that integrate resources. This extended customer interface of

resource integration entails that the value creation is contingent on the context in which it takes place; the value-in-context (Vargo et al. 2008: 150). Value-in-context, which goes beyond the competences of the participating entities, is also relevant as external resources such as social, ecological, and governmental surroundings can be integrated in the value creation process, and influence the value-in-use and value-in-exchange.

Value Creation in Service Systems

As already established, service involves at least two entities; one applying competence and another integrating the applied competences with other resources, and determining benefit (Maglio et al. 2009: 5). These interacting entities are termed service systems. A service system is defined as; “a value-coproduction configuration of people, technology, other internal and external service systems, and shared information (such as language, processes, metrics, prices, policies, and laws).” (Spohrer et al. 2007; 7) As proposed by this definition, service systems have both internal as well as external structure through which value is co-created with other service systems. Thus a service system is not only capable of applying its resources to other systems and improving their state, but are also able to improve its own state by acquiring external resources (Maglio et al. 2009: 9), e.g. by outsourcing parts of the business to other service systems. Individuals, groups, organizations, firms, governments etc. can be considered service systems, as long as they can take action, apply resources, and work with others in mutually beneficial ways (Vargo, Maglio & Akaka 2008; 149). The smallest service system is individual people, though these are a special type of service systems, as they do not have internal service system structure. The largest service system is the global economy (Spohrer et al. 2007:7).

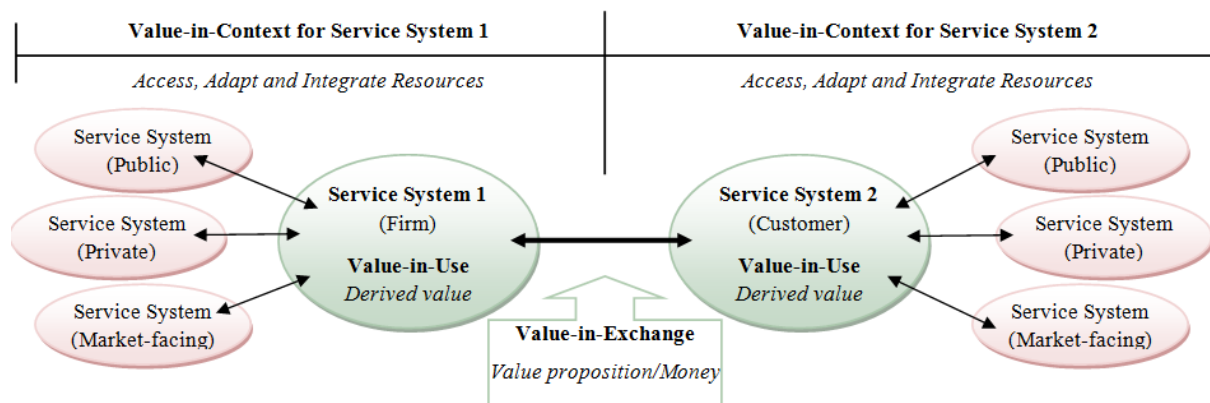


Figure 4-3 Value co-creation among service systems (Vargo, Maglio & Akaka 2008)

Service systems are connected, internally as well as externally, to other service systems by value propositions (Maglio et al. 2009: 5). One service provider proposes value in the market based on their operant resources. This value proposition is either accepted, rejected or ignored by other service systems. If accepted, the service is then provided, either directly or indirectly (through a good). Figure 4-3 shows how two service systems interact. Finally, the value is determined through use or integration and application of operant (and/or operand) resources, and the final result is an improvement of the service systems well-being.

The goal of value creation in a S-D perspective is to customize offerings, and because the customer is always a co-creator, companies should strive to maximize customer involvement in the customization to better meet their needs (Vargo and Lusch 2004: 12). Furthermore, marketing managers with a S-D logic will think of marketing not in terms of taking good to market, but rather to opportunities for expanding the market by assisting customers in the service process and identification of the necessary operant resources.

4.3 The Building Blocks of Co-Creation

Prahalad and Ramaswamy (2004) propose that the locus for value creation is the interactions between the firm and the customers (Prahalad et al. 2004: 19). Such interactions can happen through four main building blocks of co-creation; dialogue, access, risk, and transparency (DART). It is an important notion that these are interrelated, and should not be seen as separate blocks, and by embracing these companies enhances the opportunities for value co-creation.

4.3.1 Dialogue

Dialogue means interactivity, deep engagement, and a propensity to act (on both sides) (Prahalad et al. 2004; 23). It is about creating a conversation where the participating parties are equal, and thus also implies shared learning and communication. It entails empathic understanding built around experiencing what consumers experience (Prahalad et al. 2004; 23), and this mutual dialogue has to take place around issues that interests both the consumer and the firm. It also requires a forum where the dialogue can occur, and also rules of engagement are necessary to create an orderly and productive interaction (Prahalad et al. 2004; 23).

4.3.2 Access

As the shift from the G-D Logic, focus on value as embedded in the product and obtainable through ownership, move toward an economy where value is found in using the product, access to (rather than ownership of) desirable experiences is becoming more important (Prahalad et al. 2004; 25). To facilitate such access often begins with giving the customer the right information and tools (ibid.), or in my interpretation providing them access to the necessary operant resources.

4.3.3 Risk Assessment

Another building block of the co-creation process is risk assessment. Risk is by understood as the probability of harm to the consumer (Prahalad et al. 2004: 27). Through dialogue customers are able to ask questions to firms, which in turn can help creating a more trusting relationship (ibid.). An in dept understanding of risks and advantages with co-creation, needs to be acknowledged by customers and the bank, and this understanding has to be commonly accepted by the two actors. Customers need to get information about the advantages and disadvantages of e.g. different loan types. However according to Prahalad (2004) customers play a more active role, and are no longer satisfied with solely getting information of products' pros and cons. The customers rather want the opportunity to have an active dialogue with companies, which in turn helps creating a higher amount of trust between customers and companies (Prahalad, 2004, p. 27).

4.3.4 Transparency

The former information asymmetry between customers and companies is disappearing and transparency is increasingly desirable, and necessary to create trust between institutions and individuals (Prahalad et al.; 2004; 32).

These building blocks are linked together in the sense that one can facilitate another, e.g. transparency can facilitate a collaborative dialogue (Prahalad et al. 2004: 31). Marketing managers should combine them in order to better engage customers as co-producers. Through such combinations, new and important capabilities arise in the companies. *Access and transparency* for instance enhances the consumer's ability to make informed choices. *Dialogue and risk assessment* enhances the ability to debate and co-develop public and private policy

choices. *Access and dialogue* enhances the ability to develop and maintain thematic communities. *Transparency and risk assessment* enhances the ability to co-develop trust.

From the theory so far co-creation is found to be about mutual value creation between companies and customers, and resource integration in networks (service systems). Furthermore the S-D Logic has a threefold view of value, where the individual assessment of value-in-use is considered to be the most important. The S-D Logic implies that companies should aim at customizing their service to customers. Synthesising, the hallmarks of the S-D logic is thus “*interactivity, integration, customization, and co-production*” (Vargo & Lusch 2004: 11).

4.4 Co-Production

Co-creation and co-production are often used synonymously (Payne et al. 2008: 84), however the theoretical understanding of co-creation and co-production is that they are two different components of value co-creation (Vargo and Lusch 2006b: 284). Co-production is when actual participation in the creation of the core offering itself happens. It can occur throughout a service’s lifespan through shared inventiveness, co-design, or shared production of related goods, and can occur with customers and any other partners in the service system (ibid.). Etgar (2008:98) supports “*the differentiation made by Lusch and Vargo (2006) between co-creation of value, which takes place in the usage/consumption stage, and co-production, which takes place within the production process which precedes the usage stage.*” Furthermore, he uses the definition of production from the traditional economic theory (Achrol & Kotler 1999 and Porter 1985) as a chain of sequential bundles of operational activities linked in a network chain where each activity leads to the next, and which is defined as the activity network chain. Thus co-production means that consumers participate in the performance of these various activities in one or more of the stages. Co-production is for instance found in online banking, refuelling your mobile pre-paid account, online check-in before a flight etc. These definitions are similar to the one adopted by Auh et al. (2007) where co-production is viewed as “*engaging customers as active participants in the organization’s work*” (Lengnick-Hall et al. 2000, p. 359 in Auh et al. 2007, 360). Prahalad & Ramaswamy agrees that co-creation and co-production are two distinct concepts as “*co-creation is not the transfer or outsourcing of activities to customers, nor is it mere marginal*

customization of products or services” (2004; 16). Etgar follows that: “*co-production should be viewed as being concerned with the expansion of the choices facing consumers*” (Etgar 2008: 98). Thus co-production is directly linked to customization. He sees co-production as a strategy to help the operation of one-to-one marketing. Because co-production is a way to involve your customer in your core business offering, it is (relatively) optional for the customers, and accordingly therefore an “*explicit result of decision making by consumers reflecting their own preferences.*” (ibid.). Many customers maybe prefer not to become co-producers, simply because they have better things to do with their time. Opposite of this, co-creation of value is not an option as it occurs by the very act of customers using a firm’s offering and integrating it with other resources to create value with the firm.

Co-production is a pragmatic way to make customized service offerings for customers, and I therefore view it as a tool for companies to integrate a value co-creation way of thinking – a S-D Logic – into their marketing.

4.4.1 Is Co-Production Always Value Creating?

Value is always co-created, and if co-production is a strategy aimed at co-creating value does this mean that co-production is a sure one-way street to creating value for customers? IKEA is an example of a successful co-production strategy, where the customers are a part of the production process as they assemble the furniture themselves. In other words, the customer provides a main operant resource in producing the service⁹. From the customer’s point of view, however the experienced value may decline as a consequence of co-production (Hughes et al. 2008: 24). This can happen if a customer lacks the appropriate resources for conducting the production activity. Internet banking for instance demands a basic knowledge of computers and online behaviour, which might prevent some customers from using it. For a firm this might implicate the need for supporting customers in obtaining the relevant resources into their service system. Customer involvement may raise the overall level of uncertainty in the transaction, and thereby affect outputs because firms have less control over the training of customers to participate effectively in the production process than they do with the actual service employees. Furthermore, customers may dislike the level of effort required to get the operant resources needed for the co-producing

⁹ The competence of being able to assemble the furniture, or alligning someone to the proces i.e. ressource integrate

activity and therefore abdicate their role in the service process (Solomon 1986 in Auh et al. 2007), i.e. not to buy or engage. To overcome the risk of losing customers, a firm can use a combination of co-production services and the more traditional service offering, thus allowing customers to have a choice. This approach have been taken by the biggest Danish retail company, Dansk Supermarked, who have recently presented self-service check outs in selected Føtex and Netto stores as a supplement to the normal cashiers¹⁰ (www.food-supply.dk). Prahalad & Ramaswamy (2004: 20) points to issues regarding the product development process. Opening this process up and making it transparent to customer, means that they can intervene more often and more intensely than usual, which then requires the seller to be especially responsive, creative, and articulate e.g. if a customer wants to invest her pension in high risks shares, or wants a loan combination that is not possible, the bank advisor must be able to – in the name of co-creation – fully explain why it is a bad idea/not possible.

Seigyoung Auh, Simon J. Bell, Colin S. McLeod and Eric Shih (2007) propose a model of co-production with which they investigate the links between co-production and customer loyalty

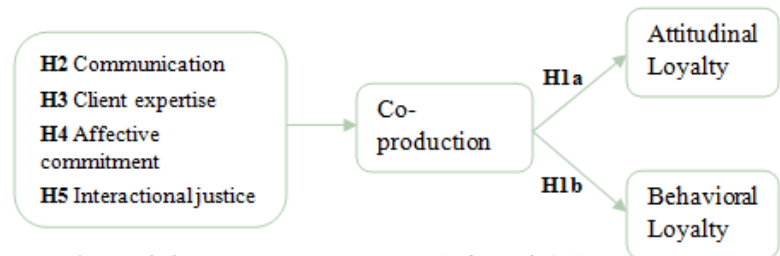


Figure 4-4 The proposed model (Auh et al. 2007)

and the factors likely to increase the level of co-production in a financial services context. They consider the relationships of three key customer factors linked to actually creating effective co-production; task clarity (through communication), customer ability (through client expertise), and customer motivation (through affective commitment and interactional justice) (Auh et al. 2007, 360). On the basis of hypotheses testing with a sample of 1.197 customers of a large multinational financial services organization, their model is partially supported (see figure 4-4). Auh et al. suggest that co-production has two primary benefits; (1) Co-production can lower costs for organizations, and consequently the consumer can expect a reduction in price and (2) Co-production enables the firm to customize its offerings to customers' needs (ibid.). This

¹⁰ 35-40 % of the customers choose to use this, primarily the customers with few items in their shopping basket

customization and cost reduction, will create a more favorable assessment of the organization, and thus increase customers' attentions to spend and actual spending with the organization over time (ibid.). If a customer is a co producer in the process of putting together a budget to fit his specific lifestyle and needs, the likelihood of his satisfaction with the final solution increases, and thus his loyalty over time is likely to also increase¹¹. The findings of Auh et al. (2007: 367) *"tentatively conclude that a more seamless integration of the customer into the value creation processes of firms is warranted (Vargo and Lusch 2004). That is, the co-creation experience may yet offer an opportunity for value creation for service organizations (Prahalad and Ramaswamy 2004)."*

From this discussion of whether or not co-production has a positive influence on value experienced in the co-creation situation, it is clear that co-production can be a way to create value, however it is not at all a given. I therefore argue that it is necessary for firms to be conscious off their co-production decisions, especially if the goal is to co create value for customers. Also it is necessary to know what makes customers engage in co-production.

4.4.2 A Model of Co-Production

Etgar's model of co-production should not be understood as a deterministic development, but rather an explicit consumer strategy to achieve customization of marketing offers (Etgar 2008: 105-106). His model is build from a consumer perspective, and according to Etgar co-production happens in a dynamic process that extends over time, and include five distinct stages that consumers who consider engaging, must pass (ibid.).

Antecedent Conditions

First of all there are certain prior conditions regarding macro environmental, consumer linked, product linked and situational factors that should be established in order for the customers to be willing to engage in co-production.

Macro Environmental

¹¹ *Attitudinal loyalty* refers to a measure of clients' intentions to stay with as well as their level of commitment to the organization. *Behavioural loyalty*, on the other hand is the actual behaviour.

The macro environmental preconditions include economic, cultural and technological aspects. As mentioned in the 1.4 Delimitations and Definitions, the cultural aspect is delimited from the analysis, and will therefore not be elaborated on in the following.

According to Etgar, co-production only takes place in mature economies and not in emerging or in growth markets (Etgar 2008: 99). Taking an approach similar to the pyramid of Maslow he believes that the focus of consumption in emerging markets is on basic products needed to survive. In growth markets the focus is on improving the standard of living through purchasing low cost, mass produced and standardized costs (ibid.).

The changes in technology help creating an environment prone for co-production by reducing the economic costs as well as the effort and time required for consumers to engage in such processes (ibid.). The Internet has especially created opportunities for interactivity with the consumers, and there are many examples of how new communication channels (enabled by new technology) have made co-production thrive: Facebook, eBay, Trendsales, blogs, Wikipedia just to name a few.

Consumer-Linked Factors

Co-production requires the consumer to use specific operand and operant resources, and as these varies from consumer to consumer some are more prone to engage in co-production activities than others (Arnould et al. 2006 in Etgar 2008; 100). This is supported by Vargo and Lusch's notion that "all economic and social actors are resource integrators".

Operand resources include *household resource capability*, i.e. whether a household owns a car, are wealthy etc. as well as *time*. According to Etgar (2008: 100) consumers who enjoy more flexible time are more prone to engage in co-production.

Another important list of resources, if not the most important, is consumers' expertise capacity, their operant resources. As presented in section 4.2.4 Value in the S-D logic co-production take place in networking structures, and thus requires *coordinative skills* to be able to coordinate activities, overcome cultural differences or even conflict solve between such networks (ibid.). Related to this is *dialogical capability*. As shown in 4.3 The Building Blocks of Co-Creation, Prahalad et al. (2004) especially emphasize the need for *computer and electronic communications technology based skills* as crucial for dialogs with firms (and other actors in the customers'

service system) (ibid.). The need for such type of operant resources implies, that societies with a higher level of general education and computer linked communications as well as fewer social or political barriers to use such technologies will be more prone to engage in co-production (ibid.).

Product-Linked Factors

Co-production is found more in some product categories than others (Etgar 2008: 100). As co-production is a mean to achieving customization, it will take place mainly in those product categories where there are: *“large and noticeable differences of product attributes among different items or brands, whether physical or perceived”* (ibid.). Furthermore the relevance of such differences to the customers are also important (ibid.), which reflects the S-D view that value is always co created. The existence of powerful brands can however prevent the will to co produce, as such an activity might lower the perceived brand value e.g. a consumer might not be interested in altering the design of a Louis Vuitton bag.

Situational Factors

Situational factors refer to the nature and conditions of the interactions in the cooperative operations between consumers and their production partners. This becomes relevant as consumers *“tend to participate more in activity networks when the nature of consumer-partner interactions and the behaviour of partners facilitate such cooperation”* (Etgar 2008: 101). The nature of such interaction is of course highly influenced by managements mindset, and whether they belief in the advantages of such relationship (ibid.). This point is strongly related to whether an S-D Logic is supported among managers, and have previous been dealt with in section (4.1 Dominant Logic).

Several emotional preconditions of customers also further the likelihood of consumers' engagement. When consumers' *trusts* that their production partners will perform the required tasks they are more likely to be willing to co produce, related to this is *lack of opportunistic behaviour*, i.e. consumers' expectations that their partners may not terminate their cooperation to pursue better offers or to attempt the conditions of the exchange and *evidence of long run commitment* by the business partners (Etgar 2008: 101). It is obvious that in a financial service provision where people invest their lifesaving these two categories are extremely relevant.

Etgar further draws from research in business joint ventures and also point to the necessity of *cultural compatibility* between customers and the firms (ibid.). Finally *personality dynamics*, including the perceived level of empathy, as found in research into customer participation in service provision, is found relevant (ibid.). I.e. if there is a ‘connection’ between a customer and production partner the likelihood of a successful cooperation is higher, one therefore can argue that this is especially important in situations of direct contact such as client-advisor relations.

Motivations

Consumers engage in co-production to achieve individual preset goals, and as found in earlier discussion, consumers choose whether to engage. From economic and behavioural models a list of *economic*, *psychological* and *social drives* can be drawn (Etgar 2008: 101).

Economic Drivers

Economic rewards e.g. in the form of cost reduction, can act as a motivational driver. By using ones online bank to pay bills, you save the fee that you would otherwise need to pay in the bank or at the post office. Another motivational factor is the reduction of risk associated with certain products. Different types of risks include physical (e.g. allergies), financial (e.g. financial loss), performance (e.g. when a newly bought computer does not perform as expected), psychological and social (e.g. if product consumption may harm self-esteem or ones the image) as well as time-related risks (how long the product will last).

Psychological Motivations

When Etgar deals with the psychological motivations to participate in co-production, he talks about the psychological benefits received besides the value of the product itself. Consumers’ values can be divided into intrinsic and extrinsic values (Holbrook 2006 in Etgar 2008: 102). “*Intrinsic values imply that an experience is appreciated for its own sake, while extrinsic values serve as means to an end*” (Etgar 2008: 102) The first type can include the desire for play and fun, search for aesthetics, drive for ethics, drive for spirituality, excitement and variety seeking (deviation from daily routines)¹². The latter include excellence autonomy (a situation that fosters

¹² List is by no means exhaustive

choices and sense of freedom), need for self expression and uniqueness, using their personal inherent capabilities, enjoyment and self-confidence.

Social drive

Social drive for consumers to engage in co-production includes the seeking of social esteem and status (Etgar 2008; 103). Furthermore co-production might provide the consumers access to networks such as co-production communities (e.g. Wikipedia) and social networks (e.g. Twitter and Facebook), which creates social contact values for the consumer. Finally another social drive may be the desire for control of the final outcome of a product or service used, i.e. by co-production as well as natural feeling of being able to dominate one's own environment (ibid.).

Cost Benefits

Having established the potential benefits from engaging in co-production, the consumer performs a cost benefit analysis evaluating these against the relevant costs. This finally results in the conscious decision whether to co-produce or not (Etgar 2008: 103). The evaluation of the involved costs is thus an important step in the decision process, and include both economic and non-economic costs. Economic costs for the consumers of using their operand material resources (e.g. via market prices) as well as the time they will use in the co-production process (Ibid.). Non-economic costs might include: loss of freedom of choice (of other products and/or brands), misperformance (of tasks by unskilled consumers), risks of opportunism, social stigmas, physical effort, psychological effort, and finally co-production may demand an organizational socialization process.

Activation and Evaluation

Co-production can take place across the entire activity chain, which includes an initiating phase, a design phase, a manufacturing stage, distribution and logistics phase and a consumption stage (Etgar 2008; 103). The end result of the activation stage of Etgar's model is several outputs in terms of various benefits that the consumers receive and need to evaluate. This evaluation is done in comparison with the goals set up in the second stage of the process (the motivational drivers) (Etgar 2008: 105).

4.5 Sub Conclusion

The aim of this chapter was to answer the first part of the problem formulation:

2. *How is co-creation understood, conceptually?*

- a. *When does it take place?*
- b. *Who is involved in the co-creation process?*
- c. *How can co-creation be used as a conscious strategy by firms?*

Service is always exchanged for service, and thus value is always co-created. Within the S-D logic, service is understood as the process of using one's operant resources for the benefit of some other party. Because individual peoples operant resources are not always sufficient for her survival or wellbeing, specialization has become a crucial part of the economy. In my view most service companies for instance exists because they offer something for the customers, that they do not want to perform themselves. Value creation thus takes place in service systems, and all actors are resource integrators. Following this, the locus for value creation is the interactions between the actors who, in the context of this thesis, are the bank and the customer. When banks offer financial services, they should thus always have the customers in mind. Because what is consumed is not the service itself, but rather the process of using it by applying ones operant resources, the bank thus has to think about which resources are available to their customers. Value-in-use is considered primary, co-creation is therefore all about customization.

Prahalad et al. (2004) propose the building blocks of co-creation to be dialogue, access, risk assessment and transparency (DART), and that companies can use these intertwiningly to enable co-creation of value. Etgar (2008) draws on the work of both Vargo and Lusch and Prahalad et al., and proposes a conceptual model of co-production. This model can be used as a conscious strategy to obtain customization through co-production with customers. From this it was found that some preconditions need to be in place in order for co-creation to meaningfully take place. These include a list of antecedent conditions for co-production.

4.5.1 Theoretical Framework

The first part of the analyses focuses on the macro environmental antecedent conditions for co-production, excluding cultural aspects as these have been delimited from the thesis (1.4 Delimitations and Definitions). Trough this chapter an understanding of Danish retail banking is thus gained, and this way this part also act as setting the context for the two following analyses. The second part focuses on the situational factors i.e. the managers' mindsets, because these are also a prerequisite for co-production. In this second part of the analysis the aim is also to

investigate if and how co-creation of value takes place in the sector. This is investigated through the DART framework. The third and final part of the analyses turns the focus to the customers, and through their mindset regarding financial decisions, the motivational drivers as presented by Etgar is investigated. Because of the centrality of resources in the S-D Logic and the co-creation of value, the customers' resources are therefore also investigated.

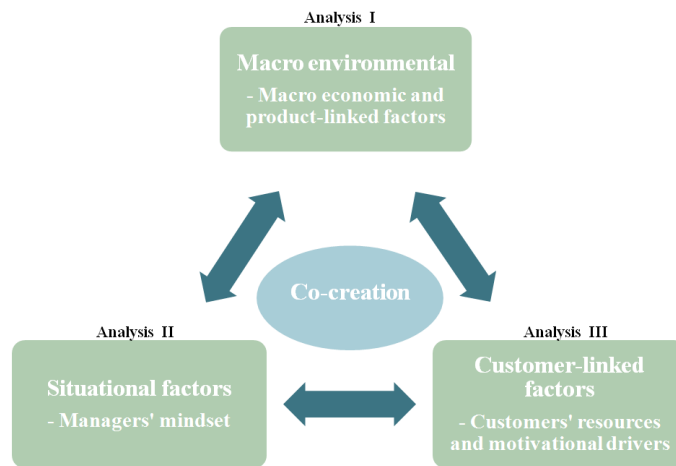
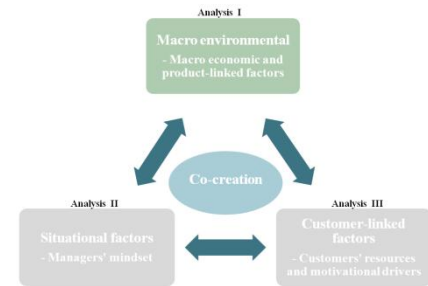


Figure 4-5 Theoretical Framework for Analyses

Having established an understanding of the concept of co-creation we can now commence the analyses.

5. Analysis part I - Macro Environmental Conditions of the Danish Retail Banking Sector



The aim of this first part of the analysis is to examine the macro environmental preconditions and product linked factors related to co-production in the Danish retail banking sector.

5.1 Macro Environmental Conditions

Etgar (2008) presented different categories of macro environmental conditions that might influence co-production including economic and technological conditions, that are investigated in the following.

5.1.1 Economic

As described in section 4.4.2 A Model of Co-Production, co-production is most likely to take place in mature economies and not in emerging or growth markets. The Danish economy is mature, and the financial sector is highly developed, and should thus from a national economic aspect be mature enough for co-production activities. There are however other macro-preconditions enabling co-production, these are explored in the following.

The Crisis¹³

After an economic boom during 2004-2006 real GDP growth slowed in 2007, and the Danish economy entered a cyclical downturn, which has since September 2008 been magnified by the worldwide financial crisis. Originally though, it had two main causes. Firstly the growth on the business side was slowed down by capacity constraints, including a historical low unemployment rate. Secondly, the cooling of the housing market, after an explosive growth in property prices (rose in 2006 by 20 % year on year¹⁴) undermined economic confidence on the consumer side.

¹³ This section is based on a report from The Economist Intelligence Unit, February 2009

¹⁴ Year-on-year changes are changes in levels expressed over the corresponding period (month or quarter in relation to the frequency of the data) of the previous year (OECD)

This has led to tightening of credit conditions for Danish borrowers, and an extremely low consumer confidence, together with external demand collapsing thanks to the credit crunch crisis, the Danish economy is experiencing the most severe contractions since the 1970s. Thus a number of small and medium sized regional banks that have expanded too rapidly in the upswing ran into difficulties even before the worldwide crisis. To relief the situation, the Danish government has implemented two support packages for the financial sector, especially in order to boost the availability of credit (Bankpakke 1 & 2).

Concentration and Mobility

The financial sector in Denmark has experienced a tremendous change the past 25 years (beginning with the bank crisis of the late 1980's). The sector used to consist of separate actors within real-estate, insurance, mortgage credit institutions and banks. Nowadays many banks act as giant financial supermarkets, providing normal bank services, mortgage credit¹⁵, life insurance and often also real estate (Juul 2006: 21). As seen in figure 5-1¹⁶, the concentration is high in Denmark, also when comparing to the other Nordic countries. The trend toward financial supermarkets is an explaining factor of the high concentration ratio (Juul 2006: 24).

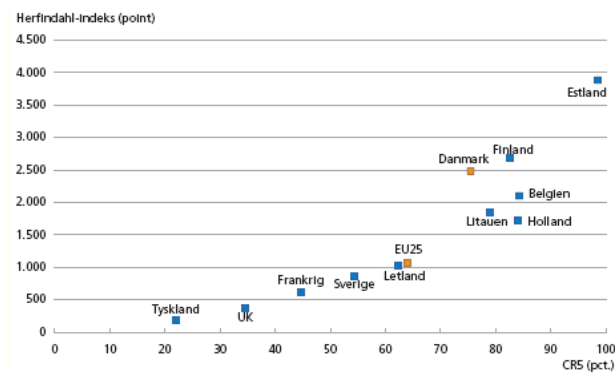


Figure 5-1 Concentration of financial institutions ultimo 2004 (Danish National Bank, 2006)

Denmark is dominated by two large banking groups, Danske Bank and Nordea, which covers around 50% of the retail banking market (Economist Intelligence Unit 2009: 13). Furthermore,

¹⁵ Mortgage credit is a loan with security in property, and is financed by issuing bonds. In Denmark this is called 'realkredit'

¹⁶ The Herfindahl-index is defined as the sum of individual banks squared market shares. The index depends on both the number of banks and of differences in market shares (Danish National Bank 2006). A market with an index above 1,800 is termed as concentrated. CR5 that is the market share, as a percentage, of the five largest firms in the industry (wikipedia.org)

there are four medium-sized institutions: Jyske Bank, Sydbank, Nykredit Bank and FIH Erhvervsbank, with a total market share of almost 20% percent (Nielsen 2007), and finally there are a large sum of small banks, mostly operating at local or regional level (Economist Intelligence Unit 2009: 13). The high concentration that characterizes the Danish market will most likely be leveraged by the financial crisis, as more banks are bankrupt or forced into mergers or takeovers. Despite this consolidation, relative to its size Denmark, still has a large number of banks (The Economist Intelligence Unit 2009: 12).

A survey among Danish bank customers shows that 63% have been a customer in their current bank for more than 10 years, and studies further indicate mobility on the market to be around 4-5% (Juul 2006). This low level of mobility might exist because of bank customers' unreflective relationship to the market, and that the area is characterized by a low interest. Furthermore the transaction costs related to changing bank are perceived as high, and the customers lack information, which makes it more difficult to compare different banks to each other (Berg & Borgeraas 2004). Even though the Internet has enabled portals such as mybanker.dk and pengepriser.dk, where customers are able to see the price of different products offered, it is still a complex market. A complexity leveraged by the common practise of using loyalty programs and differentiated price packages, which reduces the transparency (see section 5.2.1 Loyalty Programs for further explanation). The concentration and mobility in the industry indicate a market without a high level of competition, however other factors also determine this, including customers' price sensitivity. Studies show price as an important decision factor for customers choosing their bank. One example of this is the brokerage-war that broke out in 2007 among Danish banks and brokers (including the biggest banks), which drove the prices to a minimum (Aktionæren 2009). Besides price, also trust and good financial advising & service are among top three decision factors (Juul 2006: 50). Concluding, Finansrådet¹⁷ believes that despite the high concentration, the competition is also high (Juul 2006: 71).

¹⁷ "Finansrådet" or "The Danish Bankers Association" is a professional organisation representing banks in Denmark. The members are ordinary banks, savings banks, cooperative banks, and Danish branches of foreign banks (www.finansraadet.dk)

5.1.2 Technology

Technology have had a major effect in the financial sector, where it e.g. has opened up for many self-service possibilities. One example of this is ATMs that allow people to withdraw money from their accounts without entering the bank. Furthermore a major focus area for banks is their business intelligence systems, which for instance mean that the local banker can access information of the customer, and thus provide a more relevant financial advising to the customers.

In Denmark, the people are highly educated and their technological capabilities accordingly high (Universitets- og Bygningsstyrelsen 2007). The internet has become a natural channel for communication and networking for most people - there are for instance more than 2.3 million Danish people on Facebook (www.facebook.com). The online media is thus widely used as a channel to interact with customers, which leverages the possibilities of co-production.

Banks differentiate on service and prices according to the individual customer (5.2 Product-Linked Factors), and thus they have a need for an efficient CRM system. Technology has enabled such systems and e.g. many banks use credit scoring in relation to loan applications. From this application where the customer provides 20-30 different information, the banks are automatically through their system able to consider the application in an efficient and cost effective manner (Juul 2006: 64).

5.2 Product-Linked Factors

As mentioned in 5.1.1 Economic, many banks are financial supermarkets, and thus they offer a wide variety of products and services including¹⁸:

- Financial advising
- Internet & phone services

The activities that are performed using internet banking is maybe the most present example of technology driving co-production, and today no bank exist without an internet bank. It allows customers to perform tasks that were traditionally taking care of by the banks employees, e.g. paying bills, moving money around, making budgets etc. Not only

¹⁸ The list is conducted from the services listed on websites of Danske Bank, Nordea, Nykredit, SEB, eTrade and Arbejdernes Landsbank. Excluded from the list are services related to the B2B market

is it convenient for customers to be able to access and perform bank activities 24/7, also the banks benefit as they save time performing these simple tasks and as one manager express.

Many banks provide mobile phone services such as information via SMS when the account reaches a certain amount.

- Credit and debit cards

In Denmark the most common payment card is Dankort and thus there are 4.2 million cards distributed, whereas 3.2 million of these are Visa/Dankort (<http://www.pbs.dk>).

- Loans and credit
- Credit cards, mortgage loans and personal loans
- Saving accounts
- The interest of savings accounts varies immensely, and e.g. increase if the customer locks the savings for 3 or 5 years.
- Investing
- Online investing, investment funds
- Pension
- Insurance

As seen from this list, there is a large amount of products offered, and as illustrated in figure 5-2 below, the complexity of even simple product types such as credit facility are high (the arrows shows what influence the price of the facility).

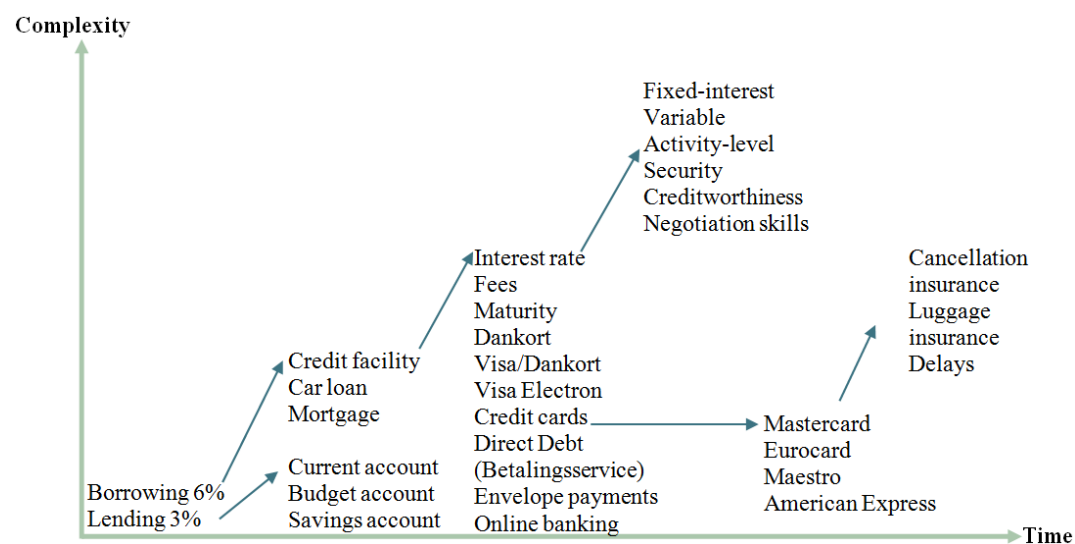


Figure 5-2 Complexity (Juul, 2006: 58)

5.2.1 Loyalty Programs

From figure 5-2 it is evident that not only creditworthiness or collateral¹⁹ influences what services and products the individual customer is offered. To accommodate this, banks make use of so-called loyalty programs. One example of such loyalty program is Nordea's 'advantage program'²⁰, which is divided into three advantage-categories that affect the price received: basis, advantage and advantage+. The more activity a customer thus has in Nordea, the cheaper it gets. In order to become an advantage+ customer you need an active checking account, a commitment of at least 50.000 kr. and three products. To become an advantage+ customer the commitment needs to be 250.000 kr. and at least five products. To exemplify how the prices are affected, we can look at the interest rate for a credit facility that will decrease for an advantage customer from 14,5% to 11,5%, and for an advantage+ customer it decreases down to 8,0% (Nordea.dk). According to a survey among the five biggest banks in each of the Nordic countries, 79% uses some kind of loyalty program (Juul 2006: 62). The complexity of retail banking market are therefore not only high because of the vast product and service supply, also the widespread use of loyalty programs increases the complexity, and makes it difficult for the customers to comprehend the market.

5.2.2 Retail Banking Demand

In Denmark, a state pension is provided to people of 65+ years old and furthermore many people have a work-related pension. Additionally, 24% of Danes also have a private pension scheme, an increasing figure (Euromonitor). Shares are usually considered a greater risk than bonds, and the risk of shares are more popular among the younger generation than the older generation. Accordingly the younger generation is buying shares rather than bonds in comparison to those aged 60+ years old, who only have 23% of their savings invested in shares. The younger generation has 36% of their savings or 7% of their total capital invested in shares. Furthermore men trade shares three times more than women (Euromonitor). When Danes with a high salary borrow money from the bank, it is often used for investments such as housing or cars. It is also common to take out loans to gain better control of smaller loans with high interests. This is

¹⁹ In lending agreements, collateral is a borrower's pledge of specific property to a lender, to secure repayment of a loan ([http://en.wikipedia.org/wiki/Collateral_\(finance\)#cite_note-0](http://en.wikipedia.org/wiki/Collateral_(finance)#cite_note-0))

²⁰ Fordelsprogrammet <http://www.nordea.dk/Privat/Kundefordele/Fordelsprogrammet/23361.html>

mainly carried out by people with a lower income (Euromonitor). When it comes to negotiating with the bank, 49% have not negotiated better interest rates or lower fees even though 83% of the customers who have actually done that wound up satisfied with the result. Furthermore 77% do not regularly check for better prices in other banks (Juul 2006: 52-53). Because of the current crisis, Danish households will likely save rather than spend, which reduces the demand for credit (Economist Intelligence Unit 2009: 13). Denmark entered the current crisis from a strong position with high employment levels and real household incomes will be supported by strong nominal wage growth, low inflation, and actual and planned tax cuts (Economist Intelligence Unit 2009: 13). But on the other hand, the problematic housing market has reduced household wealth, and the consumer confidence is weak mainly due to the rise in unemployment levels. Consequently they will most likely save their money and hold back on spending.

Customer Satisfaction

The recent financial crisis has also had a huge impact on the Danish banking customers. The past two years satisfaction has thus been decreasing, with an especially large drop from 2008 to 2009. In fact, these are the lowest satisfaction levels ever reported by EPSI Denmark²¹, see figure 5-3 below.

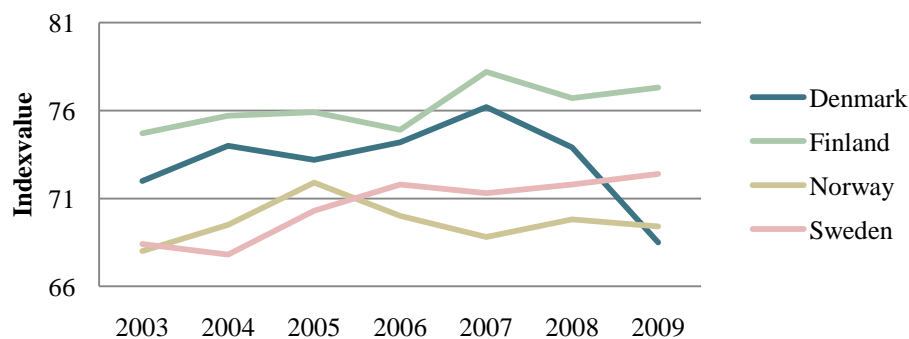


Figure 5-3 Satisfaction Bank B2C 2009 (EPSI Denmark)

Furthermore, customers are increasingly becoming less loyal and more active complainers. Thus the number of complaints more than doubled from 569 in 2008 to 1,304 in 2009 (Business.dk, 19.

²¹ EPSI Denmark started recording data in 2003

January 2010). According to Pengeinstitutankenævnet²², the reason for this increase might also be that some financial products are very difficult for customers to understand (Business.dk, 19. January 2010), and thus relate to the earlier mentioned complexity of products.

5.3 Sub Conclusion - Analysis Part I

From this first part of the analyses the aim is to answer the second question in the problem formulation:

2. Are the antecedent conditions for co-production present in the Danish retail banking sector?

The macroeconomic conditions are fulfilled as the Danish economy is mature, and the financial sector highly developed. Furthermore the technological conditions are great in Denmark, where both banks and customers are competent users of technology, and for instance online banking is vastly used.

The current financial crisis has influenced the sector in different ways, and has e.g. led to a tightening of credit conditions for Danish customers, at the same time were most of the customers will most likely save rather than spend, and ultimately the demand for credit is decreasing. The crisis has also had a huge impact on the contentment of Danish customers, whose satisfaction-levels has taken a significant drop. Overall the retail bank sector in Denmark is influenced by a few big players, though a great number of smaller local banks are present, and the mobility on the market is low. This low mobility might be explained by the product linked factors. Loyalty programs are normal to use, which is a part of creating a very complex product mix for customers to understand. Because co-production is found more in some product categories than others, and because it is a means to achieve customization, it will take place mainly in those product categories where there are: *“large and noticeable differences of product attributes among different items or brands, whether physical or perceived”* (Etgar 2008: 100). Financial products are highly dependent on the individual customer and her life situation, and through loyalty programs and product packages, mass-customization is a natural part of the sector. This customization however, is from the perspective of the customers a rather passive process, and

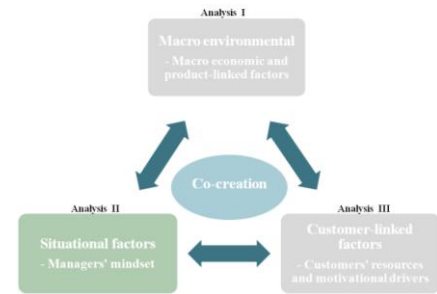
²² “Pengeinstitutankenævnet” is public board that is authorized to investigate complaints against banks

their involvement is only to provide answers for standard questionnaires. Furthermore, the complexity of the services raises the question whether the customers are even capable of appreciating such customization i.e. they must be able to understand the differences in the offerings in order to appreciate them.

From the above it can be concluded that the preconditions for co-productions are fully present in regards to macroeconomic and technological conditions, however regarding the product-linked factors these were not found to be present to the same extend. This is mostly caused by the high complexity of financial products together with the recent drop in customer satisfaction how indicates that customers are not experiencing the desired value creation through a relevant customization.

6. Analysis part II - Marketing Managers' Dominant Logic

The aim of the second part of the analysis is to investigate if the marketing managers are interested in co-creating value with their customers. This is done by investigating their mindsets, and whether there is a dominant logic among them. And finally I look into the four building blocks of co-creation, DART, and how these are used by the managers and the respective case banks.



6.1 Two Mindsets

The marketing managers' logics are investigated in terms of three key topics: Issues, tasks and knowledge (section 4 Co-creation From A Theoretical Point of View). In line with the result from Tollin and Jones (2007) my findings show that the managers have varied views and ideas about the key issues, tasks and knowledge areas for conducting marketing, thus there are no evidence of an overall marketing logic. However, I did find some commonalities between some of the interviewed managers in relation to how they talk about customers and their operant resources, and also which 'issues' and 'knowledge' they mention as important. These findings have resulted in a division of the interviewed managers into two mindsets; a macro-oriented-mindset and a customer-oriented-mindset. Table 6-1 below provides an overview, and the two mindsets are explained in the following.

	Macro-oriented-mindset		Customer-oriented-mindset	
	MMS	MMN	MME	MMA
Issues	Optimize electronic solutions. Demographic changes. Public regulations. (CSR ²³).	Increase awareness of the bank. Growth – be the biggest. Measure efficiency of marketing.	New competitive situation (from niche to volume business). Meet customers' needs.	Rebuild trust. Growth
Knowledge	Knowledge sharing and teamwork. Actuarial, legal, IT-wise, marketing and communications-related knowledge. Buy specialized knowledge.	Knowledge of internal activities. General knowledge of the industry. Communication in the industry.	Customers. The market	Close to customers. Professional competences – financial advising

Table 6-1 Mindsets of interviewed marketing managers

²³ CSR is mentioned as a potential future issue, not a current (MMS, 30:50-32:05)

6.1.1 Macro-Oriented-Mindset

In the following the macro-mindset is presented by looking at the issues and knowledge emphasized by the interviewed managers where this mindset was identified, namely MMS and MMN.

Issues and Knowledge

To begin with, MMS mentions the issue of **technology** by the importance of optimizing the ‘electronic’ part of the business i.e. making business intelligence systems that will “*enable the customers to get the most out of it*” (MMS, 27:01-28:57). When she talks about this particular issue, she emphasizes how this is something that they “*control themselves*” (MMS, 27:01-28:57), and thus reveals a mindset that poses great importance of outside macro environmental factors as influencers of the business opportunities. A current issue for MMS is how **demographic changes**, particularly regarding the increasing amount of elder people and the increase in longevity are creating new business opportunities²⁴. “*We possess knowledge of how to dissave your money in the best way. The challenge we face is that we obviously need to put some resources in capturing the customers*” (MMS, 27:01-28:57). For this manager, such macroeconomic conditions are a big factor in how she conducts marketing, and accordingly she also mentions changes in taxation law as an ongoing important issue, because it can demand a change in the market (MMS, 30:05-30:50). For MMN the main issue is to **increase awareness of the bank**. Especially because “*It has not been well known that we are a bank, and we want to be known as a bank, so we are working a lot with that*” (MMN, 21:03-21:49). According to MMN, the bank has therefore been very visible in the first part of 2009 with a massive advertising campaign aimed at creating such awareness, when many of the other banks were somewhat silent, thanks to the crisis (MMN, 2:27-3:59). The particular bank is also interested in growing the business related to pensions, because this will make them able to “*offer the whole package, to be the biggest bank in the market*” (MMN, 21:03-21:49). The main competitors according to the manager are the two biggest banks on the Danish market; Nordea and Danske Bank (MMN, 21:03-21:49). According to MMN the marketing discipline in general, is something that is taken

²⁴ Of moving into an area, usually dominated by the traditional banks. The bank has in Denmark been focused on the insurance perspective, especially pensions, than the monetary aspect of their financial services.

very serious in the banking sector: *“There are used a lot of resources on it, and it is an innovative industry in relation to online communication etc. There are so much going on, also in relation to involving the users /.../ I think it is an industry where there are spent a lot of money that lead to much, and a lot is analyzed. You have to explain the financial aspect (to the top management ed.) etc.”* (MMN, 26:15-28:21). Thus an issue for her is also to **measure the activities of the marketing efforts**, and present these to the top management.

When it comes to the knowledge emphasized as important by the two managers, they both talk about the internal processes of their organisations. For the both of them, **internal knowledge** regarding activities that goes on in the organization, and **sharing knowledge** across departments are thus considered important. Furthermore for MMN, **knowledge of the industry** is considered crucial together with knowing what the current trends in **communication** (MMN 19:47-21:03) within the industry are. For MMS it is important that the bank possesses professional knowledge: *“We are a very knowledge-intensive business, and it makes no sense to only have knowledge in one field. We must have actuarial, legal, IT-wise, marketing and communications-related knowledge”* (MMS, 32:35-34:34). This statement is however followed by an explanation of how their organisation is small in Denmark, and that the most important knowledge therefore is the skill to be able to work together: *“it does no good that each has their own little area of expertise, we have to be good at working together. If we need specialized knowledge, we can go out and buy it”* (MMS, 32:35-34:34). When the two managers talk about the important knowledge to possess, it is done from a company perspective e.g. none of them mentions knowledge about customers. Another example of this internal focus is how MMN states that they do not use customers as a source for product innovations, but rather uses the employees in the idea generation, i.e. involving them in workshops, where they are asked to come up with new ideas for products (MMN, 12:17-14:46). The macro-oriented perspective of MMN’s mindset is also apparent regarding the issue of product development, as MMN for instance points to governmental regulation of the financial market as the main driver of product innovations – not customers: *“Well you can say that it is to a high extend interest rates²⁵ and so that determines*

²⁵ In this context the interest referred to is the discount rate, which is set by the National Bank as a ‘signalling rate’ intended to signal a certain level of interest rates - partly to the banks' own interests and partly to other interest rates of the National Bank (<http://da.wikipedia.org/wiki/Diskontoen>)

whether you need a new product, or other things that makes you change the products. Therefore you do not have customers in the development process /.../ there is also a lot of regulatory issues that change, and then we have to create new products” (MMN, 12:17-14:46). For MMS, the customers are also not a source for product innovation: *”the customers typically do not speak so much about the products, it is more something relating to our service. Our communication and service concepts”* (MMS, 16:38-17:31). This might be explained by the complexity of financial products, and accordingly peoples low competence-level regarding these. However, it might also be an exemplification of how the S-D logic is present. Within this logic, customers do not focus on products but rather on the service and the benefits that are received through these. Moreover the service received is co-created according to the customers’ needs: *“For some customers, we obviously have more or less pre-packaged products, but within these products it is of course hugely important that the customer's needs are met /.../ So in that way it is explored ‘what is the customer's needs?’, and then you assemble it accordingly. But it is not like you go out and invent new products together with the customer”* (MMS, 17:40-20:00).

Marketing Managers’ View on Customers

When asked what characterise the customers, MMN refers to homeowners and people with high income: *”Our main focus is homeowners. It is much focused on them, without limiting ourselves to them. And then also high income level.”* (MMN, 7:52-9:08) MMS on the other hand, cannot make such a common characterisation, and argues that they have a large amount of customers, and that many of these are rather passive (MMS, 12:52-14:10). That customers have a general low interest in their personal finances is a view shared by the two managers, and the understanding is that it goes for the majority of the customers, not just a certain type or segment e.g. their activity level (whether the customer has a lot of assets in the bank or not): *”A great deal of people are not interested in it, even though they have a lot of money”* (MMN, 10:09-10:47). When MMS presents a possible explanation of this low interest-level of customers, her macro-oriented mindset shines through: The financial market in Denmark is highly regulated, and it used to be expensive and difficult to move ones pension: *“A lot has also happened with the moving rate of the pension market (a governmental regulation ed.), i.e. it is easier to move ones services around. In the past you actually were not able to move them, and therefore there are many who have them where they have always been”* (MMS, 12:52-14:10).

Customers' Operant Resources and Interest in Financial Products

In my view, peoples interest in their personal finances is linked to their competences, i.e. which operant resources they possess. If you do not have the knowledge or skills to understand a certain subject, it might be difficult to mobilize an interest in the matter, or if you are not interested in a subject, it is not likely that you seek out more knowledge about it.

Both managers have observed an increase in customers' operant resources i.e. their financial competencies, and accordingly also an increase in interest. *"We can see that people have a different knowledge, and make other requirements. They expect a high level of competence when they contact us /.../ people talk more about e.g. conversion and what type of loan they have in the house. People knew nothing about this five years ago, then it was absolutely no man's land."* (MMN, 7:03-7:52) Generally customers are thus more prepared when meeting with the bank. The area however, is characterized by complex products and services, and it sometimes requires a lot of the customers if they wish to further understand the different products offered. MMN is thus reluctant of how much the customers' interest will increase: *"I think that the interest in financial issues might increase a little bit, though we cannot expect that it will be great, but it will go in the right direction"* (MMN, 23:37-24:20).

6.1.2 Customer-oriented mindset

In the following, the customer-oriented-mindset is presented by looking at the issues and knowledge emphasized by the interviewed managers where this mindset was identified, namely MME and MMA.

Issues and Knowledge

For MME a main issue is how the **competitive situation** has changed from a niche market to a volume business²⁶, consequently: *"We have gone from being a niche to a volume business, which requires a large volume of customers who trade shares"* (MME, 33:04-35:34). The bank now has to change focus from competing on prices to competing on products, services, user experiences,

²⁶ The company started out as Denmark's first 'online brokerage company', with online trading of listed securities offering brokerage rates 50-80% below the market (<https://dk.etrade.com>). Back then, it was a niche market with high profit margins, but over the past decade the competition has increased, and the prices have dramatically dropped (MME, 33:04-35:34)

and the interaction with customers, and the main issue in the future is therefore to *“find out which products different customer groups are demanding, and then try to meet this, that is where I see it going”* (MME, 33:04-35:34). In other words an issue for the manager is that **customers’ needs** change (also supported by MMA, 13:21-15:55). For MMA there is particularly one overall issue, namely the recent decline in **consumer trust**. It is a problem shared by the whole financial sector, however he believes that the way to solve it, is for the individual bank to focus on communicating to customers that *“advisers actually want the best for the customers”* (MMA, 17:23-19:25). In his eyes, the decline in customer satisfaction has much to do with the bad advising that has been given by many banks in the sector. This view is shared by MME, who believes that the reason why his particular bank has steered clear of such decline in trust is that they do not offer financial advising to their customers: *“And it makes a huge difference, because it means that the customer does not need to focus on whether we are now trying to lure him into something - to sell him something”* (MME, 28:21-30:14).

The customer-oriented-mindset truly shines through, when the managers talk about the knowledge that they hold most valuable. For MME, knowledge of the **customers** and **the market** are thus considered to be the most important: *“It is a truly important key to be able to say something about where our business is going, and also what we need to be especially aware of. At least that is what we have seen looking back, that this thing about being able to give a qualified guess at what products we have to offer is crucial to ensure long-term growth”* (MME, 41:09-41:56). Related to the challenge of the changing competitive situation, MME mentions the importance of being *“good at listening to what it is the customers demand, so that you can better ‘hit the mark’, so to say, and better service exactly what is demanded by the customers.”* (MME, 33:04-35:34). For MMA getting **close to customers** and *“sense what is happening to them”* (MMA, 20:19-22:40) is considered important. This need has especially been emphasized by the decrease in consumer trust. MMA additionally shares the view with the two managers with a macro-oriented mindset that **professional competences** is considered crucial. The difference between the two mindsets however, is that these competences according to MMA is not related to specific actuarial knowledge or communication, rather it is all about providing the customers with a professional and relevant advising, and he thus believes that: *“the next major competitive advantage will be to have the best adviser”* (MMA, 20:19-22:40). Accordingly, the bank offers

all their customers a personal advisor, which is different from many other banks, where such service is only provided if you are a part of the higher level of a loyalty program. *“I think that means something! That ‘labourer Petersen’ also gets an overhaul of his economy, and has his own adviser who follows him, and makes sure that he has the right products”* (MMA, 13:21-15:55). For managers who possess a customer-oriented-mindset, the most important knowledge is thus that regarding customers; their demands, needs, behaviour etc.

Marketing Managers’ View on Customers

When asked what characterises the customers, homeowners are emphasised by MMA as the most valued customer group *“that is simply where the business is best”* (MMA, 6:06-7:24). However, the usual customer in this particular bank is actually people who rent. *“Well, you can always discuss what you would rather have, but what we actually have is a family with two adults, two children, rental apartment and maybe a holiday house. Work wise, it is a minor functionary and age wise I would guess around 40 – it is roughly around there”* (MMA, 6:06-7:24). MME is also able to provide a characteristic of their customers that they segment in three categories; The hyperactive day traders, mass affluent customers, and normal retail customers. He continues to explain how these customers cannot be categorized e.g. into geographical location, and that it is difficult to generalise except on one factor – 90% of their customers are male (MME, 14:20-17:07). These two managers differentiates from the ones with a macro-oriented mindset as they are able to give a precise estimate of their customers. I therefore argue that this reveals their emphasis on such knowledge (as already mentioned), and a general customer-oriented mindset.

Customers Operant Resources and Interest in Financial Products

The managers within this mindset share the perception that the general interest of financial issues among Danish customer are rather low. MME compares the customers to those in USA and Sweden, who *“take responsibility for their own savings”* (MME, 9:33-11:47), and where discussion of financial issues is often subject of a standard dinner conversation. *“In this sense we are slightly lagging behind in Denmark because people have been used to that you would just get your pension from the state”* (MME, 9:33-11:47). This statement however, is followed by a recognition that this is changing, and that there is a growing interest from customers who want to develop their competencies regarding financial products. This trend is also observed by MMA: *“We have always said: People are not interested in actual money itself, but for what they can buy*

with them. So when they come to borrow for a house, it is that house which is interesting. It is not quite like this anymore” (MMA 7:24-8:24). Together with this interest, the two managers have also observed an increase in customers operant resources i.e. their financial competencies. Thus one of the interviewed managers has experienced an increasing demand for the skill-seminars that the bank offers. Through these, the customers are educated within different subjects, mostly regarding stock trading. The seminars are offered to existing as well as potential customers, and are an important part of the Danish market for the particular bank: *“There are not many who have the sufficient knowledge to really breakthrough in online stock trading, and therefore is the natural supplement to our product to enable people to develop skills regarding the services we provide”* (MME, 9:33-11:47). MMA believes that the process of increasing customer interest has been speeded up by the financial crisis, which has given customers a more critical approach to the advising they receive in the bank; *“So you have to kind of meet in the middle. And the middle is that people research more about the economic conditions than they did before. Conversely, we also invest ourselves a little more in people’s situation than we did before”* (MMA 2:57-4:11).

The interviewed managers’ view on customers’ operant resources are also reflected by their responses regarding whether or not to involve customers in the actual product development. The common view is that the complexity of the offered products and services is a barrier, as well as a potential risk: *“The wishes they (the customers ed.) have are not always realistic i.e. you could risks to ask people questions and engage them in a process that ends up turning out to be something other than they expected”* (MMA, 10:38-13:02). Again, the complexity of financial products might cause this hesitation of involving customers directly in the product development, but despite this, the customers are still a main driver of the development of products and services in these two banks. This is however done through data analysis of customers that e.g. measures their feedback of already developed service: *“You have to start some things up, and see what it was they (the customers ed.) were satisfied with, and what you expect in the future etc. It is constant process to become better and better, because people get used to getting a good treatment, and a good treatment today is not necessarily the same tomorrow”* (MMA, 13:21-15:55). This quote by MMA reveals a view on customers as the main driver for development, it is thus viewed as important to be close to them, and try to understand what they value - today and tomorrow. The same manager also explains how they have never analyzed the customers and the

market as much as they do now²⁷. Furthermore, the use of customer data is expected to grow in the future, where the manager expects the bank to ask people what *they* need, instead of developing the products internally. The view that customers possess important knowledge for development is supported by MME, who uses customers' online activities to track the customers' interest in different services and products. He uses customer feedback as a source for further development of the offered service: *"It's important to get feedback on whether there are some features that should be made differently, does it need to be more user friendly, do the customers miss certain features. That is actually a very important element for us"* (MME, 18:29-20:13).

6.1.3 Tasks

From the analysis so far, two mindsets were found among the interviewed managers. In the explanations of the two however, the tasks that the marketing managers perform have not been taken into account. This is because they do not follow the same pattern or logic as where otherwise found (see table 6-2 below), Appendix C provides further information.

	MMS	MMN	MME	MMA
Tasks	Leadership. Campaigns. Product development. Sponsorships. Customer relations. Marketing plans and budget. Branding, approve marketing material.	Leadership. Positioning strategy. Consistency.	Leadership & administration. Develop long-term strategy. Listening to customers demands. Innovative ²⁸ solutions. Listening to employees – learn from stakeholders.	Values. Pass on knowledge of customers. Make and keep promises – internal watchdog.

Table 6-2 Marketing managers' main tasks

6.2 DART

In the following the presence of the building blocks of co-creation, DART, are investigate.

6.2.1 Dialogue

As seen in the first part of this analysis, the customers are getting more involved and knowledgeable when it comes to financial decisions, which foster dialogue because the concept is

²⁷ This is done by looking into why people choose to become customers in the bank, and also the reasons for leaving. Leaving customers might provide the bank with knowledge of issues where improvements are needed that otherwise would not be discovered.

²⁸ The manager do not use the term innovative, but explains how "We simply have to give a qualified guess at what our customers will come to demand in 2-3-4 years, because it is not enough that we just listen to our client, we also need to be more long-term and forward-looking" (MNE, 38:42-41:01)

a conversation where the participating parties are equal, and involves issues that interests both the consumer and the firm. Furthermore, dialogue requires a forum where it can occur, and where there are certain rules of engagement in order to create an orderly and productive interaction (4.3 The Building Blocks of Co-Creation). Managers of both mindsets agree that the Internet has fostered new ways for dialogue e.g. through internet banking, online newsletters etc., and is setting a stage for a new forum for dialogue. For instance MMS explains how their bank is focused on furthering the dialogue with existing customers through: *“Electronic pension checks where there is sent an email to the customer if there have been some changes lately: Have you been married, had children, bought a house etc. Because a positive answer to such questions might mean a need for new advising, more coverage and stuff like that”* (MMS, 27:01-28:57). This dialogue is thus used to involve customers and make them engage. MME also explains how they use the online media to interact with customers, however this done to: *“Influence, but also to inform a behaviour”* (MME, 8:24-9:33), and can therefore not be categorized as actual dialogue. Because of the increase of online interaction all the interviewed managers have seen a decrease of face-to-face meetings, but at the same time all they all believe that such meetings are necessary and good: *“It is often the case that the pension adviser are there to show and demonstrate”* (MMS, 15:17-16:24) This is comparable with the view that *“some things are lost by not meeting”* (MMA, 27:42-28:07). MMA, who possess a customer-oriented mindset also emphasise how it is important that the choice whether to meet face-2-face or not, should be made by the customers - not the bank, and that it is *“a dangerous idea to belief that you can force something through to the client, it must be a development process they control”* (MMA, 30:40-32:20). This particular bank has in its recent marketing campaign used an approach aimed at creating dialogue. In the campaign, the bank asked the question: “What does the idea of wealth mean to you?” To answer that question they got real people to tell their stories through tv-commercials. Furthermore, a website provides a forum where users can explore more about the campaign and participate in a competition on the “rigdoms-barometer” by creating a profile on the google map (www.wasabi.dk). After four months, the campaign had provided the bank with 11.000 new customers (kommunikationsforum.dk), and they received over 5.000 responses on the website (www.rigdomsbarometeret.dk).

6.2.2 Access

As found in the first part of the analysis, the Danish financial sector is highly influenced by loyalty programs, and thus you can only get access to a personal advisor if you have a certain amount of activity with the bank. One of the managers with a customer-oriented mindset, however provides access to a personal advisor for all the banks customers (section 6.1.2 Customer-oriented mindset). Furthermore, the internet has increased the access for the customers thanks to online self-services. Online banking has thus truly provided the customers with (almost) 24-7 access to financial service, and the overall internet-competences in Denmark ensure that most people have access to these services.

Access is not only about the accessibility of personal interaction with the banks, it is also concerned with access to operant resources i.e. knowledge and competences. This is a focus point of MME through skill-seminars that they provide for customers as well as non-customers, where these can develop their competencies regarding stock exchanges, thus providing them access to the necessary operant resources.

6.2.3 Risk

As shown in section 4.3 The Building Blocks of Co-Creation, risk assessment is by Prahalad and Ramaswamy understood as the probability of harm to the consumer. By creating dialogue, the customers are able to ask questions to firms, which in turn can help creating a more trusting relationship. One of the banks have created several blogs on their website revolving different subjects. Here people are able to comment and ask questions. This particular bank even have a so-called ‘customer ambassador’, who is employed solely with the purpose of helping customers that have had a bad experience or is stuck with a problem, and thus providing customers with a sense of security that they will get a fair treatment. Moreover, I believe that the ambassador gain valuable knowledge about what customers prefer, and how they experience the meeting with the bank.

When involving customers in co-production activities such as an active part of the product development there are some risks. One manager mentions this in relation to transparency e.g. when it becomes clear for the customer how the financial product is constructed, and where the bank earn their money, it might foster a discussion on whether this earning is fair, and *“I will dare to say that there are very few people who are not inside the system (the financial sector ed.),*

who can see what a reasonable profit is” (MMA, 10:38-13:02). This understanding of risks does however not mean that the manager do not support the increasing transparency; just that the bank has to focus on the dialogue: “It is up to us to make communications as precise as possible and as correct as possible.” (MMA, 10:38-13:02)

6.2.4 Transparency

Thanks to the high information level available for today’s customers, companies have become more transparent. And as a survey conducted by one of the case companies shows, it has also become one of the most important factors for customers – together with having a sense of safety and security. For the particular manager, this need for transparency is accommodated by having prices that are easy to understand (no hidden fees), and also how the bank has created an honest communication about the role of the bank that do not provide ‘financial advising’: *“There is no advising, and we are not trying to impose something on you, as the traditional banks have been incredibly aggressive on. And it makes a huge difference because it means that the customer does not need to focus on whether we are trying to lure him into something, to sell him something”* (MME, 28:21-30:14). In general the managers – across the two mindsets – believe the transparency to be increasing. I believe that this is a consequence of an increase of the other building blocks of co-creation, however there do not exist a common understanding among the managers how to interact with customers, and as MMS states: *“it is enormously difficult to find a consensus in the industry about these things, because it is so complex. What we believe is a good figure, others might not perceive as a good figure“* (MMS, 8:03-8:32) Even though transparency seem to be increasing one of the interviewed managers do not mention it at all during the interview (MMN), and as found in part I of the analyses, the complexity of the offered services are a barrier for transparency.

6.3 Sub conclusion

The aim of this part II of the analysis was to answer the third research question in the problem formulation:

3. *Are the marketing managers interested in co-creating value with their customer?*
a. *What mindsets do the managers possess?*

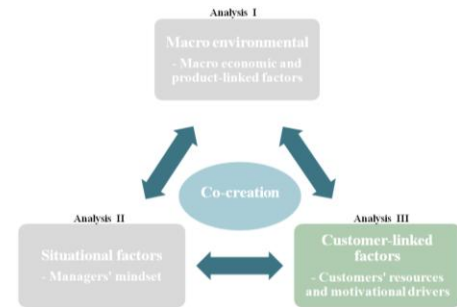
- i. Which tasks, issues and knowledge to they emphasize as important in regards to marketing management?*
 - b. How is co-creation interpreted among marketing managers?*
 - i. Are there expression of a S-D logic?*

There were found no evidence of an overall dominant marketing logic among the interviewed managers. There were however found some commonalities between the interviewed, resulting in a presentation of two mindsets; a macro-oriented-mindset and a customer-oriented-mindset. The managers with a macro-oriented-mindset emphasized macro-related issues such as demographic changes, public regulations, increasing the awareness of the bank etc. The emphasized knowledge especially focused on internal, company related knowledge and overall professional specific skill-knowledge. The managers with a customer-oriented-mindset on the other side, emphasized issues revolving around customers e.g. rebuilding trust and meeting customers' needs. Also the knowledge perceived as important was that relating to customers and their needs.

The analysis also presented the DART framework. These four building blocks enables co-creation between customers and the bank, and through the analysis such co-creation is found to take place. There are also examples of co-production activities e.g. online banking, however there is a certain reluctance among all the managers regarding involving customers in the product development process. From this it can be concluded that co-creation takes place in all the interviewed managers' banks, which indicates that the marketing managers, regardless of their mindset, are interested in co-creating value with the customers. But at the same time they are hesitant when it comes to co-production activities.

7. Analysis Part III: Customers in Danish Retail Banking

In the first and second part of the analysis, I looked at the antecedent conditions for co-creation and the mindset of marketing managers. From these two analyses and my work with the theory it became clear that a prerequisite for co-production is that the customers are motivated for engaging in such activities. The aim of this chapter is thus to answer whether Danish retail banking customers are interested in co-creating value with their bank, by engaging in co-production activities and what their motivations are in doing so.



7.1 Motivational Drivers for Co-Production

Table 7-1, provides an overview of some basic information of the five interviewed customers, including their activity level (what bank products they have), if their answers reflect an overall satisfaction with their bank²⁹, and whether they are affiliated with a local branch.

	Customer A	Customer M	Customer D	Customer S	Customer J
	Female, 26 Cand.merc. Media Planner	Female, 29 Cand.merc. Product manager	Female, 26 Cand.merc. Marketing Intern	Male, 28 Cand.merc. Senior analyst, global equities	Male, 26 Cand.merc. Student
Activity level	Overdraft facility ³⁰ Potential house loan	Overdraft facility	Overdraft facility Loan	Overdraft facility House loan Car loan	Overdraft facility House loan
Personal advisor	Yes	No	No	Yes	Yes
Interaction	Face-2-face E-mail	Phone E-mail	Face-2-face E-mail Phone	E-mail Phone	Phone. Face-2-face E-mail
Satisfied	Yes	No	Yes	Yes	Yes
Local branch	No	Yes	Yes	No	No
Interest	Very Low	Low	Medium	Very High	High

Table 7-1 Basic facts of the interviewed customers

²⁹ My assessment from the interview-answers

³⁰ A credit arrangement with a bank, allowing a person or company with an account to use borrowed money up to an agreed limit when nothing is left in the account

The customers' mindsets were investigated through the issues, tasks and knowledge emphasized, (4 Co-creation From A Theoretical Point of View), and Table 7-2 provides an overview.

	Customer A	Customer M	Customer D	Customer S	Customer J
Issues	Connection Accessibility Access to personal advisor	Accessibility Brand	(Connection) Accessibility	Connection Price Access to personal advisor	Connection Price Access to personal advisor
Tasks	Advising prof.	Advising prof. Advising soc.	Advising prof. (Advising soc). Security/control function	Relevant advising Security/control function	Relevant advising Security/control function Collaborative partner
Knowledge-level (pers.)	Low	Low	Medium	High	High
Interest	Low	Medium	Medium	High	Medium/high
Knowledge-level (bank)	Satisfying	Dissatisfying	Satisfying	Satisfying	Satisfying

Table 7-2 Results from customer interviews

Through my analysis of the data, I found a correlation between customers' operant resources, their interest in financial decisions, and how these relate to co-production activities. I therefore propose a customer-matrix (Figure 7-1). As illustrated the customers' level of operant resources and interest can vary within each category. Thus customer D for instance has a higher level of interest than M, despite their placement within the same category.

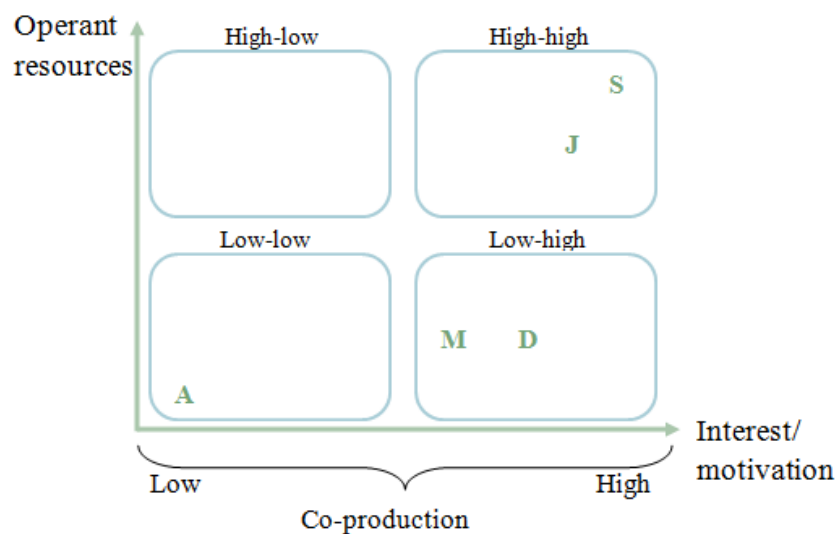


Figure 7-1 Customer-matrix

7.1.1 Issues

One of the objectives of the interviews was to investigate what motivates the customers in their choice of bank i.e. what they emphasize when they talk about the relation to their bank - what issues they find relevant.

When asked why they have chosen their particular bank, four out of the five interviewees mentions that they have some sort of **connection**, as the primary reason (A, D, S and J). Customer D differs from the other because she does not experience the connection through a personal contact, but rather by the fact that *“it has always been my bank... it has followed me, or I have followed it, or something. Clearly you have some kind of affiliation, so that is why it is my bank”* (00:23-1:00). The other customers (A, S and J), are connected to a **personal advisor**, and they actually emphasize this as a main reason for choosing their bank. For the two customers who do not have a personal advisor (M and D), the main reason is the **accessibility** i.e. whether it is possible to choose a local branch. In my views, this need for a local connection can be seen as a compensation or an attempt to create a sense of relation that they otherwise miss by not having a personal advisor. Customer A mentions accessibility as a reason, except to her this is about having many bank branches to her availability. In this context, it is worth mentioning that she just recently got assigned to a personal advisor and that her need for local accessibility might thus express an old need³¹. Customer S also expresses a wish to be affiliated with a local branch, however he compromise with this in favor of getting a good **price**. His personal connection, which provides him access to a favorable interest rate and the amount of money he can lend, and is thus affiliated with a branch 100 km.³² away. Customer J is also price sensitive, but for him this is reduced because of the good relation he has to his personal advisor: *“surely it (having a personal advisor ed.) gives me a loyalty towards the bank because if I did not have this and had to suddenly change something in my finances, I would of course shop around a lot to find the cheapest. I am after all ‘Southern Jutlander’, so of course it has to be cheap!”* (17:56-20:13). Besides the accessibility, customer M also justifies her choice of bank by the fact that *“It is a renowned bank”* (00:18-00:51). She further explains how she has tried two other banks, but felt

³¹ a need that maybe will change shen she gets used to this new relation

³² Customer S lives in Copenhagen, and his branch is in Slagelse

that they were too “*provincial*” (00:51-1:05). For M the brand is thus an important issue when choosing a bank, which could be explained by her competence level. She cannot evaluate the bank of her choice according to the services they provide, and so the safer choice is to go with the big renowned bank.

7.1.2 Tasks

The customers were also asked about the specific tasks that their bank perform. This was done by asking them to talk me through a recent contact e.g. buying an apartment, trying to raise their credit limit etc.

All interviewed customers mention providing financial advising as a main task for the bank, they do however seem to have different understandings concerning the type of advising they value. Customer A, M and D, who all express a low or medium competence level regarding taking financial decisions, highly emphasize **professional advising** i.e. advising related to the specific products and services. Furthermore for these three customers, it is not sufficient enough to get advised about the “technical” aspects of their financial decisions. They also expressed a need for a more in-depth advising. When customer M for instance wanted to learn more about the possibilities and prices for obtaining a loan as an alternative to an overdraft facility “*The response I got back, was that they could not make the decision for me*”³³(7:29-8:22). She did not get the help in assessing the personal risk profile that she needed. This kind of advise that goes beyond products and services is also valued by customer D, who is pleased that the advising she receives in the bank is a “*holistic view of the services, what you need in your life to feel safe and secure*” (6:46-8:32). For J, the advising situation should take a more collaborative approach, and he wants to co-produce the service with the bank. When he faced the decision regarding what type of house loan to choose, he researched the different possibilities and then asked the bank about the different loan types and their individual risks. “*So I talked to them about what they expected of the interest rate and so they came with their view, but I really do think she was very aware that it was our choice, and what risk we wanted to have*” (7:28-9:06). Finally customer S’s need for advising is minimal, and he sees “*no need for the bank to be someone that helps me through*” (07:17-08:20). This lacking need is probably best explained by

³³ Said in an irritated tone of voice

his job as an equity analysts together with his financial education, which means that his competences must be considered above your average bank customer's. For customer Sa task that the bank has is as a controlling function: *"Well of course they occasionally tell me 'now you have an overdraft' and such, so they obviously have a controlling function, which of course is for my own benefit, so I do not go bankrupt"* (07:17-08:20). This controlling function is also experienced, and partly valued by customer J: *"while it is annoying that someone is 'watching' your account, it is something she does - really it is a service for me"* (12:53-13:14). Along the same line, customer D feels that he bank fulfil a task of providing her with a sense of security. By making a budget and a plan for the future of her personal finances it gives her a sense of control and calm, and makes her feel responsible.

7.1.3 Knowledge

Knowledge in this context is a twofold construct. First it involves how the customers view their own knowledge level i.e. whether they possess the relevant operant resources to make financial decisions, and second how they perceive the operant resources of their bank.

Customers' Operant Resources and Interest in Financial Products

Three customers (J, S and D) share an interest in possessing financial knowledge, however their motivations are different. For customer D it is an obligation, and a part of being a grown-up: *"I see it as a part of being a responsible adult, and I actually think that I would not feel quite as good and safe if I did not manage these things. So of course it is a duty, but it is also purely out of my own interest to obtain that feeling of satisfaction that I get when these things are in order."* (9:41-11:14). For others, it is more a question of personal interest in the field, e.g. customer S has a job in the sector, and have completed a financial education where he furthermore chose an elective in personal finance. This type of motivation is shared by J: *"I read the news, and through business school studies I follow what the expectations are and all these things, so I was just as well informed as she (the advisor Ed.) was"* (16:26-17:56). The two other interviewed customers share a low interest in financial knowledge, though there also seem to be a difference in their motivation which for instance is reflected by the length of the interviews. The interview with customer A is by far the shortest, and only took eleven minutes, compared to the interview with

customer M that lasted around seventeen minutes. Furthermore, the answers of customer M were longer, and her responses were in a tone of voice that revealed a stronger emotional relation³⁴.

When asked about her personal competences in regards to taking financial decisions herself, Customer D points to the fact that her boyfriend is knowledgeable and interested in financial markets, and that she feels more capable taking financial decisions because of this; *"If I was alone I am pretty sure that I would use my banker, but the fact that I have a boyfriend who has fairly good sense about these things, and who follows what is going on in the market and whether the interest rates go up and down, etc. etc., I think that we are capable to make that decision ourselves"* (8:32-9:41). Another example of such resource integration is how customer S is able to access valuable competences through his education and employment. However, the interviews also showed that it is not everyone who integrate the resources available in their service system. Customer A has an education from a business school as well, and several of her friends are employed in the financial sector, but she do not use these available resources when facing financial choices. This might be explained by her very low interest in the field, which most likely means that personal finance is not a frequently discussed subject in her social circle, and she might not even be aware of the competences of her network.

There seem to be a relation between how the customers assess their knowledge-level, and whether they demand financial advising. Customer A, M and D who assessed their competence-level to be low or medium, emphasized financial advising to be one of the main tasks that their bank should perform. When asked whether advising was important, customer A answered *"Yes for sure! I am not able to figure that out by myself"* (A, 4:30-5:05), and another customer referred to the different loan types as *"a jungle"* (Customer M, 7:29-8:22). Furthermore, the knowledge and interest of financial issues seem to increase proportional with the activity level i.e. the more activities the customers have in the bank (e.g. loans), the higher they assess their competences. I believe this is due to how customers who have more activities in their bank, probably also have a closer and more frequent relation to it (at least when the activity is first initiated), and thus they have to relate to and consider such decisions more often. One might also expect a person's

³⁴ E.g. when asked how the communication has been customer M's answer stretches 2:52-4:06 and the answer of customer A from 3:19-3:56

interest to increase when the stakes are raised e.g. if their everyday life quality depends on having a certain loan type.

The Banks' Knowledge

Generally the interviewed customers believe that their bank's competences are sufficient, and only one (customer M) is dissatisfied. Customer A and D, who place their knowledge level low or medium are both confident with the knowledge level of their bank, and that their advisors are much more qualified in regards to financial decisions: *"no matter how smart you think you are, it is just not good enough, or it is at least nice to know - to get some input from people who actually do it for a living, and who is used to advise people, and are experienced"* (customer D, 8:32-9:41). Both customers emphasize how they trust the advise they receive: *"but I truly had a lot of trust in that guy, so that really meant a lot"* (customer A, 4:30-5:05). As mentioned, customer J and S have a high knowledge level and do not demand the same level of advising however, they both seem content with the competence-level of the bank. Opposite this satisfaction, customer M is more skeptical. When she wanted to learn more about the possibilities and prices for a loan as an alternative to an overdraft facility *"I just got the response that they could not make the decision for me, so that also shows how they are not even capable of doing a specific calculation of what the cost of the interest is for one or the other option, and how long a repayment period you want"* (customer M, 7:29-8:22). She wants personal advising from a banker who knows her and her risk profile, and because she is not connected to one advisor her needs are not met, which leaves her frustrated and dissatisfied.

7.2 Motivational Drivers for Co-Production

Until now I have looked into how the customers relate to their bank, and what they emphasize in regards to important issues, tasks and knowledge when dealing with financial decisions. During the interviews the customers were also asked whether they would consider to become actively involved with their bank in the product development process. This was done in order to gain a further understanding of the customers motivation and attitude toward co-creation. As already found in section 4.4.2 A Model of Co-Production, Etgar (2008) presented three categories of motivational drivers; economic, psychological and social. In the following I investigate whether

these can be identified among Danish retail banking customers. Table 7-3 below provides an overview of my findings.

7.2.1 Economic

Economic motivational drivers include cost savings, time savings, and reduction of risk (4.4.2 A Model of Co-Production). All the customers uses online banking on a regularly basis, and I therefore infer that convenience and cost reduction is motivational drivers across their position in the customer-matrix. *“it is also easier for myself, because I do not have to go down to the bank – so I get something out of my efforts”* (customer A, 7:44-8:15) and *“Of course I believe taht online banking is the greatest invention ever, because you can take care of all your bills, you can take care of everything in there”* (customer S, 15:20). As found earlier customer D is especially interested in having a close relation with her bank because it gives her a sense of security and control, for her a motivational driver is thus the reduction of risk. As mentioned customers in the matrix with a low or medium interest, time is an important factor. This I believe, is because they do not want to spend time on something that is not interesting, so in order to engage them, the banks should probably aim towards co-production activities that foster time-reduction.

7.2.2 Psychological Motivations

Psychological drivers can both be intrinsic and extrinsic in scope (4.4.2 A Model of Co-Production). The intrinsic drive was only identified through customer S, which I believe is because of his very high interest level. I do however believe that intrinsic drivers are not rare, as I assume people who trade shares on a regular basis, do so to seek excitement and the adventure and fun of it i.e. because of intrinsic motivational drivers. As for extrinsic value drivers, customer D expresses a drive for autonomy in the sense that being involved with the financial decisions and having a close relation with the bank actually gives her a sense of independence, control, and self-confidence. On the same note, customer A feels very insecure regarding financial decisions and the extrinsic value of experiencing self-confident might in her case prevent her to further engage.

7.2.3 Social Drive

None of the interviewed express social contact, which might be explained by how the subject of one's personal finance might be considered a personal matter not to be discussed in a social

forum. However, if we look beyond the conducted interviews there are evidence that some customers have a social motivational drive e.g. forums such as www.mybanker.dk³⁶ and www.boligdebatten.dk³⁷. Also the skill-seminars that some banks offer (6 Analysis part II - Marketing Managers' Dominant Logic) can be a facilitator of creating such networks. Furthermore an important drive especially for those who possess a high-level of competence, is the desire to control the final outcome of the financial service and the inherent feeling of hereby dominating one's own environment (customer S and J).

7.3 Sub Conclusion – Analysis Part III

From this part III of the analysis, the aim was to answer the fourth research question in the problem formulation:

4. *Are Danish customers interested in co-creating value with their bank?*
 - a. *What motivational drivers do they have when it comes to their choice of bank?*
 - b. *Are they interested in engaging in co-production activities?*

It is found that customers already engage in co-production activities, but whether they are interested in co-creating value with their bank depends on their operant resources and interest-level. Customers interest in engaging in co-production activities seem to relate to their operant resources and general interest in financial decisions. Thus it is suggested that there are different customer-types, and that these can be divided into four categories as presented in figure 7-1. Economic motivational drivers were identified among all the interviewed customers. Psychological and social drivers were found among those customers with a high interest in financial decisions. Customers within the low-low category seem to only engage in co-production activities out of economic value drivers, where customers in the high-high category seem to include all three categories of value drivers.

³⁵ Is a website that provides an overview of prices for financial products in Denmark, and the site has a debate forum where people can discuss financial subjects and ask questions.

³⁶ Is a website that provides an overview of prices for financial products in Denmark, and the site has a debate forum where people can discuss financial subjects and ask questions.

³⁷ Is a debate forum revolving around issues regarding real-estate including. The most active forum is that regarding financing house loans, where people discuss the financial aspects of investing in real-estate.

8. Discussion and Managerial Implications

The purpose of this discussion is to combine the knowledge gained from the three analyses in order to discuss the key research objective, and the implication for marketing management in Danish retail banking. Specifically, I will discuss what the *meaning of the co-creation concept is among marketing managers and customers in the Danish retail banking sector?* Through this discussion, I will bring in what was found in the theoretical chapter, and propose what practical implications my findings have. The discussion is concluded with a list of managerial implications and recommendations.

As found in the first part of the analysis, retail banking in Denmark is influenced by a few big players, though a great number of smaller local banks are present. The mobility on the market is low, which might be explained by the complexity of the offered services, which is only made more complicated by the vast use of loyalty programs. Consequently, costumers often lack the right information in order to make informed financial decisions. Though it is often not because the information is not available, but because they lack the competences to utilize it. The high level of complexity together with customers' low level of competence might decrease the value of customization. The customers need to be able to understand the difference that the customization makes in order to actually appreciate it. As found in the theoretical chapter, the S-D logic suggest that value for the customers is created after the value-exchange, and thus after the service process where the customer should be feeling better (become a beneficiary of the service). Having a S-D logic thus means understanding the market as *"processes and service flows rather than units of output"* (Vargo & Lusch 2004: 13). The market of retail banking should therefore not be seen as a market for providing financial services but e.g. as a market for creating-a-sense-of-security-while-making-dreams-come-true³⁸. The value creation of customers is phenomenological, and thus it is the individual customer who decides how and when value is created. I therefore believe that the most important job for marketing is to understand this value creation process of customers. By doing this, the marketer is able to see where in the process customers fail to meet their desired outcomes. This information could create new business opportunities for the banks, and by focusing on a market of service instead of units of output, I

³⁸ This depends on the individual customer, as value is always phenomenologically assessed

further argue that a firm gains access to a much wider range of opportunities. Companies can engage in different parts of customers' value creation process instead of just in the actual exchange transaction.

Reaching the end of work-cycle three in the process of constructing this present thesis (3.2.3 Work-Cycle 3), I was left with an understanding that the average Danish retail banking customer has very little knowledge and competence relating to their personal finances, but also that this interest seems to be increasing. As shown in figure 7-1 (customer matrix), through the customer interviews it was discovered that the interest of customers are to a high extend present among certain customer-types. The customer matrix furthermore suggests a new way of thinking about customers, as it categorises them according to their value creation process rather than their activity level that are otherwise normally used by the sector to segment and target marketing activities. Even customers with a current low interest are possible to engage. There seem to be a correlation between customers operant resources and their interest. In order to improve the latter, the banks could thus aim at increasing these customers' operant resources. Today the bank associated with MME already offer skill seminars, however this is only related to stock trading and as I argued in section 7.2.3 Social Drive, customers who engage in stock trading already possess a high level of interest. Instead the banks could offer skill seminars that aim at teaching normal customers about loan types, interest rates etc.

The important issues for the customers included, besides price; connection, accessibility, and access to a personal advisor. At the same time, *one* task that is mentioned by all is advising (though this is perceived differently among the interviewed). Because of this, I argue that co-creation for the customers is about having a close relation to their bank, as such relation ensures a relevant and trustworthy service. Furthermore the 'high-high' category is more prone to engage in co-production activities as they have more motivational activities, and in order to move customers to this category, the banks therefore should consider cultivating customers' operant resources.

8.1 Managerial Implications and Recommendations

The discussion focused on how co-creation is viewed among marketing managers and retail banking customers, and the practical implications of these. On the basis of this discussion the following list of recommendations managerial implications are thus presented.

- Think processes rather than products/services
- Think in network systems – help customers integrate resources
- Remember value-in-use and value-in-context
- Help improve customers operant resource integration
- Do things *with* people – interaction in real time
- See the customers as people and equal partners

9. Conclusion

The aim of this thesis was to contribute to a further understanding of the concept of co-creation, because this has gained interest by many marketing scholars, researchers, and consultants. However, the concept is still very theoretical in scope, and what it really means for management in the business world is still an issue that have not received much attention. I therefore set out to investigate this in the context of the Danish retail banking sector, with the problem formulation: *What is the meaning of the co-creation concept among marketing managers and customers in the Danish retail banking sector?*

To gain a theoretical understanding of the concept of co-creation Vargo and Lusch' S-D Logic was examined, because the locus of this logic is exactly how value is co-created. It was found that value co-creation always takes place, and furthermore that it happens in service systems. Accordingly the locus for value creation is the interactions between the firm and the customers, and their resource integration. The S-D logic presents a new definition of service as the process of using one's competences for the benefit of some party. The most important resources are thus operant resources i.e. competences and skills. When banks offer financial services they should thus always have the customers in mind. Because what is consumed is not the service itself, but rather the process of using it by applying ones operant resources. Consequently, the bank has to think about which resources are available to the customers. Furthermore, the theoretical chapter presented the building blocks of co-creation to be dialogue, access, risk assessment and transparency i.e. Prahalad et al.'s DART framework. Etgar (2008) draws on the work of both Vargo and Lusch (2004) and Prahalad et al. (2004), and proposes a conceptual model of co-production. This model can be used as a conscious strategy to obtain customization through co-production with customers. When looking at the concept of co-production it was found that this is a voluntary process as customers can choose to engage or not, and therefore some preconditioning factors are needed to be in place in order for co-production to meaningfully take place. These include macroeconomic conditions, product-linked, situational and customer linked factors. From these initial theoretical findings a framework for the analyses was created, and the method for investigating the problem was a data collection with an action research approach,

where the primary data consisted of qualitative semi structured interviews with marketing managers and customers.

The aim of the first analysis was to investigate whether the antecedent conditions for co-production related to macroeconomic and product linked factors were present. Overall the retail bank sector in Denmark is influenced by a few very big players, though a great number of smaller local banks are present, and the mobility on the market is low. This paradox might be explained by the complexity of the offered services that often leave consumers lacking the right information level in order to make informed financial decisions, or merely they might lack the competences to use the information available. This lack of customer competence might decrease the value of customization through co-production even though financial products should be able to accommodate such. As found in 2 *How is co-creation understood, conceptually?*, co-production is found more in some product categories than others, and because it is a mean to achieving customization, it will take place mainly in those product categories where there are: *“large and noticeable differences of product attributes among different items or brands, whether physical or perceived”* (Etgar 2008: 100). Financial products are highly dependent on the individual customer and her life situation, and through loyalty programs and product packages, mass-customization is a natural part of the sector. This customization however, is from the perspective of the customers a rather passive process and their involvement is only to provide answers for standard questionnaires. Furthermore, the complexity of the services raises the question whether the customers are even capable of appreciating such customization i.e. they must be able to understand the differences in the offerings in order to appreciate them.

The second part focuses on the situational factors i.e. managers' mindsets, as these are also a prerequisite for co-production. In this part of the analysis, the aim was also to investigate if and how co-creation of value takes place in the sector. This was investigated through the DART framework. There were found no evidence of an overall dominant marketing logic among the interviewed managers, but through some commonalities found between the interviewed, two mindsets were presented; a macro-oriented-mindset and a customer-oriented-mindset.

The managers with a macro-oriented-mindset emphasized macro-related issues such as demographic changes, public regulations, increasing the awareness of the bank etc. The emphasized knowledge especially focused on internal, company related knowledge and overall professional specific skill-knowledge. The managers with a customer-oriented-mindset on the other side, emphasized issues revolving around customers e.g. rebuilding trust and meeting customers' needs. Also the knowledge perceived as important was that relating to customers and their needs. Regarding the DART framework, the use of all four building blocks were found among the interviewed, even though there are also found examples of co-production activities (e.g. ATMs and online banking) there is a reluctance among the interviewed managers to enable the customers to come too close. All managers are thus hesitant about involving customers in the product development process.

From this it can be concluded that co-creation takes place in all the interviewed managers' banks, which indicates that the marketing managers are, regardless of their mindset, interested in co-creating value with the customers. However they are hesitant in regards to co-production activities that result in the customers gaining insight to e.g. their price policies. From the discussion it remains unclear whether the banks are able to truly achieve co-creation and relevant customization with the customers as long as they are not willing to engage more e.g. by improving the customers' operant resources.

The final and third part of the analysis focused on the customers, and their motivational drivers were investigated through the issues, tasks and knowledge that they emphasised. It was found that customers already engage in co-production activities, but whether they are interested in co-creating value with their bank depends on their operant resources and interest-level. Furthermore, the interest in engaging in co-production activities seem to be related to their operant resources and overall interest in financial decisions. Customers interest in engaging in co-production activities seem to relate to their operant resources and general interest in financial decisions. Thus it is suggested that there are different customer-types, and that these can be divided into four categories as presented in figure 7-1. Economic motivational drivers were identified among all the interviewed customers. Psychological and social drivers were found among those customers

with a high interest in financial decisions. Customers within the low-low category seem to only engage in co-production activities out of economic value drivers, where customers in the high-high category seem to include all three categories of value drivers.

From these findings, it can thus be concluded that for customers co-creation is about having a close relation to their bank, as such relation ensures a relevant and trustworthy service. For marketing managers in Danish retail banking, co-creation is about offering customization through relevant advising and offering product packages according to which level of a loyalty program the customer is.

9.1 Further Research

The S-D logic is precisely a logic, and thus an underlying philosophy for managers and organisations. Consequently it is not a theory, and it does not provide a method or specific tools for conducting marketing like for instance is the case of the 4 Ps. My findings shows that the retail banking sector is, in terms of managers mindsets and customers motivations, somewhat prone for co-production activities. However, this research do not present pragmatic business methods or tools of actual co-production strategies. In general there still need experience in the field, and one way to generate such could be by experimenting-type of studies where actual approaches were tested and evaluated.

If co-creation is a mindset it must have an effect on the internal company culture. Furthermore, engaging customers requires interactions between them and the employees, e.g. the banker needs to approach the financial advising situation in a way that focuses on the individual customer's value creation. Implemented a co-creation way of doing business must therefore call for the need to rethink the internal processes of the company. But what processes should be changed? These could include how to accommodate the data gathering of customers; how do we follow up on customers ideas, how do we communicate in a dialogue? How much do we engage and share? And so on.

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11. List of Appendices

Appendix A: Interview Guides

Appendix B: Transcripts of Marketing Manager Interviews

Appendix C: Tasks of Interviewed Marketing Managers

Appendix D: Transcripts of Customer Interviews

Appendix E: Recent Advertising Campaigns from Chosen Banks

All appendices can be found on the enclosed CD-ROM