

Determining a Bank's Customer Value Proposition based on Customer Value Dimensions

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ABSTRACT,

The Customer Value Proposition (CVP) plays a critical role in communicating an organization's strategy to create and provide value to its customers. Researchers and practitioners increasingly use the term CVP for marketing purposes, yet the concept remains poorly understood and rarely implemented, specifically in the banking industry. In response, this work identifies how banks can define a competitive CVP based on value dimensions bank managers and employees deemed to be most important to their customers in the Online Customer Experience. By first conducting a critical literature review that explains terms such as CVP, OCE and Customer Value Dimensions, a general understanding will be created, followed by an analysis of six expert interviews aimed at identifying important aspects of the service offering to customers and how they can be integrated in the online banking application. As a result from the literature review and the interviews, three value dimensions were identified to be most important to German bank customers. Based on this value dimensions, a bank can strategically formulate a competitive CVP, tailored to what is actually appreciated by its customers.

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Keywords

Customer Value Proposition, Online Customer Experience, Banking, Customer Value, OCE, CVP

1. INTRODUCTION

Banking is a central component of economic value creation and is not only essential for economic growth, it has shaped the service sector of developed economies over the last decades. While banking practices exist for centuries, the transformation towards an information society demands traditional operating banks to continually re-develop themselves. Particularly, the extensive amplification of information technology (IT) has brought considerable changes in this information-driven sector. These changes are not only characterized by the automation of processes, but also requires banks to innovate more complex functions like electronic payment options (e.g. digital wallet).

Although banks have not been refusing to adapt to the challenges posed by technological disruptions, the emergence of financial technology companies (Fintech) challenges traditional bank business models even further by specializing on different components of a traditional bank, such as payments, lending, and access to capital markets (Cuesta et al., 2015). While traditional operating banks have physical bank branches where consumers can get financial advice, Fintech companies “generally aim to attract customers with products and services that are more user-friendly, efficient, transparent, and automated”, thereby serving the customers’ needs digitally (Dorfleitner et al., 2017, p.5). In 2019, 64% of consumers worldwide have used at least one fintech platform, up from 33% in 2017 (Global FinTech Adoption Index, 2019). This growth in consumers’ adoption highlights the importance for traditional operating banks of providing the customer with a superior online experience, in order to compete against new emerging business models.

Customer experience has been extensively studied over the last decades. Experiential Marketing, an approach that assumes consumers evaluate products based on their subjective experience rather than rational evaluations, has been introduced by Schmitt (1999). Researchers have extended the concept of customer experience into the online context where cognitive and affective aspects were identified to determine a customer’s online experience.

However, to create a superior online customer experience, companies need to know what aspects are valuable to its customers. According to Rintamäki, Kuusela & Mitronen (2007), customer value has four dimensions: 1.) Economic value 2.) Functional value 3.) Emotional value and 4.) Symbolic value. These value dimensions range from more objective to more subjective value dimensions. Once the most valuable aspects to customers are identified, and assigned to their respective value dimension, a company can strategically formulate a Customer Value Proposition (CVP), that outlines what the company offers, to whom, and how the customer will be served; i.e. how value will be created and transmitted to customers.

Although literature, so far, provides explanations on what contributes to a competitive customer value proposition, it does not provide an approach to identify a customer value proposition, specifically designed for the use in the banking industry. Therefore, the goal of this paper is to answer the following *research question*: **How to set a customer value proposition for banks based on value dimensions bank managers deem to be most important to their customers in their online experience?**

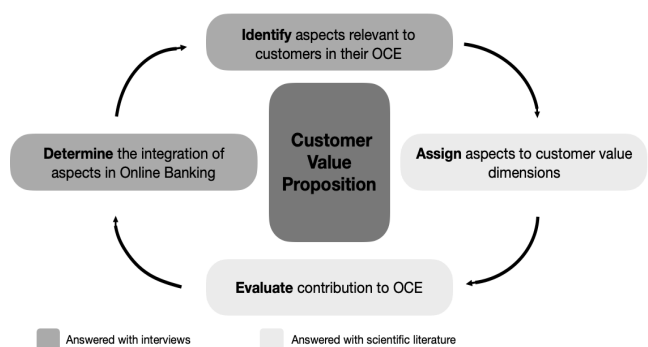
In order to answer the primary research question, sub-questions will be defined and used as a guideline to come to a conclusion. These sub-questions are to be seen as a sequential process, in which one builds upon the previous one, ultimately leading to the final answer to the primary research question. It is important to notice, that sub-questions (1) and (4) are answered through expert interviews, thereby the position is taken from a company’s perspective rather than analyzing customer review data. Yet the data obtained from the expert interviews is expected to adequately represent the customer’s point of view as it is assumed that bank managers and employees are aware of aspects that are relevant to their customers. Moreover, a critical analysis of data gathered from expert interviews in addition to data directly obtained from customers is likely to exceed the research limitation of ten pages. Therefore, the research aims at developing a CVP from a **bank’s perspective**. Sub-questions (2) and (3) will be assessed by analyzing existing scientific literature. The sub-questions are as follows:

- (1) What aspects of the service offering are most important to bank customers?
- (2) In which customer value dimension do these aspects fall?
- (3) How do these customer value dimensions contribute to online customer experience?
- (4) How do banks ensure that economical, functional, emotional and symbolic customer value dimensions are reflected in their online banking application?

By first reviewing existing literature, terms such as customer value proposition and customer experience will be defined in the context of this study. Furthermore, the impact of digitalization on the banking industry will be discussed.

The interviews are intended to get credible results in order to answer the primary research question. Therefore, several bank employees from different departments will be interviewed. The interviewees are supposed to answer the above mentioned sub-questions based on their professional experiences and their expectations.

1.1 Research Model



2. LITERATURE REVIEW

In this section, the digitalization of the banking industry (2.1) will be discussed. Additionally, the terms online customer experience (2.2) and customer value proposition (2.3) are defined and it will be clarified what these terms comprise in the context of this study.

2.1 Digitalization of the Banking Industry

According to Gartner, “Digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities”(Gartner IT Glossary, n.d.). In fact, digitalization applies to many industries and is not only disrupting the banking industry; it clearly has an impact on any industry that is driven by the exchange of information. As the banking industry heavily depends on the exchange of information, *technological disruptions* affects the way banks will operate their business in the near future (Alt & Puschmann, 2016). Although, banks have been using technology for decades, it was initially intended to be limited to the automation of back-office operations (Masoscha et al., 2011). However, the combination of technological disruptions as well as *changing consumer preferences*, causes banks to extend the use of technology in a way that the consumer can access and manage most of his banking operations digitally (Coetzee, 2018). Moreover the *emergence of Fintech* demands that banks continually improve their digital performance as Fintechs are gaining more attention by offering standardized products and services in a more efficient way than traditional banking organizations do (Pousttchi & Dehnert, 2018). According to Gulamhuseinwala, Bull & Lewis, Fintech users are adopting to these products and services because of “the better experience and functionality” that is provided by Fintech solutions (2015, p.9). Therefore, banks currently strive for innovating several processes such as financial information services (e.g. mobile apps), planning and advisory services (e.g. live messaging), payment services (e.g. online payments, digital wallet), investment services (e.g. mobile brokerage) and financing services (e.g. mortgage comparison) (Alt & Puschmann, 2012). The challenge for traditional banks lies in adjusting their business model into one that illustrates the importance of a more customer-oriented value proposition, which results in a better online customer experience.

2.2 Online Customer Experience

2.2.1 Customer Experience

Not surprisingly, customer experience has gained a considerable amount of research attention over the last decades. With the introduction of the internet, customers are enabled to express their experiences with organizations via more channels than ever before (Buckley & Webster, 2016). When customers used to visit a store personally or write a letter how they feel about a product or service, the rest of the world would not get to know their opinion. Nowadays, the amplification of social media platforms, empowers customers to directly express their experience about a product or service online, which can be seen by any other person who is willing to do so. Because human beings tend to get influenced by other opinions, companies put enormous emphasis on providing positive customer experiences in order to stimulate customers to spread their positive opinions with their network.

The early beginnings of customer experience mainly encompassed rational assumptions about customers and what

kind of product features they appreciate. In 1999, Schmitt argued that, these assumptions are outdated and need to be modernized. He came up with a new approach to marketing, which is called experiential marketing. Experiential marketing, in contrast to traditional marketing, respects the influence of the human’s emotional side (Schmitt, 1999; Thompson et al., 1989). Traditional marketing is characterized by assumptions such as: 1.) Focus on functional features and benefits, which means that customers “weigh functional features in terms of their importance, trade off features by comparing them, and select the product with the highest overall utility” (Schmitt, 1999, p.56). 2.) Product category and competition are narrowly defined. As Schmitt (1999, p.56) exemplifies “Chanel fragrances compete against Dior fragrances (and not against those (...) offered by (...) another mass market retailer)”. 3.) Customers are viewed as rational decision makers and 4.) Methods and tools are analytical, quantitative and verbal.

Experiential Marketing contributes the customer’s emotional side and covers assumptions such as: 1.) Focus on customer experiences, meaning, “experiences provide sensory, emotional, cognitive, behavioral, and relational values that replace functional values” (Schmitt, 1999, p.57). 2.) Consumption is a holistic experience. 3.) Customers are rational and emotional animals. 4.) Methods are eclectic, which means that methodological ideology is not bounded to only one method (Schmitt, 1999).

A more recent definition of customer experience was made by Schwager and Meyer, who define customer experience as “the internal and subjective response customers have to any direct or indirect contact with a company” (2007, p.2). They argue that “customer experience encompasses every aspect of a company’s offering – the quality of customer care, (...) advertising, packaging, product and service features, ease of use, and reliability” (Meyer & Schwager, 2007, p.1). As opposed to earlier researchers, Schwager and Meyer also consider indirect contacts with a company with their definition of customer experience.

2.2.2 Cognitive Online Customer Experience

Research about Online Customer Experience (OCE) appears to be denominated by the cognitive approach of Hoffman & Novak (1996). Hoffman and Novak (1997, p.2) define flow as “the state occurring during network navigation which is: 1.) characterized by a seamless sequence of responses facilitated by machine interactivity, 2.) intrinsically enjoyable, 3.) accompanied by a loss of self-consciousness, and 4.) self-reinforcing”. The flow construct has been pioneered by Csikszentmihalyi, who described it as “the holistic sensation that people feel when they act with total involvement” (Csikszentmihalyi et al., 1977, p.36). While previous researchers (e.g. Csikszentmihalyi 1990, Ghani et al. 1991, Trevino and Webster 1992, Webster et al. 1993) used the construct of flow to describe human-computer interactions, Hoffman and Novak (1996) decided to comprise consumer navigation behavior in online environments (Novak et al., 2000). According to Novak et al., “flow on the Web is a cognitive state experienced during online navigation that is determined by (1) high levels of skill and control; (2) high levels of challenge and arousal; and (3) focused attention; and (4) is enhanced by interactivity and telepresence” (2000, p.22). This cognitive state is considered to be the “optimal experience” (Csikszentmihalyi et al., 1977).

In order to fully experience the cognitive state of flow, consumers must achieve a balance between their skills and

the interaction challenges (Novak et al., 2000). Whereas, skill refers to the Web consumer's capacity for action during the online navigation process and control taps the consumer's ability for action (Azjen, 1988), challenges "specify the consumer's opportunities for action on the Web" (Novak et al., 2000, p.27). Novak et al., identified three channels of flow: the first one is anxiety which is achieved when challenge is high and skill is low. Vice versa, if skill is high and challenge is low, the consumer experiences boredom. Actual flow is achieved when Skill and Challenge correspond to one another, this means that skill and challenge are either both high or both low (Novak et al., 2000).

2.2.3 Affective Online Customer Experience

In contrast to the cognitive approach of OCE (Csikszentmihalyi 1977, Hoffman and Novak 1996, Novak, Hoffman, & Yung, 2000, Hoffman & Novak 2009), more recent studies of OCE adopt an affective component to their models (Rose et al., 2011). Variables influencing the affective component of OCE are ease-of-use, customization, connectedness, perceived control, aesthetics, and perceived benefits (Rose et al., 2012). Research that combines an individual's affective state as well as a cognitive state, has been limited to 'offline' customer experience by that time (Gentile et al., 2007). Rose et al. (2012), introduced a conceptual model based on prior research of Novak et al. (2000), in which, both a cognitive, and an affective component were added to that model, and incorporated into online environments. Based on this model, Rose et al. (2012) view OCE as "a psychological state manifested as a subjective response to the e-retailer's website" based on incoming sensory data in form of text, vision, video and audio (p.309).

2.3 Customer Value Proposition

As industries are increasingly becoming more competitive and transparent through the impact of information technology, companies are challenged to differentiate themselves from its competitors as they might offer more or less the same product or service to a comparable price. Therefore, companies emphasize the influence of having a competitive customer value proposition in order to differentiate themselves in terms of how the customer will be provided with value and how the interaction with a customer takes place.

In order to define a competitive customer value proposition (CVP), it is crucial to have a shared understanding of what contributes to a CVP. Existing literature provides several different definitions of CVP. On the one hand, CVPs can be defined from a company's perspective (Rintamäki et al., 2007; Webster Jr, 1994), yet they can also be defined from a customer's perspective (Berry et al., 2002; Smith & Wheeler, 2002). For the purpose of this study and its underlying research methodology, the focus lies on CVP's defined from a company's perspective. Webster defines customer value proposition as "A statement of how the firm proposes to deliver superior value to customers and differentiate itself from competitors" (1994, p.60). Another, more recent, definition comes from Payne et al., who argue that "A customer value proposition (CVP) is a strategic tool facilitating communication of an organization's ability to share resources and offer superior value package to targeted customers" (Payne et al., 2017, p.472). Unlike other definitions of CVP, Frow and Payne add a communicational role of a CVP to their definition.

Anderson et al. (2006) propose three different kinds of CVPs: 1.) *All benefits* value propositions, which focus on the positive features of buying and using the product or service. 2.) *favorable points of difference* value propositions, which are characterized by "elements that make the supplier's offering either superior or inferior to the next best alternative" (Anderson et al., 2006, p.5) 3.) *Resonating focus* value propositions, which are based on key benefits that are truly valued by customers. According to Anderson et al. (2006), the third value proposition is preferable because customers will perceive the company as highly focused on the most relevant benefits (Payne & Frow, 2011).

Rintamäki et al. define CVP as "A strategic management decision on what the company believes its customers value the most and what it is able to deliver that gives it competitive advantage" (Rintamäki et al., 2007, p.624). They propose four key dimensions of customer value: 1.) Economic value 2.) Functional Value 3.) Emotional value 4.) Symbolic Value. Smith and Nagle (2005, p.41) define economic value as a "product's objective monetary worth to a customer adjusted for the availability of competitive substitute products". According to Rintamäki et al., (2007), economic value is created by resources and competencies based on economies of scale. Functional value is defined by Sheth et al. as the "perceived utility derived from an alternative's capacity for functional, utilitarian, or physical performance" (Sheth et al., 1991, p.161). As a result, functional value is perceived when time, physical and cognitive effort is low when finding the right product (Rintamäki et al., 2007). Emotional value is defined by Sheth et al. (1991, p.161) as "perceived utility derived from an alternative's capacity to arouse feelings or affective states." Rintamäki et al. (2007, p.628) argue that "the use of visual, auditory, olfactory, sensory and even gustatory clues may be an effective way to create emotional customer value." Lastly, "symbolic value emphasizes self-expressions through socially interpreted codes embedded in consumption" (Rintamäki et al., 2007, p.629). These customer value dimensions range from more objective to more subjective value dimensions respectively (Rintamäki et al., 2007). Eventually, Rintamäki et al. (2007) argue that it is easier to identify a competitive customer value proposition when a company first considers the more objective value dimensions (Economic & Functional) as it is more difficult to identify customer values that are more subjective (Emotional & Symbolic) in nature. Additionally, a company needs to carefully consider what values are actually appreciated by its customers in order to determine and emphasize an adequate value dimension. Once, relevant value dimensions are clear, a company can set up a competitive CVP.

3. METHODOLOGY

In this section, the methodology and study design (3.1), as well as the literature sources (3.2) used to find answers on sub-questions (2) and (3) are explained and justified.

3.1 Methodology and Study Design

In order to answer the primary research question, this paper provides a critical assessment of existing scientific literature in combination with expert interviews. Following a sequential process, in which the answer of sub-question (1) is necessary to answer sub-question (2), which in turn is required to answer sub-question (3) and lastly sub-question (4), the primary research question will be answered by

analyzing these sub-questions step by step. Therefore, the research can be seen as a **qualitative study** that combines the results from semi-structured, face-to-face interviews with the findings of scientific literature.

Adams (2015, p.494) argues that “if you are examining uncharted territory with unknown but potential momentous issues and your interviewees need maximum latitude to spot useful leads and pursue them”, semi-structured interviews are the appropriate methodology of choice. According to Adams (2015), semi-structured interviews should not exceed a length of approximately one hour.

For the purpose of obtaining credible results, six expert interviews are considered to be appropriate as factors like time and interviewees willingness to cooperate, limit the number of interviews that can be conducted. Guest, Bunce & Johnson (2006, p.59) approve the number of six interviews by arguing “basic elements for meta-themes were present as early as six interviews”. These six interviews were transcribed from audio recordings. In order to analyze the interview transcripts, thematic content analysis (Vaismoradi et al., 2013) is the method applied to analyze the results. The data from the interviews was inductively coded resulting in six aspects of the service offering that are relevant to bank customers.

The interviewees were selected based on their current profession and their specific expertise with respect to the proposed research. Based on the research question, the interviewees needed to have insights about banking practices, customer preferences, and bank’s digital strategy. Thus, it is important to have interviewees from different bank departments to ensure a variety of different experiences and obtain valuable insights. The interviewees are all treated anonymous and received a number based upon the date they were interviewed (First one interviewed = Interviewee Nr.1). Additionally, interviewees are shortly described by their gender and their respective work position in the bank.

Finally, it is important to notice that this research aims at identifying a CVP from the company’s perspective because recent literature streams address CVP creation from the customer’s perspective and little research attention has been put on the company’s perspective.

3.2 Literature Sources

The literature used to define concepts and definitions in the literature review part was found by browsing through academic search engines such as Scopus, Google Scholar, Semantic Scholar and Web of Science. Most of the literature is retrieved from journal articles or books. In order to define core concepts (e.g. OCE, CVP), literature is supposed to cover the early beginnings as well as more contemporary insights about concepts and theories. Besides from academic sources, reputable websites (e.g. Gartner Glossary, Accenture.com) were used to find data and statistics covering the very last years.

4. INTERVIEW RESULTS AND LITERATURE FINDINGS

In this section, the outcomes of the six expert interviews will be elaborated and used in combination with scientific literature to answer the sub-questions. The experts for the interviews were chosen based on their position in a bank. It is important to have bank employees who are in direct contact with customers in order to find aspects that are relevant to

customers (Sub-question (1)). Additionally, employees/managers were needed who are able to explain the bank’s strategy on how to integrate customer value dimensions into their online banking application (Sub-question (4)). A more detailed description of the expert’s position in the bank can be found in the Appendix. Sub-question (1) will be answered by analyzing the interview results. The results of sub-question (1) are necessary to give answers on sub-question (2). Sub-question (2) then informs sub-question (3). Sub-question (4) will be answered by analyzing the interview outcomes. Therefore, this section can be sub-divided into 5 sections. Section 4.1 reports aspects of the service offering that are most important to bank customers from a bank’s perspective. In 4.2, the interview results of 4.1 will be used to identify the customer value dimensions respective to the aforementioned aspects. Section 4.3 gives answers on how these customer value dimensions contribute to OCE. Eventually, 4.4 discovers how banks ensure that these customer value dimensions are respected in their online banking application. Section 4.5 summarizes the interview results and literature findings.

4.1 Aspects of the Service Offering

Based on the results of the expert interviews, six aspects of the service offering were identified to be the most important value creating aspects for bank customers. The digital and physical **accessibility of services, security-related aspects, personalized products and services, a wide product range, convincing online appearance** and **corporate social responsibility** were the most frequently mentioned values.

Five out of six interviewees mentioned that *accessibility of products/services* is an service offering aspect that is highly valuable to bank customers. Interviewee Nr.3 argued that “what customers value very much about cooperative banks is (...) the personal approach, i.e. we are the contact person on site, customers know whom they can turn to with their concerns”. Additionally, interviewee Nr.1 revealed “we continue to focus on convincing customers with high quality advice, (...) there is always the hint at every point: if a consultation is desired then you will be contacted by us and we will try to provide a high-quality consultation.”

Security and *personalized products and services* were mentioned by four out of six interviewees (Interviewee Nr.1, Nr.3, Nr.5, and Nr.6). Interviewee Nr.3 argued that another crucial value “is the issue of security. If we look back to the times of the financial crises, cooperative banks were big winners. The association security is actually a synonym for cooperative banks.” Interviewee Nr.5 explained it is “important to every customer that his money is handled confidentially, and that the data is not passed on”, which can also be seen as a security-related value. Personalized products and services were mentioned by four interviewees. Interviewee Nr.5 coined “in my opinion, one point that is particularly important to the customer is personalized services and product offerings.” Supporting the importance of personalized products and services, interviewee Nr.6 argued that “important values are (...) that the bank acts according to needs, that the customer stands in front of the consultant individually, i.e. that he or she can experience personal individuality”.

The fourth value identified through the expert interviews is a *wide range of product offerings*, which was mentioned by two experts (Interviewee Nr.2 and Nr.5). Yet, interviewee Nr.2 admitted that competitors like FinTech companies have advantages regarding the speed of certain processes through

the concentration of one particular service that cannot be obtained by offering a wide range of products.

Having a *convincing online appearance* was mentioned by Interviewee Nr.1 and Nr.5. Interviewee Nr.1 not only identified values that are important to bank customers, he also differentiated among different age groups. He argued that young customers “would like to have a good online presence in addition to a good service” while “older customers attach particular importance to a broad branch network”. Interviewee Nr.5 stated that “in times of digitalization, user-friendliness of the online banking application is getting more and more important to customers”.

Surprisingly, only one of the interviewees mentioned that *corporate social responsibility (CSR)* is important to bank customers. Interviewee Nr.5 argued that “sustainability is increasingly demanded by customers. Additionally, he coined that based on his experience “reputation is built upon how the customer perceives the consulting and whether someone is trying to cheat or whether it is all fair and ethical or whether there is the possibility to buy sustainable products”. Although only one interviewee mentioned CSR, it is considered to be an important aspect to bank customer because of its gain of attention over the last years.

4.2 Aspects of the Service Offering and their respective Customer Value Dimensions

Regarding the most important aspects of the service offering for bank customers which were identified in 4.1, this section aims at allocating the values to their respective customer value dimension. As can be inferred from section 2.3, Rintamäki et al. (2007) propose four key dimensions of customer value: 1.) Economic value 2.) Functional Value 3.) Emotional value 4.) Symbolic Value.

The most frequently mentioned aspect which bank customers value is accessibility of products and services. According to Sheth et al. (1991, p.160), functional value is the “perceived utility from an alternative’s capacity for functional, utilitarian, or physical performance.” Rintamäki et al (2007, p.627) extend “functional value can be defined as finding the right products with as little time and little physical and cognitive effort as possible.” Based on this definition, accessibility of products and services can be seen as a functional value. Hence, it will be assigned to the functional customer value dimension.

Secondly, four interviewees mentioned that personalized products and services is an aspect that is crucial for bank customers. This aspect can be seen as a functional value because it deals with finding the right product for the customer. Rintamäki et al. (2007, p.627) argue “functional value is often associated with products that meet the target customer’s needs”. Therefore, having a wide product range, which was coined by Interviewee Nr.2 and Nr.5, is also considered to be a functional value because a wide product range enables a bank to better match a target customer’s need.

Security was mentioned by Interviewee Nr.1, Nr.3, Nr.5, and Nr.6, hence it definitely is an important aspect to bank customers. As opposed to a wide product range and personalized products/services, security is a value which is rather emotional than functional. Sheth et al. (1991, p.161) argue that emotional value is the “perceived utility derived

from an alternative’s capacity to arouse feelings or affective states”. Customers who feel to be secured when interacting with a bank, experience an emotional state of secureness which supports the fact that security can be seen as an emotional customer value.

Just as security is an emotional customer value, so does the aspect of having a convincing online appearance. Affective states can be separated into positive affect and negative affect with the last one resulting in disgust or dislike. However, if a customer perceives a bank’s online banking application positively, it will most likely result in a feeling that transmits joy and pleasure. Thus, a convincing online appearance will be assigned to the emotional customer value dimension.

Lastly, corporate social responsibility was mentioned by only one interviewee. Rintamäki et al. (2007, p.629) argue “symbolic value emphasizes self-expression through socially interpreted codes embedded in consumption. As an example, The Body Shop value proposition “Made with passion” rests upon five company commitments: “against animal testing, support community trade, activate self-esteem, defend human rights, protect our planet” (The Body Shop, 2007). These symbolic values are important to customers of The Body Shop. Based upon Rintamäki et al.’s definition, corporate social responsibility is considered to be a symbolic aspect to bank customers and will therefore be assigned to the symbolic customer value dimension.

4.3 Customer Value Dimensions and their Contribution to OCE

In section 4.2, the most important service offering aspects which bank customers value were assigned to one of four customer value dimensions. Thereby, emotional, functional and symbolic customer values were identified. This section aims at exploring how these customer value dimensions contribute to online customer experience.

Accessibility of products and services, wide product range and personalized products and services were declared to be functional customer values. Security and having a convincing online appearance are deemed to be emotional customer values. Lastly, Corporate social responsibility is a value that is rather symbolic in its nature.

Gentile, Spiller and Noci (2007), came up with six dimensions of customer experience based upon previous work of researchers (e.g. Schmitt 1999, Fornerino et al. 2006). Those dimensions are defined as six components: 1.) Sensorial component 2.) Emotional component 3.) Cognitive component 4.) Pragmatic component 5.) Lifestyle component 6.) Relational component. These dimensions/components will be used to explain the contribution of functional, emotional and symbolic customer values to online customer experience. Although, Gentile et al.’s (2007) research is not specifically applied to online environments, the six dimensions best fit to the customer value dimensions identified in 4.2 and therefore will be used as they can also relate to online environments.

Gentile et al. (2007, p.398) define their emotional component as “a component (...) which involves one’s affective system through the generation of moods, feelings, emotions”. They argue that emotional values can generate “an affective relation with the company” which results in a positive customer experience. Emotional customer values such as security and a convincing online appearance therefore can stimulate a customer’s affective state in which he will most likely be satisfied with the experience gained with his interaction of a company’s product or service. Interviewee

Nr.5 argued with regards to the security aspects, that they try to increase a customer's experience by ensuring high quality security standards, thereby stimulating the customer's affective state in a way that he experiences secureness while interacting with the bank.

Functional customer values, such as the accessibility of products/services and a wide product range, are best described by the pragmatic component. Gentile et al. (2007, p.398), define the pragmatic component as "a component (...) coming from the practical act of doing something; in this sense the pragmatic component includes, but is not exhausted by, the concept of usability." Hence, a product that creates an outstanding practical experience, has a positive effect on a customer's experience. According to Interviewee Nr.3, functional customer values such as the accessibility of services are critical in a customer's experience. He argued, "what customers value very much about cooperative banks is (...) the personal approach, i.e. we are the contact person on site, customers know whom they can turn to with their concerns". Therefore, ensuring that the online banking provides functionality in terms of products and services contributes to a positive OCE.

Another functional customer value identified in 4.2 is personalized products and services. This value cannot be assigned to the pragmatic component because it is more about the personalization of the product/service instead of the products usability. Gentile, et al.'s (2007, p.398) relational component "can be also a means of affirmation of a social identity, inducing a sense (...) of distinction from a social group". Thus, if a customer perceives to be treated personally and individually, the effect on his experience can be positive. This theoretical assumption can be validated by Interviewee Nr.5, who argued "in my opinion, one point that is particularly important to the customer [in his OCE] is personalized services and product offerings."

According to Rintamäki et al.'s dimensions of customer value, corporate social responsibility is a symbolic customer value. It can best be described by the lifestyle component of customer experience. Gentile et al. (2007, p.398) define the lifestyle component as "a component (...) that comes from the affirmation of the system of values and the beliefs of the person often through the adoption of a lifestyle and behaviors." It contributes to a positive customer experience, if the customer can relate to the values that a company or specific product represents. Interviewee Nr.5 mentioned, with regards to CSR, that "reputation is built upon how the customer perceives the consulting and whether someone is trying to cheat or whether it is all fair and ethical or whether there is the possibility to buy sustainable products" As reputation is built upon previous customer experiences, symbolic customer values such as corporate social responsibility have indeed a positive effect on OCE.

4.4 Customer Value Dimensions in a Bank's Online Banking Application

In section 4.3, it was discussed how emotional, functional and symbolic customer value dimensions contribute to OCE. This section analyzes the expert interviews to find out how banks ensure that these customer value dimensions and their respective aspects of the service offering, which were identified in 4.1, are actually reflected in their online banking application.

Interviewee Nr.1 argued, that they try to deliver a convincing online appearance, in a sense where the online banking

application is "easy to use, shows the wide range of products; i.e. not only financial services but also insurance or building loan contracts." Next to that, the online banking application always points out that if the customer needs advice, he can contact the customer service to ask for help. However, Interviewee Nr.1 coined that it is really difficult to display a wide product range in their online banking application without making sacrifices with regards to the ease of use. He argued, "There are many small direct banks that actually only offer current accounts or a stock deposit and have a much smaller product range. Therefore, they come across much easier and more transparent to the customer."

Interviewee Nr.4 is the web content manager at VR-Bank Bonn, hence he is the one responsible to transfer customer value dimensions into the online banking application. He argued that it is crucial to ensure a high-quality online banking appearance. Additionally, he mentioned that the VR-Bank Bonn makes use of network applications. "The point is (...) we have many partners who provide us with applications or, I would say, modules which we then present as 'our offering'" This ensures a rapid availability of products and services. Just as Interviewee Nr.1, Interviewee Nr.4 also mentioned the option to get personal consultation in their online banking application. Ultimately, he mentioned that for the future it is important to increase the transparency between information gathered through physical consultation and information available in the online banking application. That way, we "have a process where the customer comes into the bank and we already know him."

Interviewee Nr.5, a customer account manager, got more into detail regarding the security-related aspect, and how it will be reflected in the online banking application. He argued, "we try to give the customer a feeling of security by using different software systems with separated passwords and accesses" (...) as well as "automatic logout, that you do not remain logged in" to reflect emotional values like secureness. Functional customer values such as user-friendliness of the online banking will be ensured through analyzing customer feedback about problems that might have occurred while using the bank's online banking application, according to interviewee Nr.5. Regarding the reflection of the symbolic customer value dimension in the online banking application, Interviewee Nr.5 mentioned that the bank offers sustainable investment funds that can also be managed digitally.

Interviewee Nr.6, a customer account manager trainee, argued "that you can (...) access accounts from anywhere, view turnover, make transfers" thereby stressing out the importance of digital accessibility and empowerment of daily consumer banking operations when it comes to the reflection of customer values and their respective dimension into the bank's online banking application. Additionally, with regards to the emotional customer value dimension, she mentioned that the security software systems, to protect the user, "are always up to date with the latest security standard" and that they are continuously working on it, in order to let the customer know, that "the money he has at the bank is in good hands."

4.5 Discussion

In section 4.1, six aspects of the service offering were identified that bank employees think their customers value the most. **Accessibility of products and services, security-related aspects, personalized products and services, a wide product range, convincing online appearance** and

corporate social responsibility were the most frequently mentioned aspects respectively.

In section 4.2, each of these aspects were allocated to one of four of Rintamäki et al.'s customer value dimensions. Table 1. illustrates the allocation of most important customer aspects to their respective customer value dimensions.

The next section 4.3 identified how functional, emotional and symbolic customer value dimensions contribute to OCE. Emotional customer values generate moods, feelings and emotions which can stimulate a customer's affective system. If these moods, feelings and emotions, generated through the interaction with a company, are perceived positively by the customer, then the outcome will be a positive customer experience. Functional customer values such as the accessibility of products/services and a wide product range, were best described by the pragmatic component of OCE based on Gentile et al.'s (2007) definition of their pragmatic component. The greater the usability or functionality of a product, the more it is likely that the online customer experience will be positive. Another value which was allocated to Rintamäki et al.'s functional customer value dimension, could not be assigned to the pragmatic component of OCE, rather it has to be seen as a relational component. The relational component assumes that if the customer is treated individually, the effect on his experience is positive. Lastly, CSR is a symbolic customer value according to Rintamäki et al.'s definition of their symbolic customer value

dimension. Symbolic customer values are best described by Gentile et al.'s lifestyle component of OCE and contributes to online customer experience if the customer can relate to the values that a company stands for.

In section 4.4, the interview outcomes were analyzed in order to find out how a bank reflect emotional, functional and symbolic customer value dimensions and their respective aspects, which were identified in 4.1, in their online banking application. Interviewee Nr.1 argued, that it is important to reflect functional customer values such as the ease of use and a wide product range by delivering a really clear online banking application. Moreover, he mentioned that the online banking application always points out the option to get personal consultation if advice is needed. This way, aspects such as the accessibility of services and personalized services are reflected in their online banking application. Additionally Interviewee Nr.4, mentioned that the bank makes use of network applications and modules which support functional values such as the accessibility of products and services. Emotional customer value dimensions are reflected through certain security standards which generate feelings of secureness. Ultimately, CSR was mentioned as an important aspect to bank customers. CSR belongs to the symbolic customer value dimension and will be reflected in the online banking application by offering sustainable investment funds which can also be accessed and managed digitally.

Table 1. Allocation of Service Offering Aspects to Customer Value Dimensions

Customer Value Dimension	Defintion	Most important Aspects to Bank Customers
Economic Value	A "product's objective monetary worth to a customer adjusted for the availability of competitive substitute products" (Smith and Nagle 2005, p.41)	
Functional Value	The "perceived utility derived from an alternative's capacity for functional, utilitarian, or physical performance" (Sheth et al., 1991, p.161) Functional value is perceived when time, physical and cognitive effort is low when finding the right product (Rintamäki et al., 2007)	<ul style="list-style-type: none"> ○ Accessibility of products/ services ○ Personalised Products and services ○ Wide product Range
Emotional Value	The "perceived utility derived from an alternative's capacity to arouse feelings or affective states." (Sheth et al., 1991, p.161)	<ul style="list-style-type: none"> ○ Security ○ Convincing online appearance
Symbolic Value	"Symbolic value emphasizes self-expressions through socially interpreted codes embedded in consumption" (Rintamäki et al., 2007, p.629)	<ul style="list-style-type: none"> ○ Corporate Social Responsibility

5. CONCLUSION

In this section, the primary research question will be answered (5.1) on the basis of the interview results and literature findings in 4.1 – 4.4. Additionally, limitations of the study will be elaborated (5.2), the academical and practical relevance will be discussed (5.3) and lastly topics for further research will be suggested (5.4)

5.1 Conclusion

This qualitative study aimed at answering the primary research question **'How to set a customer value proposition for banks based on value dimensions bank managers**

deem to be most important to their customers in their online experience'. Based on the outcome of six expert interviews and a critical literature review, it can be concluded that functional, emotional and symbolic customer value dimensions are most valuable to bank customers in their online customer experience. These value dimensions were identified based on six aspects of the service offering that bank employees think their customers find most valuable. The most frequently mentioned aspects were: 1.) Accessibility of products/services, 2.) Security-related aspects, 3.) Personalized products and services, 4.) A wide product range, 5.) Convincing online appearance and 6.) Corporate Social Responsibility.

Furthermore, it can be suggested that functional customer value dimensions are even more important than emotional and symbolic customer value dimensions as three of the most important aspects to bank customers were allocated to the functional dimension, whereas two aspects were allocated to the emotional dimension and only one aspect belongs to the symbolic customer value dimension. Nonetheless, it is not recommended to put too much emphasis on this ranking because the interviewees were not told to rank the aforementioned aspects according to their importance to bank employees. Hence, it might be that an aspect which was not as frequently mentioned as the one mentioned most frequently, is actually considered to be more important to bank customers.

In order to determine the setup of a bank's customer value proposition, it was first analyzed what key dimensions of customer value are most important to bank customers. Resulting from the expert interviews, functional, emotional and symbolic values were identified to be most valuable to bank customers. Based on these results, a bank's value proposition should represent functional, emotional and symbolic values that the bank generates for its customers. However, depending on the bank's core competencies and resources it might be wrong to set up a customer value proposition solely on the basis of what the customer values the most; rather a bank should focus on what is valued by the customer in addition to what the bank is actually capable of delivering. For example, it might be that customers find functional, emotional and symbolic values important, however the bank is not able to create symbolic value because of the absence of certain resources and competencies. As a result, the bank should focus on emotional and functional values when setting up their customer value proposition to ensure their competencies and resources are aligned with the values that their customers find most relevant.

5.2 Limitations

One major limitation of the study is that the research is built upon aspects that bank employees think their customers value the most. Thus, the research is limited to the subjective perception of bank employees in a sense that the outcome can represent different aspects than those actually valued by customers. It would be beneficial to have data, directly obtained from bank customers (too), in order to determine and evaluate aspects that are important from a customer's perspective. Additionally, it was very difficult to find interviewees willing to participate in this study and those who were willing to participate were likely to be overchallenged with some of the interview questions. Therefore, some questions were only be answered by a couple of interviewees making it more difficult to draw conclusions.

Another limitation is that some concepts (Gentile et al., 2007, Rintamäki et al. 2007) were initially applied to different contexts. Gentile et al.'s dimensions of customer experience were not used in online contexts, but yet were used to define how customer value dimensions contribute to online customer experience. Additionally, Rintamäki et al.'s customer value dimensions are actually intended to identify competitive customer value propositions in a retail context.

5.3 Academic and Practical Relevance

The academic relevance of this paper is that it contributes to existing literature concerning the concept of customer value

propositions, in a way that this research identifies, specifically applied to the banking industry, important customer value dimensions which are critical to determine before setting up a value proposition.

The practical relevance of this paper is that bank managers can use this paper as a guideline to (re)define a customer value proposition. The paper informs about the importance of first identifying relevant customer value dimensions and their contribution to the customer's online experience. Additionally, the paper identifies three customer value dimensions which are important to bank customers of a German cooperative bank.

5.4 Further Research

Based on the limitations of the study, further research can be conducted to find out what aspects are valued by bank customers from a customer's perspective. As a result, banks could better understand relevant customer aspects and their respective customer value dimensions for the goal of creating a more customer-oriented value proposition. Interestingly, during the interviews conducted for this research, interviewee Nr.1 made a distinction in determining the relevant aspects to bank customers, based on the customer's age group. Therefore, future research could entail an extensive customer survey, in which customers from different age groups will be surveyed. Thereby, banks could even better understand what is actually valued by its older customers compared to its younger customers. Another suggestion would be to have survey data from different geographical locations about aspects relevant to customers as it is most likely that there are differences among different countries. As a consequence, banks operating in different countries could see what is relevant to their customers and thus do not have to assume that customers from country X value the same as customers from country Y.

Another suggestion for further research would be that one could analyze how existing value propositions differ between traditional operating banks and more recently emerged FinTech companies. As mentioned earlier, FinTech companies gained incredible attention over the last decade, by providing a "better experience and functionality" (Gulamhuseinwala et al., 2015, p.9). It might be worth to analyze how FinTech business models communicate their ability to share resources and deliver superior value to target customers; i.e. define their customer value proposition (Payne et al., 2017).

6. EXECUTIVE SUMMARY

Deducting from the outcomes of this research, bank managers need to carefully consider what is actually valued by their customers and how the CVP can represent relevant customer value dimensions. Therefore, a step by step guideline on how to set up a competitive CVP for banks is suggested as follows:

1. **Identify** aspects of the service offering relevant to customers in their OCE
2. **Assign** aspects to customer value dimensions
3. **Evaluate** the contribution to OCE
4. **Integrate** relevant customer aspects into Online Banking
5. **Develop** competitive Customer Value Proposition

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9. APPENDIX

Interviewee	Most important aspects to bank customer	How to ensure that customer value dimensions and their respective values are displayed in online banking application
Interviewee Nr. 1: male, chairman of the supervisory board at VR Bank Bonn	<ul style="list-style-type: none"> • Broad network of bank branches • Security • Service • Accessibility • Convincing online appearance 	<ul style="list-style-type: none"> • Having a clear online presence • Online banking needs to be easy to use • Showing wide range of products • Pointing out the possibility of reaching customer service if advice is needed
Interviewee Nr. 2: male, chairman at VR Bank Bonn	<ul style="list-style-type: none"> • Wide product range 	
Interviewee Nr. 3: male, divisional director of wealthy private clients at VR Bank Bonn	<ul style="list-style-type: none"> • Personal approachability • On-site approachability (Proximity) • Security • Rapidity 	
Interviewee Nr. 4: male, web content manager at VR Bank Bonn	<ul style="list-style-type: none"> • Regionality • Proximity 	<ul style="list-style-type: none"> • Ensure high quality online banking appearance • Rapid availability of

		<p>products and services</p> <ul style="list-style-type: none"> • Make use of network applications • Displaying the option to get personal consultation for more complex products • Increased transparency between online banking application and information gathered through physical consultation
<p>Interviewee Nr. 5: male, customer account manager at VR Bank Bonn</p>	<ul style="list-style-type: none"> • Security • Personalized service and product offerings • Confidential dealing with money and data • Digital and physical accessibility • User-friendliness of Online Banking • High quality consulting/investment • Wide product range • Corporate Social Responsibility 	<ul style="list-style-type: none"> • Security will be ensured by having different software and security systems with separated passwords • Automatic log-off from online banking to increase sense of being secure • Displaying the option to get personal consultation • Showing wide range of products • Use customer review data to increase user-friendliness of online banking • Use of robo-adviser for customer's investment via online banking application

		<ul style="list-style-type: none"> • offering sustainable investment funds and reduce amount of paper used in bank branches
<p>Interviewee Nr. 6: female, customer account manager trainee at VR Bank Bonn</p>	<ul style="list-style-type: none"> • Customer proximity • Accessibility (digital and physical) • Confidentiality • Personalized services 	<ul style="list-style-type: none"> • Being digitally accessible from anywhere • Ensure most important daily consumer operations • Displaying the option to get personal consultation either digitally or physically • Ensure always up to date security standard