E-loyalty in digital platforms -
How do the employees in banks experience their work with customer e-loyalty, individually and in relation to each other?

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Abstract
This thesis aims to study how the top management and employees in banks experience their work with customer e-loyalty in digital settings, both individually and in relation to each other. Today's bank customers desire freedom in where they conduct their business and do at the same time require a deeper personal relationship with their bank advisors. The adjustments to balance these two requirements have been a challenge for many banks. While satisfied customers often create loyalty, banks in Sweden have during the recent years experienced decreasing customer satisfaction. The digitalization within the banking sector will continue to have a big impact on the relationship between banks and their customers. By adapting a qualitative approach, the thesis aims to contribute with knowledge of how the top management and employees work with and perceive the impact digitalization has on e-loyalty. The thesis provides academic contributions, such as the insight in how top management and employees in two of Sweden’s biggest banks perceive their work with customer e-loyalty. The second contribution to the literature is a suggestion to development of the 8C model. The practical contribution is what the top management in banks should consider when mediating e-loyalty strategies to employees.

Keywords: CRM, eCRM, Digitalization, Banking, Loyalty, e-loyalty, 8C Model
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1. Introduction

1.1 Background

The competitiveness within the banking sector has increased due to deregulations, globalization and new technologies (Malik & Wood-Harper, 2009; Berger et al., 2015). New competitors have entered the financial markets and various banks experience difficulties in differentiating themselves because of the easiness of duplicating services and products (Kumar & Gangal, 2011; Schuchmann & Seufert, 2015). Creating loyalty and customer satisfaction amongst customers can be seen as a tool for differentiation and result in a high-quality relationship (Cohan et. al., 2006; Kheng et al. 2010). Customer satisfaction in banking is often defined as when a bank meets its customers’ expectations (Kumar & Gangal, 2011). Satisfied customers often create loyalty, generate positive word-of-mouth and these customers are often less price sensitive (Lam & Burton, 2006; Kumar & Gangal, 2011). Loyalty is created by continuous encounters through a period of time and when the service exceeds the customers’ expectations and is defined as customers’ repeated purchasing behavior (Kheng et al., 2010). It is cheaper for a bank to retain an existing customer than creating a new relationship (Cohen et al., 2006) and through customer satisfaction and loyalty banks can ensure the maintenance of their relationships.

The digital transformation within the banking sector has increased the customers’ power significantly, and banks are having trouble to adjust their business models to this new reality (SKI, 2017). One of the effects of digitalization of the banking sector is that the bank's customers no longer need to visit the branches during opening hours or wait in long phone queues, as most of the services are now available online (Zook & Smith, 2016 in Larsson & Viitaoja, 2017). However, this has resulted in a paradox, while today's bank customers desire freedom in where they conduct their business they at the same time require a deeper personal relationship with their bank advisors (Accenture, 2015; SKI, 2016). The adjustments to balance these two requirements is a challenge for many banks.

Customer Relationship Management (CRM) is described as the combination of people, processes and technologies which aim to understand and manage the interaction with customers (Chen & Popovich, 2003; Malik & Wood-Harper, 2009). Due to the digitalization, a shift has occurred from the offline CRM approach to the online approach, eCRM (Sivaraks et al., 2011).
eCRM is the combination of traditional CRM methodologies, techniques, and tools that are garnered through electronic commerce (Fjermestad, 2016). This strategy achieves the same benefits as traditional CRM, however, it can be formed to customize the service level specific to each customer and quickly identify and serve valuable customers online (Fjermestad, 2016). Within the banking sector, an implementation of eCRM may have a positive impact on customer loyalty and satisfaction (Dalir et al., 2017). This due to faster transactions and better interactions between the employees and customers (Dalir et al., 2017). The implementation of a CRM strategy affects the whole organization, including those who deal with customers both directly and indirectly. The change is therefore not only concentrated to an organizational level or the top management, it includes a change at the individual level, where the employee’s skill set has to be upgraded (Klaus & Nguyen, 2013). Poor implementation and management skills, and lack of acceptance among employees for the system are some of the most common reasons why CRM projects fail (Shum et al., 2008).

Relationships are created in the bank’s branches during the encounters between the customer and the employees (Ramaseshan & Julian, 1994; Peppard, 2000; Grabner-Krauter & Faullant, 2008) and because of this the branches have traditionally been seen as important as they affect the customers’ perceived image of the bank (Alvin & Mizerski, 2005). However, in Sweden a decreasing trend in the number of local branches have been observed, between 2005-2015 three of Sweden's biggest banks closed a total of 250 branches (Linder Lindberg, 2015). One type of service that has been developed through digitalization is internet banking. Internet banking allows customers to perform almost all types of banking activities by themselves at any time (Pikkarainen et al., 2004; Larsson & Viitaoja, 2016). The use of digital platforms also reduces the operating and fixed costs for the bank (Larsson & Viitaoja, 2016). Nyangosi et al. (2014) conclude that the increasing use of internet technologies has put pressure on banks when it comes to digitalization of banking services to meet their customers’ demands. The decreasing trend of bank branches and the increased use of internet-based services amongst customers has forced banks to shift the creation and maintenance of relationships from bank branches to the digitalized environment. Even though the banking sector is in the forefront when it comes to adapting to new technologies, bank customers in Sweden require more independence but at the same time require a personal relationship in the digital setting (SKI, 2017). This is especially evident amongst Sweden's biggest banks; Nordea, Swedbank, Handelsbanken, and SEB, which have experienced diminishing customer satisfaction amongst private customers because of the perceived reduction of personal contact (SKI, 2016).
Digital services help banks to build better relationships with their customers (Larsson & Viitaoja, 2016) and by continuously introducing and developing e-services, banks can ensure e-loyalty and e-satisfaction amongst their customers (Esmaeilia et al., 2013). E-loyalty will henceforth in this study be defined as a customer’s reuse of the e-banking services, and e-satisfaction defined as the overall online experience (Al-Hawari, 2014). Some researchers use the concepts loyalty and satisfaction when referring to e-loyalty and e-satisfaction, therefore we will in this study use these concepts interchangeably. Srinivasana et al. (2002) identified eight factors, the so-called 8Cs (customization, contact interactivity, care, community, convenience, cultivation, choice, and character), that a business can use to ensure e-loyalty amongst its customers. It is concluded that the greater level of satisfaction of these eight factors, the greater the e-loyalty will be.

1.2 Research gap

Digitalization has resulted in shifted demands and a desire of self-service products amongst banks customers (Accenture, 2015; SKI, 2016) but this is also a way for banks to reduce their operating costs and to increase their knowledge about their customers (Larsson & Viitaoja, 2016). The literature emphasizes that digitalization of banking products and services will continue to have an impact on the relationship between the banks and their customers (Larsson & Viitaoja, 2017). Küng et al. (2008 in Larsson & Viitaoja, 2017) argue that previous research has focused on how the bank customers experience the impact of digitalization on customer loyalty. Hoehle et al. (2012) further argue that there is a lack of knowledge of how the top management and employees work with and perceive the impact digitalization has on loyalty, which is also argued by Larsson and Viitaoja (2017). By including the top management and employees at different organizational levels a deeper understanding of how banks are working with customer e-loyalty can be given.

Therefore, this study aims to answer the research question:

*In a setting of a digitalized environment, how do the top management and employees in banks experience their work with customer e-loyalty, individually and in relation to each other?*
1.3 Aim and contribution

The aim of the study is to fill in the knowledge gap in how top management and employees work with and perceive the impact digitalization has on loyalty, and this will also be the contribution to the existing literature. Further, the study aims to broaden and develop the existing literature within this field. In today's literature, previous research has focused on how customers experience the impact of digitalisation on customer loyalty (Küng et al., 2008 in Larsson & Viitaoja, 2017) and that there is a knowledge gap in how the top management and employees experience this work (Hoehle et al., 2012; Larsson & Viitaoja, 2017). The aim is also to provide a practical contribution of how the top management in banks can develop and align their work with e-loyalty strategies to employees.

2. Theoretical framework

2.1 The banking sector and digitalization

The heart of the modern society is the banking sector and one of its functions is to provide households, corporations, and governments with credit (Berger et al., 2015). It is evident that countries with a developed banking system will “stimulate economic growth by increasing the funds available for investments and improving the quality of investments made” (Berger et al., 2015, p.1). Deregulations, globalization and new technologies (Malik & Wood-Harper, 2009; Berger et al., 2015) have resulted in entry barriers being reduced or removed and new competitors entering the financial markets (Berger et al., 2015). Various banks have experienced difficulties in differentiating themselves because of the easiness of duplicating services and products (Kumar & Gangal, 2011; Schuchmann & Seufert, 2015).

FinTech-companies, niche banks, and other financial institutions are examples of new competitors however, companies such as Google and Amazon have also entered the financial market (Bush & Moreno, 2014). These companies are now able to offer the same standardized products as traditional banks, such as checking and savings accounts to consumers (Bush & Moreno, 2014). Bush and Moreno (2014) exemplified the development of e-payments, which is one of the traditional banks top sources. In some countries, PayPal is the number one payment method and in 2013 Google launched a debit card for the Google Wallet (Bush & Moreno, 2014). The traditional banks possess some prerequisites towards their new competitors such as their large customer base, transaction data and financing opportunities (Bush & Moreno, 2014).
Bush and Moreno (2014) argue that banks “...must move further into the commercial lives of their customers. They must learn to play a greater role not just at the moment of financial transactions but before and afterwards as well”. A high-quality relationship between the bank and its customers can therefore be seen as a differentiation tool resulting in customer satisfaction and loyalty (Cohan et. al., 2006; Kheng et al. 2010).

2.1.1 Customer relationship in the banking sector

Relationship is usually created in the bank’s branches during the encounters between the customers and employees (Peppard, 2000; SKI, 2016), characterized by personal proximity and shared values (SKI, 2016). The employees at the branches knew their customers individually, understood what they wanted, and satisfied their needs through personal customized service (Peppard, 2000). However, having multiple branches also meant that the customers paid a higher price for the service (Peppard, 2000). In Sweden, a decreasing trend in the number of local branches has been observed, between 2005-2015 three of Sweden's biggest banks closed 250 branches (Linder Lindberg, 2015). Most of the remaining branches have changed from performing simple banking errands, which the customer now can perform through internet-based services, to less frequently needed transactions such as loans and investment consulting (Alvin & Mizerski, 2005). Nyangosi et al. (2014) conclude that the increased use of internet technologies has put pressure on banks when it comes to digitalization of banking services in order to meet their customers’ demand. The difference between internet banking customers and traditional banking customers is where the interaction occurs (Gupta & Khan, 2015). In the regards of the internet banking customer the interactions occur in a website-based setting while the interaction between the traditional banking customer occurs through non-website-based setting, such as meetings at bank’s branches (Gupta & Khan, 2015). Digital platforms allow the bank's customers to perform almost all types of banking activities by themselves at any time (Pikkarainen et al., 2004; Larsson & Viitaoja, 2016). The use of digitalized services also reduces the operating and fixed costs for the bank (Larsson & Viitaoja, 2016). Gupta and Khan (2015) further claim, by using digitalized tools, banks can better understand its customer and offer them more personalized and relevant offers and they further argue that the geographical and physical obstacles are also avoided.

SKI (2016) concludes that customers that have a personal relationship with their bank are more satisfied and loyal. However, in the same report conducted by SKI (2016), it was evident that bank customers are missing the personal relationship in the digital setting. 55% of the customers...
describe that having a contact person creates an atmosphere of safety and closeness, and this is not achieved in the digital platforms. In the survey conducted by SKI (2016) the customer satisfaction amongst private customers in Sweden has continued to decrease and this is especially evident amongst Sweden's biggest banks; Nordea, Swedbank, Handelsbanken, and SEB (SKI, 2016). This is also an ongoing trend in the Scandinavian area where similar patterns can be deduced (SKI, 2016). The increased physical distance between the bank branches and their customers have resulted in a decreased personal interaction and this is one given reason for this negative trend (SKI, 2016). When customers feel less commitment to their bank they tend to initiate multiple banking relationships (Larsson & Viitaoja, 2016), 47% of the private customers in Sweden have multiple banks (SKI, 2016). Some reasons for this are the easiness to switch bank, the less personal relationship throughout the digital platforms, which do not encourage customers to collect all their financial services at the same bank (SKI, 2017). Traditionally the biggest banks have been seen as the main bank for a customer however, SKI (2017) claims it is a matter of time before this difference is being erased and niche banks can also be considered as the main bank.

2.2 Customer loyalty & satisfaction

A bank’s relationship with its customers can be a key success factor when creating a competitive advantage (Srinivasan et al., 2002; Heffernan et al., 2008, Arokiasamy, 2013; Larsson & Viitaoja, 2016) and retaining an existing customer costs less for a bank than creating a new one (Cohen et al., 2006). Due to the increasing customer awareness of their rights, changing demands and the fierce competition within the financial sector it has become more important for banks to create satisfaction and loyalty amongst customers (Arokiasamy, 2013). Satisfied customers often create loyalty, generate positive word-of-mouth and these customers are often less price sensitive (Lam & Burton, 2006; Kumar & Gangal, 2011). Arokiasamy (2013) argues that dissatisfaction is one main reason to why bank customers choose to switch bank. All employees that are interacting with the bank’s customers are in the position to increase or decrease customer satisfaction, therefore it is crucial that such employees have the awareness of customers’ needs and are able to quickly respond to these (Hansemiek & Albinsson, 2004). Customer satisfaction can be achieved through meeting customers’ demands (Kumar & Gangal, 2011; Arokiasamy, 2013) and needs, which will result in long relationships and a repurchasing behavior (Arokiasamy, 2013). According to Arokiasamy (2013) and Kheng et al. (2010) loyalty is created by continuous encounters through a period of time and when the service exceeds the
customers’ expectations. Customer loyalty has been defined as “...to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition towards the provider, and considers using only this provider when a need for this service exists” (Kheng et al., 2010, p. 58). It is stated that there is a positive relationship between customer satisfaction and customer loyalty, which both are affecting each other (Ehigie, 2006). The difference between a customer's expectations of a service and their perception of it lies in how well the service has been executed (Kheng et al., 2010).

On account of the rapid change of environment due to deregulations, globalization and new technologies (Malik & Wood-Harper, 2009; Berger et al., 2015), banks experience difficulties to meet their customers’ expectations in an efficient way (Arokiasamy, 2013). Levy (2014) argues that the more a customer uses online services, the weaker the relationship with their bank becomes. Traditional banking relationships are argued to serve as a moderating factor if the customer is unsatisfied, however this moderating effect is reduced in digital platforms (Levy, 2014). Levy (2014) further argues that the more satisfied the customer are in their use of the digital service, the more loyal and committed the customer will be. This has resulted in two new terminologies; e-loyalty, which in this study will be defined as a customer’s reuse of the e-banking service, and e-satisfaction, which is defined as the overall online experience (Al-Hawari, 2014). Some researchers use the concepts loyalty and satisfaction when referring to e-loyalty and e-satisfaction and therefore in this study, we will use these concepts interchangeably.

### 2.3 Consumer relationship management

In an increasingly competitive market within the financial sector the use of Customer Relationship Management, CRM, has become more common. According to Malik and Wood-Harper (2009, p. 312), CRM helps banks “to understand the customer’s current needs, what they have done in the past, and what they plan to do in the future in order to meet their own goals”. CRM can be referred as the combination of people, processes, and technologies which aims to understand and manage the interaction with a company's customers (Chen & Popovich, 2003; Malik & Wood-Harper, 2009). In some organizations, this process is a tool specifically designed for customer communications, or a responsibility of sales/service, call centers, or marketing departments (Chen & Popovich, 2003). Due to this, the CRM process differs between organizations.
The most crucial parts of a successful implementation of CRM systems are the infrastructure, client/server computing, and business intelligence applications and digitization of processes (Peppard, 2000). These systems store, maintain and distribute customer knowledge throughout the organization, and the effectiveness of the managed information is crucial (Peppard, 2000; Chen & Popovich, 2003) and companies using CRM will have more loyal and satisfied customers (Chen & Popovich, 2003). Further, Chen and Popovich (2003) claim that additional benefits of CRM are optimization of customer service, the ability to maximize profitability and lower the costs of customer interactions.

From a customer’s view, this results in customization of products and services and simplicity regardless of the channel for interaction (Chen & Popovich, 2003). The shift from offline CRM to the electronic channels is called eCRM (Sivaraks et al., 2011). eCRM is the combination of traditional CRM methodologies, techniques, and tools that are garnered through electronic commerce (Fjermestad, 2016). This strategy achieves the same benefits as traditional CRM, however, it can be formed to customize the service level specific to each customer and quickly identify and serve valuable customers online (Fjermestad, 2016). Due to the faster transactions and better interactions between the employees and customers, an implementation of eCRM may have a positive impact on customer relationship therefore also on the customer loyalty and satisfaction (Dalir et al., 2017). Sivaraks et al. (2011) noted that there is a wide range of definitions of eCRM where some researchers use the concept CRM when referring to eCRM. Therefore, we will in this study use these concepts interchangeably.

According to Onut and Hosver (2006), by having a CRM focus banks can in an efficient way acquire and retain customers. The authors argue that when implementing CRM in banks two questions that need to be raised, what kind of information the bank wants and what the intentions are. One aspect of interest may be what life-stage the customers are in and by knowing this, banks can customize products such as mortgages. There are multiple channels for an organization to communicate to its customers, and some examples are mail campaigns, websites and through advertising (Onut & Hosver, 2006). According to Onut and Hosver (2006) banks should, for instance, collet following CRM data: responses to campaigns, and sales and purchase data.
2.4 Implementation & challenges

Despite the popularity of CRM and the maturity of the technology, the implementation failure rate is high. Dimitriadis and Stevens (2008) found that around 70% of CRM projects leads to either losses or no bottom-line improvement in company performance. It is argued that one of the main reasons for failures in CRM processes is the lack of existing methodologies in approaching the CRM implementation (Chalmeta, 2006; Foss et al., 2008). This because of the difficulties of integration and the implementation of the technological aspects of CRM (Chalmeta, 2006; Foss et al., 2008). Further, one of the main criticisms against CRM is that customers do not always have clearly formulated expectations regarding what they hope to get out of the relationship with their retailer (Buttle & Maklan, 2015 in Larsson & Viitaoja, 2017). Instead, they tend to reformulate their expectations over time (Buttle & Maklan, 2015 in Larsson & Viitaoja, 2017).

The organization needs to adapt new processes, technologies as well as new information sharing procedures throughout the whole organization (Klaus & Nguyen, 2013). The change is not concentrated to an organizational level, it includes a change at the individual level, where the employee’s skill set needs to be upgraded (Klaus & Nguyen, 2013). This can be a challenge when companies implement such strategies (Klaus & Nguyen, 2013). All employees involved in the CRM process need to readjust their way of thinking and work processes (Shum et al., 2008). Shum et al. (2008) argue that the commitment of the employees is crucial for the implementation process. In regards of a change, individuals will either cooperate or resist a change after evaluating benefits and threats (Shum et al., 2008). The change for the individuals include the use of new technologies and new business processes as well as adapt the change emotionally, all these factors are crucial in the business transformation process (Shum et al., 2008). In most large organizations, the mandate for decision making lies at top management rather than the employees which working close to the customers (Shum et al., 2008). Shum et al. (2008) conclude that it is of big importance to motivate the employees to accept the changes and move beyond their comfort zone. In the same study, it’s also stated that in most of the unsuccessful CRM projects, the management disregarded the resistance from their employees. Foss et al. (2008) further argue that CRM failures are influenced by the organization’s lack of ability to integrate CRM technologies into its existing processes. Malik and Wood-Harper (2009) have in their research investigated common failures when implementing CRM within
the financial sector, and the result revealed that some problems were poor websites and not fully trained employees.

2.5 The 8Cs

Srinivasana et al. (2002) identified eight factors, the so-called 8Cs (customization, contact interactivity, care, community, convenience, cultivation, choice, and character), that a business can use to ensure e-loyalty amongst its customers. It is concluded that the greater level of satisfaction of these eight factors, the greater the e-loyalty will be. Arya and Srivastava (2013) claim that the factors identified by Srinivasana et al. (2002) are some of the most important factors when building e-loyalty. The 8Cs are also used in Larsson and Viitaoja’s (2017) research where the authors investigate which of these factors bank employees experience as the biggest challenge to ensure customer loyalty. Further, Broekhuizen (2006) argues that these eight factors also appear to be similar to factors that will affect customers in an offline environment, and that prior research within e-loyalty highlights many of the 8Cs as important factors. It is suggested in both Srinivasana et al. (2002) and Larsson and Viitaoja’s (2017) that the eight factors affects e-loyalty and are acting independently of each other, as illustrated in figure 1. Srinivasana et al. (2002) study showed that the factors character and care had the biggest impact on e-loyalty.

Srinivasana et al. (2002, p.47) admit that there are some limitations in the development of the 8C model and state: “other variables that are jointly determined by individual- and business-level factors (such as reposed trust and satisfaction) may also impact e-loyalty”. Further, Larsson and Viitaoja (2017) used a pilot interview to ensure the clearness of the interview questions, which were derived from the 8Cs.

2.5.1 Customization

Customization is defined as how well a retailer can recognize a customer’s needs and the ability tailor the products and services based on this knowledge (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). There are several reasons why customization will affect e-loyalty, for example the probability of the customer to find something they want to pursue will increase with a customized website, and this will appeal the customers to revisit the site (Srinivasana et al., 2002; Coelho and Henseler (2012, in Larsson & Viitaoja, 2017). Therefore, they may complete their transactions more efficiently (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). Coelho
and Henseler (2012 p.862, in Larsson & Viitaoja, 2017) argue that “customisation” affects loyalty as it can signal high quality and contribute towards making a better match between customer and product”, and King et al. (2016 in Larsson & Viitaoja, 2017) claim that customization enables the feeling of increased choice amongst customers due to the impression that the company knows what the customer wants. A too wide product and service range may however irritate the customer and force them to use simplistic decision rules in order to limit the alternatives (Larsson & Viitaoja, 2017).

2.5.2 Contact interactivity

One determination to a customer’s loyalty is how well the interaction is between the retailer and its customers throughout the website (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). According to Chung et al. (2016), interactivity can be described as how well the communication is facilitated with the customer and how accessible and efficient the customer support tools are on the website. Researchers have emphasized the importance of the interaction between retailers and customers (Alba et al., 1997; Jeon & Jeong, 2016), this due to the increasing amount of information that may be presented through the interaction (Alba et al., 1997). Jeon and Jeong (2016) further argue that the more user-friendly and intuitive the website is, the more likely is the consumer to perceive the value of the website. However, a common problem that retailers have with their websites is the lack of interactivity (Srinivasana et al., 2002; Jiang et al., 2010). Some inconveniences the customer may face are difficulties with navigation and replies on questions may take several days (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). One reason to why this problem may occur is due to the website is per se static and not a communication channel between the customer and the employees (Li et al., 2015 in Larsson & Viitaoja, 2017). For a retailer to increase market shares it has to be able to interact electronically (Srinivasana et al., 2002) and through an easily navigated, accessible and customized website a firm may ensure customers return (Jeon & Jeong, 2016).

2.5.3 Cultivation

Cultivation is how well a company provides relevant information to its customers and encourage them to do repurchases over time (Srinivasana et al., 2002; King et al., 2016 in Larsson & Viitaoja, 2017). Cultivation is defined as: “...the frequency of desired information and cross-selling offers that an e-retailer provides to customers” (Srinivasana et al., 2002, p. 43). According to Srinivasana et al. (2002) cultivation is a simple and effective way for
companies to work proactively towards the customers, this can be done through email promotions. A prerequisite for effectively cultivating consumers is to have information about the customers and to use it the right way (Berger, 1998 in Larsson & Viitaoja, 2017; Khodakarami & Chan, 2014 in Larsson & Viitaoja, 2017). Amazon is one firm that has successfully adapted this; by tracking customers’ past purchases they recommend items based on that data (Srinivasana et al., 2002). Further, this kind of data will also give the firm’s a better understanding of its customers and their needs and desires (Srinivasana et al., 2002; Larsson & Viitaoja, 2017).

2.5.4 Care

How well attention a retailer pays to its customers pre- and post-purchases and the retailers ability to foster immediate transactions and long-term relationships is referred to as care (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). Customer care includes the whole process from placing the order to delivery (Larsson & Viitaoja, 2017), and the prevention of anything breaking down in the website (Jiang & Rosenbloom, 2005; Larsson & Viitaoja, 2017). Due to internet, an unsatisfied customer can by a single review express its unhappiness to others and switch instantly to the competitors (Srinivasana et al., 2002). For example, service failures may impact and lower the customers experience of the service quality and thus establish a negative behavior of customers’ repeat purchases (Srinivasana et al., 2002; Küster et al., 2016; Saurav, 2016 in Larsson & Viitaoja, 2017).

2.3.5 Choice

One advantage e-retailers has compared to traditional retailers is the wide range of products and services, this due to that e-retailers are not limited by factors such as storage space and costs (Srinivasana et al., 2002; Yu et al., 2015). Customers prefer not to deal with multiple retailers while shopping, instead they prefer to shop at one retailer with a wider range of products and services (Toufaily et al., 2013). This due to the reduced time consumption and inconvenience while searching for the products and services (Bergen et al., 1996; Srinivasana et al., 2002). Being able to offer a wider product range will according to Karlan et al. (2016, in Larsson & Viitaoja, 2017), result in customers thinking of these e-retailers before their competitors when purchasing commodities.
2.5.6 Convenience

The quality of the website may be crucial for a customer when deciding to purchase a product or a service from a firm, simplicity and the user-friendliness of the website can be referred to as the convenience of the service (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). Srinivasana et al. (2002) argue that this can decrease customer frustration and prevent customers from doing mistakes. According to Schaffer (2000) the reason to why almost a third of the consumers leave a website without purchasing anything is because of difficulties to find what they are looking for. The accessibility of information and the ability to complete transactions fast are the key ingredients to a convenient website (Joshi & Achuthan, 2016). Chuang et al. (2016) further argue as the website may be the only way for a e-retailer to interface with their customer, the quality of the website is therefore important. If the website does not fulfill these criterias the customer may not return in the future (Johnson & Verdegaal, 2016 in Larsson & Viitaoja, 2017). Larsson and Viitaoja (2017) further argue that a customer may not return if the website is perceived as illogical or uncomfortable.

2.5.7 Community

Srinivasana et al. (2002) describe a virtual community as an online place, managed by an e-retailer, where customers, both potential and existing, can exchange information and opinions regarding offered products and services. Larsson and Viitaoja (2017) share a similar definition where the central aspects are the virtual surrounding and the possibility to exchange of information regarding offers, products and services. The increasing access to internet have made it possible for customers to acquire information more easily and this may impact customers’ decision making processes (Balasubramanian & Mahajan, 2001; Wen et al., 2014). Communities make it possible to exchange information in an easy way, and compare different products (Srinivasana et al., 2002; Furner et al., 2016), and these are some reasons to why a community may affect customer loyalty (Srinivasana et al., 2002). Before buying a product or service customers usually turn to each other for information and advice (Srinivasana et al., 2002; Arockiasamy, 2013). However, Arockiasamy (2013) also argues that this also works the opposite way were dissatisfied customer share their bad experiences. Moreover, a community also makes it possible for a consumer to identify itself with a larger group (Srinivasana et al., 2002). By feeling a belonging to a retailer or a brand the customer may develop a relationship to it and thus increase their loyalty (Srinivasana et al., 2002).
2.5.8 Character

How a retailer chooses to present themselves through a website decides the character of the website (Srinivasana et al., 2002; Larsson & Viitaoja, 2017), and a retailer can differentiate themselves through the use of different inputs such as text, style and colors (Henderson & Cote, 1998; Srinivasana et al., 2002; Larsson & Viitaoja, 2017). A firm that has put some efforts into the characteristics of the webpage may develop positive associations and feelings amongst its customers, and this may in the long run enable the retailer to build a reputation and positive attitude amongst their consumers (Srinivasana et al., 2002; Levy & Hino, 2016).

Figure 1. An illustration of how the eight factors in the 8C model, who are acting independently of each other, are affecting e-loyalty.
2.6 Summary of the theoretical framework

The theoretical framework aims to answer the research question; in a setting of a digitalized environment, how do the top management and employees in banks experience their work with customer e-loyalty, individually and in relation to each other? To achieve this we found, after the conducted literature review, that the theoretical framework could be divided into three main themes which also are the headlines in the results and analysis sections:

1. **Customer loyalty and satisfaction.** Creating and maintaining customer loyalty and satisfaction have become more important within the banking sector (Arokiasamy, 2013) and customer loyalty is created through customer satisfaction (Lam & Burton, 2006; Ehigie 2006; Kumar & Gangal, 2011). Customer satisfaction can be achieved through meeting customers’ demands (Kumar & Gangal, 2011; Arokiasamy, 2013) while loyalty is created by continuous encounters through a period of time, and when the service exceeds the customers’ expectations (Kheng et al., 2010; Arokiasamy, 2013). The increasing use of digital platforms has resulted in two new terminologies; e-loyalty, which will be defined as a customer reuse of the e-service, and e-satisfaction, which will be defined as the overall online experience (Al-Hawari, 2014). Some researchers use the concepts loyalty and satisfaction when referring to e-loyalty and e-satisfaction, therefore we will in this study use these concepts interchangeably.

2. **Implementation and challenges.** Customer Relationship Management, CRM, can be referred as the combination of people, processes, and technologies which aims to understand and manage the interaction with a company's customers (Chen & Popovich, 2003; Malik & Wood-Harper, 2009). CRM usually has a positive impact on customer loyalty and satisfaction (Chen & Popovich, 2003; Dalir et al., 2017) but the implementation failure rate is high (Dimitriadis & Stevens, 2008). It is argued that two of the main reasons for failures in CRM processes are the difficulties in integration and the implementation of the technological aspects of CRM (Chalmeta, 2006; Foss et al., 2008). The change is not only concentrated to an organizational level, it includes a change at the individual level (Klaus & Nguyen, 2013). This can be a challenge when companies implement such strategies (Klaus & Nguyen, 2013). Shum et al. (2008) argue that the commitment of the employees is crucial for the implementation process.

3. **The 8Cs.** To ensure customer loyalty in a digitalized environment a business can use the 8Cs model (customization, contact interactivity, care, community, convenience, cultivation, choice,
and character) (Srinivasana et al., 2002). These factors are acting independently of each other, as shown in figure 1, and it is suggested that the greater level of satisfaction of these eight factors, the greater the e-loyalty will be. Further information about each factor can be found in section 2.5 The 8Cs.

3. Method

3.1 Research approach

Existing theories and models have been used as the foundation for the problem statement, data collection, and the analysis. This approach has similarities with the deductive research approach (Bryman & Bell, 2015). During the literature review, it was noticed that the focus has mainly been on customers’ perceptions on customer loyalty within the banking sector, rather the employees’ and top management's perceptions. This gap is also identified by Küng et al., (2008, in Larsson & Viitaoja, 2017), Hoehle et al. (2012) and Larsson and Viitaoja (2017). Therefore, this study aims to understand and explain how the top management and employees in banks experience their work with customer e-loyalty in a setting of digitalized environment, both individually and in relation to each other. This study is limited to how these specific stakeholders perceive this phenomenon. The interest lies in to understand the employees and top management's perceptions of their work with customer loyalty within the organization. By using a qualitative approach, the study will be able to understand a phenomenon from the perspective of the subjects. When the interest of the study is to gather information and opinions about members in a specific group, then a qualitative approach is a better fit rather than a quantitative one (Bryman & Bell, 2015; Saunders et. al., 2016).

By using a case study, profound and intensive insight information can be generated, this approach often results in rich, empirical descriptions and development of existing theory (Bryman & Bell, 2015; Saunders et. al., 2016). Saunders et. al. (2016) argue that a case study is appropriate when the study aims to understand effects or implications of a situation and answer questions such as how and why. Previous research about the digitalization in the banking sector have used multiple case studies to address this phenomenon (Hoehle et al., 2012), due to this, the use of multiple cases is appropriate. The main criticism towards case studies is that the result cannot be generalizable (Bryman & Bell, 2015; Saunders et. al., 2016). By applying a multiple case study, it is possible to do a comparison between different cases and to
see which aspects are unique and in common between the different cases. The information generated will likely to be more varied and fuller compared to a single case study, and further give a broader understanding of the phenomena even if it’s not fully generalizable.

By interviewing the top management and employees at different organizational levels a deeper understanding of how the banks work with customer loyalty can be given. If we only had interviewed respondents at the same level, the study would have been limited to that specific job level. By studying the whole organization, a holistic viewpoint has been taken (Saunders et. al., 2016).

### 3.2 Choice of companies

In this study, the focus has been on how the top management and employees in two of Sweden's biggest banks experience the work with consumer loyalty in digital platforms. A decreasing trend of satisfaction amongst private customer has been noted during recent years, this is especially evident amongst Sweden's biggest banks (SKI, 2016). The study only includes two of the four biggest banks. All four major banks were contacted by email however, we chose to include those banks in which many respondents could participate in order to include several levels of the organization. These banks have been active on the banking market during a long period of time, have a similar organizational structure and are offering their customers similar products and services (Swedish Bankers’ Association, 2017), which means that the study still can provide arbitrary results even if only two of the major banks are included. Further, all banks are obligated to the same regulations. According to Yin (2009) when finding a firm for a case study it is important that the firm is able to present the industry, and this is applicable for the two cases.

When designing the study, three parameters were taken into consideration; the number of banks, the number of respondents and the combination between them. The interest of the study lies in the generated information from the conducted interviews with the respondents, and not in the number of banks. The aim of the study is to explore how the employees and top management perceive the work with customer loyalty in the digital settings. Within the two chosen case banks we got the opportunity to interview several employees and the top management at different or similar levels. We could, therefore, gain a broader knowledge about the respondents’ perceptions and their work with customer loyalty. By having various respondents
on each organizational level, we were able to compare differences and similarities between the banks and the levels. For that reason, the aim of research question can be fulfilled.

3.3 Literature review

The theoretical framework was gathered from textbooks and articles, the databases that were used were Google Scholar and the Uppsala University's library database. Following keywords were used, both alone and combined: CRM, eCRM, digitalization, banking, loyalty and e-loyalty. In order to get access to relevant articles within the same topic, chain references have been used, which means that the articles referred to in relevant articles also have been used. Most of the articles which are used in the theoretical framework are peer-reviewed, which means that experts in the area have reviewed them. Some of the articles are slightly older, this means that the trustworthiness of the study could be questioned. However, the older articles have been used because they are the foundation of the research conducted today. Further, the theoretical choice may have had an impact on the result of the study, thus the study may have had another conclusion if other theories were adapted.

3.4 Data collection

To be able to address the research question, interviews with respondents at different organizational levels were conducted. The respondents were divided into two different levels: employees and top management. Employees were defined as the respondents who worked directly with the customers, while the top management were defined as the respondents who do not work directly with customers and are in charge of general organizational issues, strategies, and development. By this, the study is able to reflect a broad spectrum of the organization, further none of the respondents are working at the same branch. There were three selection criterias 1. the respondent’s job position in the bank 2. having a deep insight in the bank’s digitalization process and 3. having a direct or indirect contact with customers. All respondents fulfilled these three requirements to a satisfactory level. The respondents are further illustrated in table 1. The choice of respondents could have had an impact on the results of the study as the study includes feelings and experiences. It is important to bear in mind that the respondents interpret and feel different about similar subjects. The respondents were selected by us and did not know about their colleagues’ participation in the study, this to ensure unbiased.
<table>
<thead>
<tr>
<th>Bank</th>
<th>Interviewee</th>
<th>Position</th>
<th>Type</th>
<th>Level</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>R1</td>
<td>Office Manager</td>
<td>In person</td>
<td>Employee</td>
<td>60 min</td>
</tr>
<tr>
<td>B1</td>
<td>RM2</td>
<td>Senior manager at Business Support &amp; Development</td>
<td>In person</td>
<td>Top Management</td>
<td>50 min</td>
</tr>
<tr>
<td>B1</td>
<td>R3</td>
<td>Customer Service Agent</td>
<td>Skype</td>
<td>Employee</td>
<td>45 min</td>
</tr>
<tr>
<td>B1</td>
<td>RM4</td>
<td>Manager at Business Development</td>
<td>In person</td>
<td>Top Management</td>
<td>50 min</td>
</tr>
<tr>
<td>B2</td>
<td>RM5</td>
<td>Customer Manager</td>
<td>In person</td>
<td>Top Management</td>
<td>45 min</td>
</tr>
<tr>
<td>B2</td>
<td>R6</td>
<td>Customer Service Agent</td>
<td>In person</td>
<td>Employee</td>
<td>50 min</td>
</tr>
<tr>
<td>B2</td>
<td>R7</td>
<td>Customer Service Agent</td>
<td>In person</td>
<td>Employee</td>
<td>45 min</td>
</tr>
</tbody>
</table>

Table 1. Information about each conducted interview including: bank, interviewee, type, level, and length.

A semi-structured approach was used during the interview, which includes two interview guides (see Appendix 1 - 2). Semi-structured interviews allow the interviewers to reduce misunderstandings or to do clarifications during the interview (Bryman & Bell, 2015). After each interview, the guides were evaluated and developed based on the respondents’ answers, to make sure all the important aspects were captured. This structure is open and allows the respondent to contribute with new ideas and thoughts during the interview (Bryman & Bell, 2015) and thus mitigate the respondents to be steered to answer in a certain direction. It further allows the respondent the opportunity to give their experience about the different subjects and to highlight what they think is important (Bryman & Bell, 2015). This type of interview technique is flexible and thus, the interviewer can consider other interesting aspects that the informant says and ask-follow up questions that may not be included in the interview guide (Bryman & Bell, 2015). Due to the different levels and responsibilities the respondents have, two interview guides were created depending on which position they had. The interview guides consisted of the three main topics derived from the theoretical framework. The purpose of interview guides is to ensure that the important components are covered during the interviews.

When contacting the respondents and during the interviews, information was given about the themes. All of the interviews were conducted face-to-face, except with respondent B1R3 which was conducted through Skype, due to the geographical distance. The interviews were conducted at each informant’s office in Swedish. All of the interviews, except one, were recorded and
transcribed, this to capture all information during the interview and to make sure that no important answers were lost. The recorder might have affected the respondents in such ways that they might not feel comfortable to answer fully honestly and that they cannot respond due to business strategies, that cannot be revealed (Bryman & Bell, 2015). Bryman and Bell (2015) state that the transcription of an audio may still cause misunderstandings or that the person who is transcribing misinterpret. Each interview was transcribed by us. Because of the reasons mentioned above, all respondents were given a chance to review the transcript to make sure that everything was correct, and they were also allowed to add and develop their answers. In order to make the respondents comfortable and to get honest answers, the respondents were before the interview informed that both the name of the bank and respondent were going to be decoded. One of the interviews was not recorded because the respondent did not feel comfortable with the recorder. However, a transcription of the compiled notes was sent to the respondent to secure that our understanding and perception was correct. Furthermore, it should also be noted that if participants did not want to answer a question for whatever reason, they had the opportunity to skip that individual question.

### 3.5 Operationalization

The theoretical framework was the base for the construction of the interview guides, with the aim to answer the research question. This in accordance with Saunders et al. (2016) who argue that by basing the interview guides on the theoretical framework the analysis can be simplified. Due to this, the interview guides were divided into three themes; customer loyalty and satisfaction, implementations and challenges, and the 8Cs. Even if the three themes concerned both the top management and the employees, two interview guides were made with small differences from each other. The top management had the ability to answer the theme implementation and challenges on a more general basis for the whole organization, therefore different questions were made for them. Further, due to that all of the four major banks in Sweden are full assortments banks the factor choice in the 8C model were excluded from the results and analysis. In both cases, the banks are fulling this requirement to a satisfactory level and would not add value to the analysis.

In order to identify the different themes, we had the theoretical framework for each section as the starting point. We identified different keywords that were unique for each theme. It was noticed during the conducted interviews that some themes/factors were easier to operationalize
then others and these were: customer loyalty and satisfaction, implementation and challenges, community, contact interactivity and character. Unlike the difficult themes (customization, care, convenience, and cultivation) the easier ones were considered as easy due to simplicity to choose keywords, design questions, and being able to distinguish them when they appeared in other questions that were not especially conducted for them. However, even if there were keywords picked for the difficult themes, it could still be difficult to distinguish them when they appeared because they could fit in more than one theme. Due to this, some statements from the respondents occurs in more than one place in the results. An example of this is the claim to encourage customers to use digital platforms which occurs in both the factor care, where this can result in satisfied customers due to the quicker care of the customer and convenience, where this can result in simplification of processes.

In the forthcoming text, we go through the chosen keywords for each theme and factor and what question(s) that was made to cover these. The interview guide with top management can be found in Appendix 1 and the interview guide with employees can be found in Appendix 2.

### 3.5.1 Customer loyalty & satisfaction

Customer loyalty and satisfaction could be identified when the respondents were talking about subjects such as satisfaction, loyalty, relationships, and services in relation to customers in digital settings. With the questions 1-2 in both Appendix 1 and 2 the aim was to identify how the employees and top management perceived the bank’s work and definition of this theme.

### 3.5.2 Implementation & challenges

Implementation and challenges could be identified when the respondents were talking about subjects such as implementation, challenges, obstacles, resistances, tools, and processes connected to the organization and/or employees in the relation to the digitalization. With the questions 3-8 in both Appendix 1 and 2 the aim was to identify how the employees and top management perceived this theme within the banks.

### 3.5.3 Customization

Customization could be identified when the respondents were talking about subjects such as customization, being able to fulfill and recognizing a customer's demands and needs, and how to be able to meet a specific customers’ requests in the digital services. With the questions 9-
10 in both Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.5.4 Contact interactivity

Contact interactivity could be identified when the respondents were talking about subjects including subjects such as communication and interaction with the customer through digital setting and this interaction could include; phone, mail, chat or any social media. With the questions 11-12 and 11-13 in Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.5.5 Cultivation

Cultivation could be identified when the respondents were talking about subjects such as working proactively, providing relevant information and encouraging customers to do repurchases about the digital services. With the question 13 and 14 in Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.5.6 Care

Implementation and challenges could be identified when the respondents were talking about subjects such as attention to the customers, prevention of anything to breaking down, possibilities for leaving feedback and follow-ups in the digital settings. With the questions 14-17 and 15-17 in Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.5.7 Convenience

Convenience could be identified when the respondents were talking about subjects such as simplicity, quickness, user-friendliness and accessibility of the digital solutions. With the questions 18-19 in both Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.5.8 Community
Community could be identified when the respondents were talking about subjects such as events and communities in a digital setting. With the question 20 in both Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.5.9 Character

Character could be identified when the respondents were talking about subjects such as graphic profile, font, language or unity in web-based services. With the question 21 in both Appendix 1 and 2 the aim was to identify how the employees and top management perceived the banks work with this theme.

### 3.6 Ethical consideration

Bryman and Bell (2015) underline the importance of the ethical issues, and some important aspects are the obligation of information, the consent claim, and the anonymity requirement. These have served as guidelines when addressing the ethical consideration in this study. All respondents have prior and during the interviews been informed about the purpose of this study. Further, the participation of the respondent was voluntary, and all the respondents could at any time withdraw their participation without providing any reasons for doing so. In our results and analysis, all banks are anonymized, and the respondents are only named by their job title as the name of the banks and employees are not relevant for the analysis. The anonymization can make the respondents feel more secure, answer questions more freely and dare to be critical (Bryman & Bell, 2015). However, due to some of the banks’ peculiarities, it might be able to figure out which bank the different respondents work at.

### 3.7 Data analysis

The interviews were transcribed, and from this the data were collected and used as the foundation for the analysis. The data were structured and then we searched for specific keywords, which can be found in section 3.5 Operationalization. As a starting point, we had three themes which are central in the thesis: customer loyalty and satisfaction, implementation and challenge and the 8Cs, the transcribed material were further categorized in accordance to these themes. This secures that the essential themes are included in the analysis and further works as a link between the theoretical framework and results (Saunders et al., 2016). Qualitative studies often result in large volume of data, therefore, it is crucial that the data is
categorized to create structure and to be able to do useful interpretations (Saunders et al., 2016). In accordance with Saunders et. al. (2016) arguments, the three themes were derived from the theoretical framework, this to simplify the analysis. Further, this step helped to connect the themes with the theoretical framework, the empirical data, and analysis (Saunders et al., 2016). The procedure of the data analysis was the same for each theme.

The first step of the analysis was to compare the empirical findings from both banks and similarities and differences were identified and color coded. This was made in collaboration to ensure a unified understanding and to be able to discuss the analysis and alternative interpretations. After the coding of the interview material, we reviewed the theory were similarities and differences were found, this was done for each theme. This in accordance with Yin (2009) who argues that this is the most preferred strategy when analyzing case studies. During the conducted analysis, some statements could be analyzed or interpreted in multiple ways, an example of this can be found in section 5.2 Implementation & Challenges, where the employees at bank 1 did not seem to have knowledge of the organization's digital strategies. During one the interview the respondent was asked about digital strategies, however, the respondents couldn’t answer this and started to deviate from the question. This could also be interpreted as the respondent did not fully understand the question, but as we gave examples during the interview the answer were interpreted this way. However, our interpretations may have affected the result of this study. To be able to illustrate central empirical findings, the most relevant data and quotes from the interviews was presented in the analysis.

3.8 Trustworthiness and authenticity

A qualitative study is characterized by the uniqueness of the respondents’ perception of different phenomenon. Due to this the terminologies, validity and reliability, are not suitable as the qualitative study implies that there is one absolute truth (Bryman & Bell, 2015). In this study, the aim is not to find one truth, which is not possible because every respondent will have its own truth. To assess qualitative study two criteria must be fulfilled, trustworthiness and authenticity. (Bryman & Bell, 2015). To ensure trustworthiness through credibility, each interview was transcribed and shared with the respondents. This to ensure that we had perceived the respondents correctly.
To ensure trustworthiness through dependability colleges, friends and our thesis supervisor continuously reviewed the study during the process, here criticism and feedback were received. A fair picture is an important aspect when gaining authenticity. To ensure that the study has given a fair picture of the phenomena we have in this study interviewed different respondents at the same and different organizational levels.

4. Results

There are totally 117 banks in Sweden and the four major ones are Swedbank, Handelsbanken, Nordea and SEB (Swedish Bankers’ Association, 2017). These banks are important players in the Swedish financial market due to their size and strong position, for example, they account for 63% of the Swedish deposit market (Swedish Bankers’ Association, 2017). Another distinctive feature of the four major banks is that they are so-called universal banks, which means that the banks offering all types of financial services and products (Swedish Bankers’ Association, 2017). Due to this, both case banks in this study are fulfilling the requirements of the factor choice in the 8C model to a satisfactory level. Therefore, the factor choice will be excluded in the results and analysis. Even if there are many similarities between the major banks such as service and product offerings, there are differences in the regards of for example the target group of customers and the distribution channels (Swedish Bankers’ Association, 2017).

Our technique when we refer to an interview is in accordance with the following; the decoding for the interviews are shown at table 1 where the top management will be characterized by the letters RM while the employees will be characterized by a simple R. Further, due to all the interviews were conducted during 2018, the year will not be written out in this section or in the analysis.

4.1 Bank 1

4.1.1 Customer loyalty & satisfaction

Customer service and customer loyalty are important aspects of the bank’s business goals (B1R1; B1RM2; B1R3; B1RM4). B1RM4 further underlines that everything begins with the customer and this permeates the whole organization. B1R3 and B1RM4 state that an important strategy for the bank is to build relationships in both the local and digital settings, however B1R3 is not aware of any strategies for how to develop relationships online. The bank further
strives to give excellent customer service and through this create customer satisfaction (B1R1; B1R3; B1RM4). B1R1 and B1RM2 believe that the bank has satisfied customers.

Loyalty is defined as that the bank should keep their agreed commitments with the customers and to continuously build relationships (B1R3). However, B1R3 claims that the terminology loyalty is not discussed on daily basis. B1R3 argues that the increased digitalization has resulted in customers being less loyal to their bank; this due to the weakened relationships, the simplicity to compare banks and customers having accounts in several banks (B1R3). B1RM4 believes that the bank already has loyal customers, this due to the strong relationships the bank has with its customers. However, the maintenances of this is a constant challenge for the bank (B1R3; B1RM4).

4.1.2 Implementation & challenges

According to B1RM2, the bank has not experienced any difficulties amongst the branches when implementing digital strategies. The reactions have typically been positive due to the modernization of tools and processes, and this is something the branches have been requesting (B1RM2). Both the bank itself (B1RM2; B1R3; B1RM4) and its customers are driving the development of digital solutions forward (B1RM2; B1R3). However, B1R1 describes that the organization’s increased use of digital services is a result of the increased demand from their customers, rather than this being cost-efficient. There are some implementations that the local branches are required to implement, such as IT-related implementations (B1RM2). B1RM2 believes that one reason for the shift to a more digital focus is due to a changed customer behavior. Customers nowadays expect to meet the bank in digital platforms and B1RM2 concludes that “it is mainstream to be successful in digital platforms nowadays, which the bank also has to be...”.

When implementing digital strategies, the bank is facing many organizational challenges (B1RM2; B1RM4). The bank’s current data systems are old, and it is difficult and costly to modernize them (B1RM2). Decentralization of some IT-related processes have resulted in less cost-efficient processes, this due to coordination issues (B1RM4). Further, different geographical regions may have different strategies and it can be difficult to take all these strategies into consideration when implementing a central strategy (B1RM4). B1RM4 claims that there is a need for unity in the bank. Some other obstacles are the size of the organization.
that makes it difficult to quickly implement new strategies and gain acceptance amongst the employees (B1RM2).

According to B1RM2, it is not always that the employees have the understanding of the need to digitalize and develop existing processes, this to streamline processes and to be cost-efficient. Being cost-efficient is an important aspect for the branches (B1R1; B1RM4). However, B1R3 believes that the digitalization is a natural step for the bank and that this will create new work tasks, but the respondent has noticed that some employees have lost their jobs due to this. B1RM2 believes that humans, in general, have difficulties to face changes and easily get stuck in routines instead of looking at the bigger picture. B1RM2 concludes that resistance to change is usually due to digital immaturity or change aversion.

4.1.3 The 8Cs

4.1.3.1 Customization

The bank is decentralized, and each branch is acting as small businesses and can therefore act and make decisions on the basis of their own home market (B1R1; B1RM2; B1R3; B1RM4). Even if there are some guidelines the branches have to follow, they have to a great extent a lot of decision power (B1RM2; B1RM4). This has resulted in that every branch has the opportunity to decide and prioritize whether they want to implement a certain service and product (B1RM4). The bank has a basic assortment that the branches are able to use to customize services and products after the customers’ needs (B1R1). More engagement in the bank can result in a discount when applying for mortgages or other benefits (B1R1) and also makes it easier for the bank to customize offers (B1R3). B1RM2 and B1RM4 underline the importance of offering both digital solutions and physically meetings to the customers, and B1RM2 argues that it is important to customize every meeting.

According to B1RM2 and B1R3, it is not possible to customize the internet or mobile bank at the moment, the customer can only create simple shortcuts and pick favorites, however B1RM2 believes these options are so basic that it cannot be described as customization. B1R3 further argues that the banks’ current technology and legal restrictions limit customization. It is believed that customization options will probably be available in the future though (B1RM2).
4.1.3.2 Contact interactivity

One of the bank’s goals is to be close to the customers and how to achieve this is up to each branch (B1RM2; B1RM4). According to B1R1 and B1R3, the branches can publish their employees’ contact information on their branch page, which lies on the bank’s main webpage, to increase the interaction possibilities. This will make it easier for the customer to make contact with a specific employee. To encourage the interaction further some customers, have their own specific bank contact (B1R1; B1RM2; B1R3), and through this, a relationship is developed between the bank and the customer (B1RM2). The customer can also choose to call the central divisions of the bank (B1R1; B1R3).

To retain the personal touch when interacting with a customer through digital platforms the bank uses for example Skype, where the customer can see and talk to their contact person remotely (B1RM2; B1R3). However, B1R1 thinks that it is harder to mediate the same positive feeling in a digital meeting. B1R3 also states that interaction occurs through email, social media, the bank’s chat function and/or the mobile bank. Each branch has the opportunity to choose whether they want to use social media or not (B1R1; B1R3). B1R3 underlines that due to regulations the branches can only answer simple and general questions at the social media. Another way to interact is to send monthly emails with general economic information such as changes in taxes (B1R1; B1R3). B1R3, who is a customer to Bank 1, have not received any monthly emails so far. B1R3 believes that this could be due to that the branches can decide whether sending those emails or not.

4.1.3.3 Cultivation

The branches can also decide to take proactive actions (B1RM2; B1RM4) and through the new digital solutions, the bank is wishing to act more proactive (B1RM2). Today the central division can only advise the branches in proactive actions (B1RM4). Branches that approach customers proactive have a higher customer satisfaction, which is measured both per branch and the whole bank (B1RM2). According to B1R3, the respondent’s branch does not contact customers proactively. According to B1RM2, the bank does not any sales activity, they are instead focusing on the customer and its need. However, according to B1R3 cross-selling is a part of the employees work even if they do not call it sell.
4.1.3.4 Care

One of the aims with digitalization is to release time for the employees at the branches and reduce the administrative work (B1RM2; B1R3). The bank encourages their customers to initiate their errands in the digital platforms to save time and to help the banker to prepare the meetings in a more efficient way, one example of this is mortgage applications (B1R1; B1RM2). B1RM2 argues that the bank still needs to speed up these processes in order to stay competitive. There are no follow-ups or customer surveys about how the customer perceives their visit at the branch (B1R1; B1RM2; B1R3), the bank is instead depending on the external surveys (B1R1; B1R3). This also applies to the feedback regarding the digital settings (B1R3). B1R3 further argues that if the branches were to conduct their own surveys the samples would be too small.

According to B1RM2 and B1R3 feedback from customers goes through the branches, such as idea and complaints boxes. This is supported by B1RM4 who also adds that the feedback is continuously reviewed and is an everyday task in the bank, however B1R3 states that the feedback is not processed every day. When encountering an unhappy customer, the branch tries to find a solution and if they fail to do so they pass the complaint to the central divisions of the bank (B1RM2). According to B1RM2, the central divisions often receive ideas of improvement from the branches, it can, for example, be complaints regarding the webpage or the app. B1R3 states it is easy for an employee to give feedback. Through these channels, the employee has the opportunity to forward proposals from customers. The feedback from the central divisions about suggestions should maximum take three weeks but a complaint needs to be addressed faster (B1RM2; B1R3). B1RM2 argues that surveys indicate that most customers are happy with the existing digital solutions.

4.1.3.5 Convenience

According to B1RM4, it lies in the interest of the bank to digitalize their processes, both internally and externally. This includes both the employees at the branches and the customers which uses the digital solutions (B1RM4). B1R1 and B1R3 argue that the employees encourage the customers to use the digital solutions, this due to the reduced workload for the employees and to simplify everyday errands for the customer. B1R3 believes it is important that the digital platforms are simple to understand and use.
A shift has been noticed by B1R1 and B1R3 in the character of the errands performed at the branch, from traditional errands such as deposits and payments to access to the internet and mobile bank and technical issue. B1RM2 argues that when a customer today is making a crucial decision in their life they prefer to meet their contact person physically. The aim is that everyday errands should be performed in the digital platforms, while more complex errands should be performed at the branches (B1RM2). The bank gives the customers the tools to use the digital platforms (B1R1; B1RM2; B1R3) and by this, the customers are able to perform the same tasks to a lower or no cost compared to doing this at a branch (B1RM2; B1R3). By taking a fee for errands that the customers are able to do by themselves on the digital settings, the bank it is trying to steer the customer to use digital solutions for those errands (B1RM2).

Further, the digitalization has also simplified the work tasks for the employees (B1RM4) which indirectly have resulted in improvements for the customers. Previously it was not unusual that forms and documents, that were needed to be sent in physically to the central divisions within the bank, got lost, however through digitalizing some of these processes the bank has been able to prevent this (B1RM4). The employees have had a lot of forms to relate to and had to put in a lot effort to seek out for the right form, which also slowed down the meetings with customers (B1RM4). It was also common that the forms were incorrectly filled in and in worst case the customer was forced to revisit the branch to complete the form correctly (B1RM4). To be able to perform tasks quicker is an important aspect, especially when it comes to gaining the younger generation’s loyalty, this compared to the elderly generation.

4.1.3.6 Community

B1R1 and B1R3 argue that the branches have the opportunity to invite different customer segments to customized events. At these events, customers have the opportunity to interact and exchange opinions with each other and the employees (B1R3). However, B1R3 claims that this usually addressed towards wealthy customer segments rather than retail customers. The bank has not today any virtual communities (B1RM2; B1RM4) but this may be developed in the future (B1RM2).

4.1.3.7 Character

B1RM2 and B1RM4 believe that each branch has a great extent of decision power, one example of this is the branch webpage and social media. However, there are some guidelines and restrictions the branches must relate to (B1RM2; B1RM4) such as the graphic profile (B1RM4).
4.2 Bank 2

4.2.1 Customer loyalty & satisfaction

B2R6 and B2R7 argue that customer satisfaction is a recurrent terminology within the bank and the bank is continuously working with this. Customer satisfaction is for example used as a measurement when evaluating the employees’ performance (B2RM5; B2R6; B2R7). Due to the digitalization, the term customer service has been developed and broaden; before the bank focused solely on customer service at the branches, now the digital platforms are included (B2R6; B2R7).

The bank has a great responsibility in the work of retaining its customers, this can be achieved through excellent customer service which will result in customer loyalty and satisfaction (B2RM5; B2R7). According to B2RM5, the bank claims to work actively with customer loyalty however, this is not what B2R6 is experiencing. The respondent claims the loyalty aspect has not been prioritized by the bank, the bank has instead relied on the difficulties to switch bank (B2R6). B2R6 further claims that the bank is focusing more on gaining new customers instead of maintenance of the relationships with the existing ones and to conclude B2R6 states that when it comes to loyalty “it's all talk and no actions”. B2R6 and B2R7 have noticed that many customers are engaged in several banks, this is especially evident in the younger generation. B2R6 believes that this is due to the simplicity to switch bank online. According to B2RM5, the bank does not have any specific strategy for building and cherishing customer relationship through the digital channel, instead, the bank has a general strategy for all types of interaction. This is also supported by B2R7 who claims to have no knowledge of any strategies within the digital settings.

4.2.2 Implementation & challenges

One of the most important driving forces for digitalization is the society itself, where digitalization is impacting all industries (B2RM5). Another important driving force is the customer's’ wishes and opinions regarding the digitalization (B2RM5). Due to this, one of the bank’s main challenges is to make customers comfortable both at the branches and in the digital solutions (B2RM5), and B2RM5 further believes that even if there are advantages with digitalization, it will initially cost a lot to digitalize all the processes within the bank. Another challenge in having a digitalized focus within a big organization is that there is a long period of
time to readjust (B2RM5). All the respondents argue that the decision-making process is longer in a large and old organization. B2RM5 states that the bank needs to become quicker when implementing new processes. It is argued that the employees at the branches may have a negative attitude toward digital solutions, as it might replace their tasks (B2RM5). According to both B2B6 and B2R7, there is no resistance to digitalization amongst the employees at the branch, as there is an awareness in which way the development is heading to. However, B2R6 thinks that this is paradoxical; by pushing the customers to use digital solutions the employees at the same time reduce their work opportunities. Both B2RM5 and B2R6 believe that with the digitalization new jobs, tasks and that opportunities will arise.

4.2.3 The 8Cs

4.2.3.1 Customization

B2R6 claims that the gathering of customer information is of great importance if any contact information about the customer is missing the employee gets a message through the bank’s computer system. There is also a legal aspect that needs to be considered, all banks need to have certain information about the customers according to the law (B2R6). However, even if a lot of information is collected, B2R6 does not think that the bank is using it efficiently, and further claims that no useful CRM data is not collected at the branches. Further, B2R7 argues it is easier to offer customized service if the customers have all their financial services at the bank.

At the moment it is not possible for customers to customize their internet or mobile bank (B2RM5; B2R6; B2R7), except that the customer can choose their own picture on the start page of the app (B2R6). This is a likely scenario in the future; either that the customers design their own page or that the bank, given the customer’s profile, designs the page (B2RM5). However, B2R6 does not think that customization would make customers more satisfied. One reason to why the bank does not offer customized websites today is that the bank does not have the technology to do so (B2RM5). Even though the bank wants to customize their services and improve the customer experience regulations set limits for what is allowed (B2RM5).

4.2.3.2 Contact interactivity

B2RM5, B2R6 and B2R7 state that the interaction with the customers can occur through the mobile bank, internet bank, other apps and through the telephone bank and B2RM5 means that it is important to try to keep the chat as personal as possible. B2RM5 underlines that it is easier
to get an understanding if the customer is satisfied or not during encounters at the branches, compared to the digital settings. Further, both B2R6 and B2R7 are experiencing that the contact with the customers is less personnel today due to the increased digitalization. B2RM5, B2R6, and B2R7 further state that the bank also uses social media, such as Facebook, Twitter and Instagram to interact with customers, however B2R6 claims that the branches do not have the opportunity to create their own social media accounts. Due to regulations, the bank can only answer simple questions through social media (B2RM5). The phone is still the most used way to interact with customers however, B2R6 and B2R7 believe that the interaction in the future will occur in a chat function, skype or mail. B2RM5 further argues that it is important that customers have the opportunity to choose how to interact with the bank.

4.2.3.3 Cultivation

B2RM5 has noticed from the surveys that customers demand a more proactive bank and B2RM5 believes that such campaigns are appreciated in this regard. B2R6 argues that the bank does have some proactive activities, such as customer events, but those activities could be better planned and performed. Further, many employees do not consider that it is their task to call customer proactive and perceives this as a burden (B2R6). This may result in a carelessly executed calls where the employee does not engage (B2R6; B2R7). However, B2R6 think that this task is important as it could strengthen customer loyalty. B2RM5 underlines the importance of proactivity with customers, and this is something the bank is working continuously with. Further, B2R7 claims that an important part of the employees’ work is cross-selling digital product and services to customers. The respondent argues that the bank prefers to call it “product and services that adds value to the customer, rather than sales”.

4.2.3.4 Care

One of CRM’s main tasks is to initiate campaigns to approach customers that are self-going, where the branches, for example, may be involved and present the offer to the customers and this is an ongoing work (B2RM5). The CRM group chooses the target group which is then adapted by the bank’s computer systems (B2RM5). If the customer contacts the bank a notification for the employee will pop up on the screen, as a reminder to present the current campaign (B2RM5).

Feedback is according to B2RM5 an important aspect for the bank, and the bank is working with this in all channels, including the digital settings. The bank’s strategy is that after a meeting
with an employee at the branch, the customer receives a customer satisfaction survey (B2RM5). If the customer answers the survey, the answers will be forwarded to the employee and the branch manager (B2RM5; B2R7). Through this the employee will receive feedback directly on their performance, this also gives the employee the opportunity to contact customers who have expressed dissatisfaction (B2RM5; B2R7). Further, the collection of feedback is different depending on the interaction channel, in one channel there is a “leave a comment”- function and in others, there is a customer satisfaction survey (B2RM5). The employees also have forms in which they can write the received feedback from customers (B2RM5; B2R7). The bank is usually receiving feedback when function services are out of function or when customers are satisfied with a product or service (B2RM5). The bank is using both internal and external surveys to find out how the customers are perceiving the digital services (B2RM5).

The branches do not collect information about the digital services (B2R6; B2R7). B2R6 thinks that the surveys are insufficient because the customers who answer these are either really satisfied or really dissatisfied with the service. The surveys have indicated that customers, in general, are happy with the digital services but thinks that the number of branches and their opening hours is unsatisfactory (B2R6). Some of the elderly customers also think that the bank is pushing the digitalization too much (B2R6). Even if the bank encourages their employees to also give feedback it is difficult to find the right forum (B2R6; B2R7). B2R7 argue that the bank could improve this because the employees receive suggestions and criticism from the customers, about everything that concerns the bank. B2R6 describes the employees at the branches position as in the bottom of the organization, there is no information about where to turn to or any idea boxes. B2R6 believes that those who are creative and motivated enough will find the right person, but this requires a lot of effort.

4.2.3.5 Convenience

B2R6 and B2R7 state that the younger generation prefers not to visit the branches and rather use the digital solutions for simpler errands because the process is quicker. However, B2RM5 believes that many customers still want to meet a person physically when it comes to more difficult decisions, such as financial advising and mortgages. B2R6 and B2R7 claim that the bank is pushing its customers to use the available digital platforms. Even if this is an unofficial strategy the bank now has implemented shorter opening hours and fees on errands the customer can perform in digital settings as an incentive for this (B2R6). However, both employees argue
that the digitalization of processes, except for having a positive effect on customers, is also having a positive impact on the employees.

By digitalizing some of the administrative work the employees now have more time to focus on helping the customers. As an example of this B2R6 claims that today most contracts at the branches are still psychical and a digitalization of these would release time for the employees to focus on the customers, but also result in more secure processes and reduce the amount out lost contracts. This would have a positive impact on customers who do not need to revisit the branch again. B2RM5 states that the branches will be more like showrooms in the future, where one of the employees’ task will be to help customers in their digital environment.

The bank focuses a lot on the simplicity and user-friendliness of its digital platforms and B2R6 thinks that it should be easy to see bank statements and what services the customer has. B2RM5 argues that the bank receives a lot of positive feedback about their app, this due to the user-friendliness. If the customer has to make contact with the bank about the digital solutions, they are insufficient, this can have a negative impact on the customer satisfaction (B2R6).

4.2.3.6 Community

B2R6 and B2R7 state that the branches have some events for its customer, but these are mainly directed to wealthy customers or private banking rather than retail customers. At these events, customers have the opportunity to interact and exchange opinions with each other and the employees (B2R6; B2R7). B2R7 argue that the bank’s social media accounts can be seen as virtual communities, and they can be difficult to keep personal due to regulations and internal guidelines on how the employee should interact with customers. Further, other problems are customers expressing dissatisfaction through these interaction channels and being able to handle them in an efficient way, which can be difficult (B2R7). B2RM5 states that the bank does not have any virtual communities except form the events but may develop a this in the future.

4.2.3.7 Character

B2RM5 states that the bank strives to have the same language throughout all the interaction channels. It is important that customer does not experience any differences in language in both the app and the internet bank, B2RM5 underlines the importance of a unity.
5. Analysis

5.1 Customer loyalty & satisfaction

Within both banks, the top management and the employees argued that everything begins with the customer, and customer satisfaction includes that the focus should always be on fulfilling customers’ demands. This is in line with Kumar and Gangal (2011) and Arokiasamy (2013) definition of how customer satisfaction can be achieved. Further, all the respondents showed an awareness that dissatisfied customers may result in customers switching bank, which is in accordance with Arokiasamy (2013).

None of the respondents in either bank, expect from the employee B1R3, had a clear definition of loyalty, this even though all of the respondents found loyalty as an important aspect. However, B1R3 definition of loyalty differs from Kheng et al. (2010) definition, which demonstrates a lack of understanding of the terminology. In bank 2 the top manager states that the bank work actively with customer loyalty however, this is not what the employee B2R6 is experiencing and argues that the bank is focusing more on gaining new customers. This is partly supported by the top manager in bank 2 who states that one of CRM group’s main tasks is to increase the number of customers. It is clear that neither banks do not work according to the literature, who states that retaining an existing customer costs less for a bank than creating a new one (Cohen et al., 2006). Even though both banks are responsive to customers, which is in accordance with Hansemark and Albinsson (2004) of how an employee should act, this may still result in the banks losing customers due to failure in maintenance of customer relationships.

To build relationships with the customer in digital settings are also something that is a constant theme throughout the interviews. However, neither of the employees in both banks had a clear knowledge of the digital strategies. The top manager at bank 2 admitted that the bank does not have any specific strategy for building customer relationship in digital platforms, instead the bank has a general strategy. In Bank 1 all the respondents are stating that the bank is both local and digital, but only one top manager seemed to have an awareness of how to achieve this through the digital settings. It was noticed in the analysis that the employee B1R1 did not have an understanding of digitalization and its advantageous way while B1R3 and B2R7 admitted not knowing any strategies. According to Shum et al. (2008), the mandate for decision making lies at top management rather than the employees working close to the customers, and our
analysis indicates that this is the case in both banks. This can be one reason to why the top management has a deeper knowledge of the strategies compared to the employees. According to Shum et al. (2008), it is of importance that employees have an understanding of the implemented strategies, such as CRM processes, otherwise, this can create a lack of commitment amongst the employees, which is a risk in both banks.

5.2 Implementation & challenges

When implementing digital strategies, the banks are facing different organizational challenges (B1RM2; B1RM4; B2RM5). Two of the top managers argue that there is a risk that the employees may resist implementations connected to digitalization. This indicates that there is a consciousness that change is not concentrated to an organizational level, it includes a change at the individual level, which is in accordance with Klaus and Nguyen (2013). However, none of the three out of the four employees have experienced any resistance, the employees argue that the digital implementations are a natural step. Shum et al. (2008) argue that employees will either cooperate or resist a change after evaluating benefits and threats. In this case, it seems that the employees have an acceptance of the digital development. Further, by taking a fee for errands that can be performed on digital platforms B1RM2 and B2R6 have stated that this is one strategy to steer customers to the digital solutions. This example is according to us one strategy that motivates the employees to accept the change to a more digital environment, which is an important factor according to Shum et al. (2008).

Two of the top managers underlined that one of the implementation challenges related to digitalization is the organization itself; both organizations are big and old which have resulted in that the implementation process is too long (B1RM2; B2RM5). Other challenges related to the organization are the distribution of competence and coordination issues, such as each region and branch may have different strategies that can be difficult to unify (B1RM4). Klaus and Nguyen (2013) underline that the new processes, technologies as well as new information sharing procedures should be mediated throughout the whole organization. It is indicated in this study that these organizational issues, rather than resistance from the employees, may be a problem.
5.3 The 8Cs

A summary of the 8Cs will be presented, thereafter we will analyze how the factors are affecting e-loyalty, in relation to each other and separately.

According to all respondents, there is no customization available in the digital settings. The employees and the top management in both banks are aligned when it comes to how customers can interact with the banks, even though it is the employees who interact directly with customers. Nevertheless, the employees found it difficult to mediate the personal touch in the digital settings. The majority of all top managers believe that the bank can benefit from cultivating activities, however, neither of interviewed employees is working with this in the digital platforms. When it comes to care, both banks are mainly focusing on post-purchases, and there is a lack of focus in pre-purchases. Further, there are misalignments between the top management and employees, especially when it comes to processing feedback. All respondents have a positive view on how the digitalization can make processes more convenient for the customers, through simplification and faster processes. Further, all of the respondents were unified in the agreement that the banks today are not offering their customers any virtual communities. Even if there are some guidelines regarding the character of the graphic profile, the empirical findings showed that there are differences between the banks and the knowledge about this is primarily amongst the top management. Both banks are fulfilling the factor choice due to their nature as universal banks.

It has been indicated in this thesis that the factors are affecting each other and many of the factors are acting simultaneously in the digitalized environments. For example, the analysis showed that the respondents at each bank underlined the importance of customized contact with customers in the factor contact interactivity, and this is also connected to the banks’ work with the factor customization. Further, the analysis showed that the work with customization in both banks is based on the understanding of the customer’s needs, which is connected to work with cultivation. Our findings imply that the factors are affecting each other’s irrespective and are related.

5.3.1 Customization

Customization is defined as how well a retailer can recognize a customer’s needs and the ability to tailor the products and services based on this knowledge (Srinivasana et al., 2002; Larsson &
Viitaoja, 2017). When it comes to customization of the banks’ digital platforms, such as the mobile bank and the internet bank, there are limited opportunities for the customers in both banks (B1RM2; B1R3; B1RM4; B2RM5; B2R6; B2R7). B1RM4 and B2RM5 both argue that the banks’ current technology and legal restrictions limit customization. However, two out of the three top management believe customization will be available in the future.

Whether if the meeting occurs at the branch or in a digital solution, such as Skype it is of importance to customize every meeting (B1R1; B1RM2; B1R3; B1RM4; B2R6; B2R7) and this is in line with Peppard (2000) who argues that especially employees at the branches can offer personal customized service. However, this requires that the customer has most of their financial engagements at the bank, then the bank can gain a better understanding of that customer’s needs according to the employees B1R3 and B2R7. According to Malik and Wood-Harper (2009), CRM helps the employees to understand the customer’s current needs, what they have done in the past, and what they plan to do in the future. Gupta and Khan (2015) that banks can better understand its customer and offer them more personalized and relevant offers. Further, Onut and Hosver (2006) argue that when implementing CRM processes in banks two questions that need to be raised, what kind of information the bank wants and what the intentions are. It was noticed by us that employees at bank 1 did not collect such data at the branches and that they instead were relying on that the employees conveyed the wishes of the customers. According to the top management in bank 2 all the branches have central rules when it comes to collect CRM data however, the employee B2R6 are experiencing even though data is collected the branches do not act on it. Even if both banks can offer some customized services there are shortcomings and according to Srinivasana et al. (2002) and Coelho and Henseler (2012, in Larsson & Viitaoja, 2017), this may impact customer finding something they want to pursue negatively.

5.3.2 Contact interactivity

One crucial factor when it comes to a customer’s loyalty is how well the interaction is between the retailer and its customers throughout the digital platforms (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). The top managers and employees at both banks indicate that it is important that the customers can decide interaction way and all the respondents are aligned about the different ways to interact with the banks. It is clear that all respondents understand the importance of interaction with customers, and this is in line with Alba et al. (1997) and Jeon and Jeong (2016) conclusions. According to B1R1, B1RM2 and B1R3 bank 1 tries to improve
the interaction by assigning specific contact persons for some customers, B1RM2 argues that this also improves the relationship between the branch and customer. This statement is also supported by SKI (2016) who found that 55% of the customers describe that having a contact person creates an atmosphere of safety and closeness, and which is not achieved in the digital platforms. Both banks are using social media accounts, due to regulations the employees can only answer simple questions. Many e-retailers have troubles with lack of interactivity in the digital settings (Srinivasana et al., 2002; Jiang et al., 2010) but it is perceived by us that this is not the case in both banks. The analysis indicates that both banks are fulfilling the interaction requirement to a satisfactory level however, they are facing the same obstacles with regulations.

Both top managers B1RM2 and B2RM5 state the importance of keeping the digital services as personal as possible, however during the conducted interviews a gap was noticed between the top management and the employees. Employee B1R1 thinks that it is harder to mediate the same positive feeling in a digital meeting and employees B2R6 and B2R7 are experiencing less personal relationships due to digitalization. This in line with Levy (2014) arguments that the more a customer uses online services, the weaker the relationship with its bank becomes. B2RM5 states that it is easier to know if a customer is dissatisfied in a face-to-face meeting compared to the digital platforms. This is strengthened by Levy (2014) who claims that traditional banking relationships are argued to serve as a moderating factor if the customer is unsatisfied and this moderating effect is reduced in digital platforms (Levy, 2014). The analysis indicated that even though the top management had a positive attitude to interaction through digital settings, the employees were not fully convinced.

5.3.3 Cultivation

The top managers B1RM2 and B2RM5 and all the employees recognize the value of proactivity, and B1RM2 is wishing that due to new digital solutions the bank is going to act more proactive. Also, Srinivasana et al. (2002) and King et al. (2016 in Larsson & Viitaoja, 2017) underline the value of the company being proactive towards its customer. According to the employee B1R3 the branch that the respondent is working on does not contact customers proactively, and the respondent, as a customer in bank 1, has never been approached proactively. Employee B2R6 and B2R7 claim that that in bank 2 there are some proactive activities but that these could be better planned and performed. The respondent further argues that many employees do not consider that it is their task to call customers proactive, which have resulted in carelessly executed calls. Even if there are routines for proactivity, it is important
that the employees are committed to the cause. This is in line with Shum et al. (2008) who argue the importance of committed employees who understand the need for the new process, and this is not the case in bank 2. Even if B1RM2 is wishing that the digital solutions will result in more proactive work it is still up to each branch to be proactive, which can be problematic as in the case with B1R3 who states they do not work with being proactive. This can be due to poor CRM implementation within the organization, which according to Chalmeta (2006) and Foss et al. (2008) is the main reason for failure. Both Berger (1998 in Larsson & Viitaoja, 2017) and Khodakarami and Chan (2014 in Larsson & Viitaoja, 2017) underline the importance of collecting information about the customers and to use it efficiently, which is not the case in bank 1.

Another important aspect of cultivation is encouraging cross-selling (Srinivasana et al., 2002; King et al., 2016 in Larsson & Viitaoja, 2017). According to B1RM2, the bank does not engage in any sales activity, however according to the employee B1R3 cross-selling is a major part of the employees’ work. Also, employee B2R7 claims that cross-selling is an important part of the employees work and that the bank prefers to call it “product and services that adds value to the customer, rather than sales”.

5.3.4 Care

Jiang and Rosenbloom (2005) and Larsson and Viitaoja (2017), argue that care involves preventing anything from breaking down on the website, to making sure problems that occur are solved. It is interpreted by us that the top management in the two banks show an understanding for the importance of making sure that the digital solutions are functioning, and that problems that occur and customers complaints are solved. The top management in both banks showed an understanding that service failures may impact, and lower the customers’ experience of the service quality, which is in accordance with Srinivasana et al. (2002), Saurav (2016 in Larsson & Viitaoja, 2017) and Küster et al. (2016). Especially the top managers B1RM2 and B2RM5 underline the importance of noticing unsatisfied customer and act on the feedback. This is inline Srinivasana et al. (2002) who argue that due to digitalization, an unsatisfied customer can by a single review express its unhappiness to others and switch instantly to the competitors.

Care also includes how well attention the bank pays of its customers’ pre- and post-purchases and this also includes the work with feedback (Srinivasana et al., 2002; Larsson & Viitaoja,
It is noticed in the analysis that the banks mainly work with care in the post purchases spectra, however the approach differs between the banks. Bank 2 is working with feedback in all their interaction channels with customers and also uses external sources (B2RM5). Further, the employees also have forms in which they can write the received feedback from customers on (B2RM5; B2R7). However, according to the employees B2R6 and B2R7 the bank does not collect information about the digital services. The employee B2R6 further states that a problem with having surveys it that it is mostly customers who are either really satisfied or really dissatisfied with services who answer the survey. This supported by the top manager B2RM5 in the bank, who does not see this as a problem. Unlike bank 2, B1RM2, B1R3 and B1RM4 underline that the feedback from customers goes through the branches, such as idea and complaints boxes. The top manager B1RM4 claims that the feedback is continuously reviewed and is an everyday task in the bank, while B1R3 states that the feedback is not processed every day. Even if bank 2 is doing some pre-purchases both banks are today mainly focusing on post purchases, and there is a lack of focus in pre-purchases, it is concluded that both banks could benefit on improvements in this area.

According to the top manager B1RM2 the central divisions often receives ideas of improvement from the branches, and this is supported by B1R3 who appreciate that it is easy to give feedback as an employee. However, in bank 2 the employees find it hard to give feedback even if the bank encourages it (B2R6; B2R7). The employees B1R3 and B2R7 claim that the employees which are working close the customers often receive criticism and suggestions of improvements related to the digital solutions. Peppard (2000) argues that the employees have an important role because they are the ones encountering the customers and get a direct contact with them. Through this, the employees can receive feedback from the customers which others in the organization would not get. However, it is noticed that only bank 1 has a solid feedback system for the employees were both the top management and the employees have expressed a satisfaction.

5.3.5 Convenience

The top managers B1RM2 and B2RM5 and the employees B1R3, B2R6 and B2R7 argue that being quick and user-friendliness are two important aspects of the digital services, which is in line with Srinivasana et al. (2002) and Larsson and Viitaoja (2017). According to B1RM2 and B2RM5 being able to quickly perform errands is an important aspect and this is in line with the
Joshi and Achuthan (2016) who argue that the accessibility of information and the ability to fast complete transactions are the key ingredients.

It is indicated by all the respondents, except employee B1R1, that it lies in the interest of the banks to digitalize their processes, both internally and externally. This because digitalization can simplify processes and increase punctuality for both the customers (B1R1; B1R3; B1RM4) and the employees (B1R3; B1RM4; B1R6). This is in line with Srinivasana et al. (2002) who argue that these reasons can decrease customers’ frustration and prevent customer from doing mistakes. It is noted by us that there is a wish, especially amongst the top management, that the customer should be more self-going when it comes to simpler errands. By taking a fee for errands that the customers are able to do by themselves in the digital settings, the banks are trying to steer the customer to use digital solutions (B1RM2; B2R6). It is assumed that some reasons for this is to simplify for the customer and employees, but also to reduce the costs for the bank. Due to this, it is important according to Chuang et al. (2016) that the quality of the website is satisfying and if it is not Johnson and Verdegaal (2016 in Larsson & Viitaoja, 2017) argue the customer may not return in the future. This something all the respondent during the interviews showed an understanding of.

5.3.6 Community

According to employees at both banks, the branches are able to organize events for the customers however, they are usually aimed for a specific customer segment (B1R1; B1R3; B2R6; B2R7). According to the top management at both banks, there is no virtual community (B1RM2, B1RM4; B2RM5) but this may be developed in the future (B1RM2; B2RM5). The events organized by the banks can be seen as communities, where the customer can exchange thoughts and experiences however, they are not virtual ones. A virtual community is described as an online place, managed by an e-retailer, where customers, both potential and existing, can exchange information and opinions regarding offered products and services (Srinivasana et al., 2002; Larsson & Viitaoja, 2017). According to B2R7 virtual communities can be difficult to manage because of the trouble of having a personal presence in the virtual community. This is a problem employee B2R7 have experienced when handling the social media accounts for bank 2. B2R7 further argues that a risk with a virtual community is the spread of negative experiences, and handling them. This is in line with Arockiasamy (2013), who argues that communities also function the opposite way, were dissatisfied customer may share their bad experiences. As previously mentioned, another problem that may occur in such communities
where there is an interaction between the customer and the bank is limitations of what information that the bank can answer on, due to regulations and personal data protection. By not being able to satisfy the customer through answering and helping the customer fully, this may create dissatisfaction (Arokiasamy, 2013). It was noticed that none of the top management seemed to put any bigger emphasis in this factor.

5.3.7 Character

Srinivasana et al. (2002) and Larsson and Viitaoja (2017) argue that how a retailer chooses to present themselves through a website decides its character. Both banks’ main webpage is clear, and they are using their unique colors and text style throughout the whole webpage. This is in line with Henderson and Cote, (1998), Srinivasana et al. (2002), and Larsson and Viitaoja (2017) who argue that a retailer can differentiate themselves throughout the use of different inputs such as text, style, and colors. In both banks, it was the top management that had knowledge about the work with the graphic profile. In bank 2 the top manager underlined the importance of a unity in the language in all the interaction channels, and this is an ongoing work. In bank 1 however, there is a main webpage for the bank, but each branch has the opportunity to design and conduct their own pages (B1RM2; B1RM4), and therefore also the language can differ between the branches pages. There are however some guidelines and restrictions such as the graphic profile the branches must relate to (B1RM4). The top management in both banks showed an understanding of the importance of characteristics and a well-built digital platform. However, even if the branches in bank 1 have some guidelines and restrictions for the branches, there is a risk that, for example, the unity of the language may be poor, and this may impact the factor character negatively even if the main website is sufficient.

6. Conclusion

The aim of this study is to explore and analyze the research question: In a setting of a digitalized environment, how do the top management and employees in banks experience their work with customer e-loyalty, individually and in relation to each other? The analysis indicates that there are both similarities and differences between the top management and the employees in their work with e-loyalty. Further, within each level there are differences in the three themes of this thesis.
The study indicates that none of the respondents in each bank had an awareness or actively worked with how to create or maintain *customer loyalty* in the digital settings, instead the focus has mainly been on customer satisfaction. This even if customer loyalty was considered as an important aspect. The top management in both banks showed a higher degree of awareness, compared to the employees, when it came to these themes and/or factors; *implementation and challenges*, and *character*, while the employees seem to be more aware of the themes and/or factors; *cultivation and care*. Both top management and employees were aligned when it came to *customization, community, convenience, choice*, and *contact interactivity*. The top management and the employees only showed alignment in five out of eight factors in the 8C model.

The SKI (2016) report showed that there is a decreasing trend in customer satisfaction, and previous research has indicated that low customer satisfaction results in less loyal customers. The result of our study further indicates that both banks have a low e-loyalty amongst their customers, this may be due to misalignments in the perception of this work.

### 6.1 Academic contribution

Previous research has focused on how customers experience the impact of digitalization on customer loyalty, and there is a lack of knowledge of how top management and employees work with and perceive the impact digitalization has on loyalty. Therefore, our first academic contribution is the insight in how top management and employees in two of Sweden’s biggest banks perceive their work with customer e-loyalty, both individual and in relation to each other.

Our second contribution to the literature is a suggestion to a development of the 8C model. In the theoretical framework, it is suggested that the eight factors are working independently of each other, and some of the factors may be more important than others. However, our result indicates that the factors are affecting each other’s irrespective, as illustrated in figure 2. With this, when researching the field of e-loyalty it is important to consider that all factors are affecting each other. As shown in section 5.3 *The 8Cs* all the factors intertwine with each other in the banks’ digital processes therefore, it can be argued that every factor is equally important because without one of the eight factors, the other factors cannot meet the requirements to fulfill e-loyalty. However, further research is needed within this area. The factor *choice* is not included because this factor has not been investigated in the results.
6.2 Practical contribution

This study has shown that there is a lack of digital strategies related to e-loyalty within two of Sweden’s biggest banks instead, the banks are relying on general strategies. Due to increasing digital environment and customers’ increasing demand for a personal touch in these settings, banks have to conduct new strategies within this area. It is further important that there is an alignment in the different organizational levels within the banks. The top management needs to be able to mediate the e-loyalty strategies to all employees and also be able to mediate this in all digital channels. Furthermore, the top management needs to listen and incorporate the employees’ experiences in the work with loyalty, due to their close work with customers.
6.3 Future research

A suggestion to future research within top management and employees work with e-loyalty is to investigate how the 8Cs are affecting each other, this including the factor choice, and to what extent. Further, during the conducted interviews it was noticed that there were different attitudes towards the digitalization depending on the respondent's age. This can impact an organization's work and strategies with e-loyalty therefore, a suggestion for further research would be to investigate how and if the age parameter may impact an organization's implementation of digital strategies.
References


Appendix 1

Interview guide with top management

1. What is your definition of customer loyalty and satisfaction? Does the bank, to your knowledge, have a specific definition?
2. How do you think that customer loyalty and satisfaction will be affected by the transition from personal service to Internet banking (self-service)?
3. Does the bank have a strategy for building and maintaining customer relationships in the digital settings?
4. What strategies do you have today to mediate your digital services to a customer?
5. What is the branches role in the context of digitization?
6. Is it up to the branches to decide whether implementing the digital strategies or not?
7. Are you aware of any difficulties when trying to mediate and implement digital strategies to the branches?
8. Is it harder to attract new customers today because of the increased digitalization?
9. Can customers customize the internet or mobile bank? For example, set their own favorites.
10. What aspects are important when developing and designing of the digital solutions?
11. In which digital settings can your customers interact with the bank?
12. Do you have any specific routines for interaction with the customer through digital settings (e.g. how do you keep the personal touch in the digital settings)?
13. If a customer mainly uses the self-services, do you reach out to that customer?
14. Who is the driving force for the digitalization (the branches, the central divisions or the customers)?
15. What kind of digital solutions are the bank offering today and what kind of response have you received on these?
16. Do you collect information about your customers?
17. Do you ask your customers about feedback on your digital services, and can customers contact you?
18. Do the employees have the opportunity to come up with suggestions on new digital products or solutions?
19. Which errands do customers usually visit the branch to perform?
20. Do you have any communities for your customers?
21. Are there any standardized directions regarding the use and graphic profile of social channels and website?
Appendix 2

Interview guide with employees

1. What is your definition of customer loyalty and satisfaction? Does the bank, to your knowledge, have a specific definition?
2. How do you think that customer loyalty and satisfaction will be affected by the transition from personal service to Internet banking (self-service)?
3. Has your role at the branch changed due to digitization of processes?
4. What is your opinion regarding digitalizing processes?
5. Are you aware of any strategies to build and maintain customer relationships in the digital platforms?
6. How do you mediate the digital services to your customers?
7. Who decides the implementation of the digital strategies?
8. Is it harder today to attract new customers because of the increased digitalization?
9. Can customers customize the internet or mobile bank? For example, set their own favorites.
10. How can you, as an employee, customize services and products to fit the customers wishes?
11. In which digital settings can your customers interact with the bank?
12. Does your branch use social media to interact with your customers?
13. Do you have any specific routines for interaction with the customer through digital settings (e.g. how do you keep the personal touch in the digital settings)?
14. If a customer mainly uses the self-services, do you proactively reach out to that customer?
15. What kind of digital solutions are the bank offering today and what kind of response have you received on these?
16. Do you have any routines when it comes to collect information about customers?
17. Do you ask your customer about feedback on your services, and can customers contact you?
18. Do you as employees have the opportunity to come up with suggestions on new digital products or solutions?
19. Which errands do customers usually visit the branch to perform?
20. Does your branch have any community or arrange any events for your customers?
21. Are there any standardized directions regarding the use and graphic profile of social channels and website?