GUSTAV MEDBERG

HOW DO CUSTOMERS PERCEIVE VALUE-IN-USE?
EMPIRICAL INSIGHTS FROM BANK SERVICE STORIES

In recent years, value has become a central topic of marketing research and business practice and is now considered to be a foundation of all effective marketing activity. Value, however, is also one of the most debated and challenging concepts in contemporary marketing theory. The elusive nature of value has contributed to the difficulty for marketing researchers to define the concept. Several streams of value research exist within marketing literature, contributing to the fluid conceptualizations of value. The definition of value adopted by the recent service perspective on marketing theory is value as value-in-use. A fundamental principle of value-in-use is that value is always created and determined during use of products and services. But what is value-in-use, really? This thesis set out to explore what it means for customers in service contexts. Surprisingly little attention has been given in prior service marketing research to the question of how customers understand and interpret value-in-use. Such knowledge is essential for future research about value-in-use as well as for generating customer-centric marketing insights based on a service perspective on marketing theory. The aim of this study was to address this gap and further our understanding of value-in-use from the service customer’s point of view.

To achieve the purpose of the thesis, the Value Chart Technique (VCT) was created. The VCT is a research method that captures customers’ perceptions of positive and negative value-in-use throughout service episodes. The method utilizes a graphical tool called the Value chart to track how value-in-use evolves. The VCT’s unique set of features makes it particularly suited for studying value-in-use as a dynamic phenomenon. For the empirical study, 26 informants were recruited, and they shared a total of 53 positive and negative bank service stories, which were analyzed using the VCT.

The findings of the study show not only how value-in-use evolves positively and negatively over time, but also that customers understand and interpret value-in-use in service episodes as features of the service process, the outcome of the service, and economic features of the service, i.e., functional, technical, and economic service quality. Hence, this thesis contributes to service marketing theory by demonstrating that service quality and value-in-use in service episodes represent the same empirical phenomenon, despite their different theoretical traditions. As the findings indicate that service quality is the way in which customers understand and interpret value-in-use in service contexts, service managers are recommended to focus on continuous quality management as a way to facilitate the creation of value-in-use.
How Do Customers Perceive Value-In-Use?

Empirical Insights from Bank Service Stories
How Do Customers Perceive Value-In-Use? Empirical Insights from Bank Service Stories

Key words: value-in-use, customer value, service quality, service logic, service marketing, critical incident technique, narratives, service stories, retail banking

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After several years of hard work, I have finally reached the end of my doctoral process and can reflect on it with a feeling of accomplishment and joy. This journey has been extremely rewarding, but also challenging at times. I not only earned a doctoral degree, but I have also grown professionally as well as personally, and I am happy for that, too. I recognize, however, that this intellectual adventure would not have been possible without the help and support of a number of people to whom I want to extend my sincere thanks and appreciation.

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1 INTRODUCTION

Service marketing researchers, as well as marketing and management scholars in general, acknowledge that value is an elusive and challenging concept. As a consequence, value is one of the most debated concepts in service marketing and management research (Grönroos and Voima, 2013). The weak foundation and many unmet challenges of value research within service marketing theory have contributed to the difficulty for service marketers to cohesively define and conceptualize value. At the same time, value has taken center stage in contemporary service marketing discourse as a way of understanding how the needs and wants of customers are successfully fulfilled.

Several streams of literature exist within value research, contributing to the fluid conceptualizations of value. The approach to value taken by the emerging service perspective on marketing theory is value as value-in-use (Vargo and Lusch, 2004; Grönroos, 2008). A fundamental principle of the notion of value-in-use is that value is always individually and contextually perceived and determined by the customer on the basis of his/her use experience of service (including physical products/goods) (Vargo and Lusch, 2008; Grönroos, 2011a). To understand value from a service perspective and utilize marketing insights provided by such a service-based marketing logic, we thus need to understand how customers themselves perceive value-in-use. In other words, we need empirical knowledge about value-in-use and how it is perceived by customers as it evolves throughout service processes. However, surprisingly little attention has been given in prior research to this question of how customers themselves perceive value-in-use. This study thus sets out to address this gap and aims to further our understanding of value-in-use from the customer’s point of view.

This introductory chapter continues with a further discussion of the background of this study. After that, a presentation of the specific purpose and research questions of the study follows. The theoretical positioning, limitations, and key theoretical concepts are presented. Subsequently, the research approach and process are discussed. In the end of this chapter, the main chapters of the thesis are presented along with a brief discussion of their content.

1.1 Background

Value and value creation have become areas of great interest within marketing research as well as business practice (Sheth and Uslay, 2007; Gallarza et al., 2011; Karababa and Kjeldgaard, 2014; Boysen Anker et al., 2015). A main reason for the popularity of value is its important implications for firm performance. Creating value for customers has been recognized as a main source of competitive advantage (Parasuraman, 1997; Woodruff, 1997; Steenkamp and Geyskens, 2006), superior financial performance (McDougall and Levesque, 2000), and organizational success (Wang et al., 2004). Slater (1997) even suggests value creation to be the key reason for firms’ existence and success. Value for customers, or customer value,¹ therefore becomes essential for strategic management (LeBlanc and Nguyen, 2001; Uslay et al., 2008). Moreover, repurchase intentions (Petrick and Backman, 2002; Gounaris et al., 2007), customer

¹ The terms “customer value”, “consumer value”, and “customer perceived value” are used interchangeably in the marketing literature to denote value for the customer. From now on, when referring to value for the customer, I will only use the term “value”.
satisfaction (Eggert and Ulaga, 2002; Flint et al., 2011), and customer loyalty (Khalifa, 2004; Pura, 2005) have been linked to value. As Rust and Oliver (1994) state: “Ultimately it is perceived value that attracts a customer or lures away a customer from a competitor” (p. 7). As such, the notion of how important value is for the success of firms is not of course totally new; Drucker (1974) already argued that what determines whether a business will prosper or not is the firm’s capability to provide what customers consider to be value.

At any rate, creating value has largely become a primary goal of marketing itself (Khalifa, 2004; AMA, 2007). As value now is considered to be a foundation of all effective marketing activity (Holbrook, 2006), we must understand how value arises for customers to understand marketing (Babin and James, 2010; Grönroos and Gummerus, 2014). We also need to understand what value means for customers; otherwise, no effective marketing strategies can be formulated (Wilson et al., 2008). Even though value has been researched in marketing for over 30 years, the concept continues to be topical and is continuously discussed and debated in marketing literature (Boksberger and Melsen, 2011; Gallarza et al., 2011; Helkkula et al., 2012ab; Gummerus, 2013; Rakesh Ranjan and Read, 2014; Boysen Anker et al., 2015).

Marketing researchers have mainly conceptualized value as the customers’ perceptions of what they get in exchange for what they give or pay (Zeithaml, 1988; Bolton and Drew, 1991; Cronin et al., 1997), as a means-end chain where customers perceive value from a product or service on different levels of abstraction (Gutman, 1982; Woodruff and Gardial, 1996; Woodruff, 1997), or as a multidimensional consumption experience (Mattson, 1991; Holbrook, 1999, 2006). The conceptualization of value as a trade-off between what the customer gets for what he/she gives (Zeithaml, 1988) has won most acceptance within marketing theory. The trade-off approach to value has its roots in microeconomics and a view of the consumer as a rational decision-maker, constantly evaluating different market offerings to maximize utility or, in this case, value (see, for example, the discussion on value by Kotler et al., 2012).

The importance of value has been further underlined by the recent advance of a service perspective on marketing theory which emphasizes the importance of value and value creation as core concepts of marketing (Vargo and Lusch, 2004, 2008; Grönroos, 2006, 2008). Vargo and Lusch (2004, 2008) use the term service-dominant logic (SDL) for this emerging service perspective while Grönroos (2006, 2008) prefers service logic (SL). A service perspective on marketing involves theories about the processes in which value is created for actors on the market such as individuals, companies, or organizations (Gummesson et al., 2010). Even though SDL and SL share the same fundamental view that goods and services are resources designed to provide service to customers, they have developed into two distinct approaches to understanding the service perspective and its marketing implications (Grönroos and Gummerus, 2014).

More specifically, SDL describes value creation in terms of a process in which the service provider and the customer (and possibly other actors), through their activities, co-create value. From the perspective of SDL, service providers and customers are thus always co-creators of value (Vargo and Lusch, 2008, 2015). SL, on the other hand, focuses on the distinct roles of the service provider and the customer, respectively, and views value creation as a process in which the customer creates value for him/herself with the help of resources provided by the service provider. Consequently, the service provider facilitates the customer’s value creation and is thus essentially a value

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2 For a more extensive discussion of the two terms, please see Grönroos (2011a) and Grönroos and Gummerus (2014).
facilitator. However, during direct interactions, the service provider has an opportunity to influence the customer’s creation of value and become a co-creator of value. According to SL, value can also be destroyed for the customer if a service process takes a negative turn (Grönroos and Voima, 2013).

Furthermore, SDL goes beyond service provider and customer activities and adopts a service-ecosystem perspective where other actors such as institutions also have central roles for the co-creation of value (Vargo et al., 2015). The expression “value co-creation” is basically used by SDL as a metaphor to denote that value for customers is dependent on several different actors that are indirectly or directly involved in the value-creating process. In contrast, SL analyzes value creation by defining the different roles and activities of the service provider and the customer (and possibly other actors) as well as describing the scope, locus, and nature of value and value creation (Grönroos and Voima, 2013). Hence, according to Grönroos and Gummesson (2014), SDL is based on a metaphorical macro-level view of value and value creation while SL takes a more managerial and analytical approach on an individual customer level.

It should also be mentioned, however, that recently a third approach to the service perspective on marketing theory has emerged in the literature, namely, customer-dominant logic (CDL) (Heinonen et al., 2010, 2013). Similar to SL, CDL focuses on value and value creation on the individual customer level. But in contrast to SL, which emphasizes how value is created (or destroyed) during service processes, CDL does not focus on the interaction between the service provider and customer. Instead, CDL stresses the activities and experiences of customers beyond market interactions and analyzes the customer’s own logic and his/her constellation of activities, actors, experiences, and the role of different service providers in this context (Heinonen et al., 2010). The key focus of CDL is thus on how customers integrate and embed service offerings in their everyday lives, and how value emerges from this process (Heinonen and Strandvik, 2015). As value at the individual customer level is the focus of this thesis, but with the emphasis on service processes, the current study will be based upon SL’s view of value and value creation rather than the approaches of CDL or SDL.

With the emerging service perspective on marketing theory, the perspective on value has also changed and the focus of value research shifted. The attention of service marketing researchers has moved from the value delivered to customers through an offering to how value for customers emerges during the use of products or services (Vargo and Lusch, 2004, 2008; Korkman, 2006; Ravald, 2008; Helkkula et al., 2012a; Heinonen et al., 2013). According to SL, value for customers is created, perceived and determined during use of resources, and is thus conceptualized as value-in-use (Grönroos, 2008, 2011a). Also SDL and CDL define value as value-in-use (Vargo and Lusch, 2004; Heinonen et al., 2010). Hence, value is no longer seen as residing in a product or service offering, but in the customer’s use experience (Flint, 2006; Grönroos and Voima, 2013). The value created in customers’ use experiences, what we call value-in-use, also represents a shifting role for the customer, from a passive receiver of delivered value to an active value creator (Normann and Ramirez, 1993; Wikström, 1996; Grönroos 2008).

On a philosophical level, value-in-use was discussed as far back as over 2000 years ago by Aristotle (Gordon, 1964). Within a marketing context, Alderson (1957, 1965) already emphasized value-in-use as important in satisfying customers’ needs and wants. But it was only recently that value-in-use has been proposed as a general definition of value for marketing theory (Grönroos and Voima, 2013). Value-in-use can therefore be seen as the most recent perspective on value in marketing theory. Value-in-use is the lens
through which value is studied in this thesis and implies that no value is created until
the customer uses products or services of a firm (Vargo and Akaka, 2009). And on the
basis of the use experience, each customer individually determines whether value was
created or not, and if so, to what extent (Vargo and Lusch, 2008; Grönroos, 2011a).
Next, I will discuss my specific research problem related to value-in-use and argue for
the need of an empirical study on the area.

1.2 Research problem

Although the emerging service perspective on marketing theory has given us new
insights about value, it also further complicates an already muddled field of value
research where much remains unclear (Gallarza et al., 2011; Gummerus, 2013). Despite
the recognition of value as an important marketing concept (Babin and James, 2010),
no consensus exists on what value really is or how it should be conceptualized
(Karababa and Kjeldgaard, 2014). According to Holbrook (2006), little attention has
even been given to the problem of defining what we mean by value. As noticed by
Korkman (2006), different epistemological starting points contribute to the difficulty of
agreeing on value in marketing theory. Several competing and conflicting value models
have thus been proposed by marketing researchers (Sánchez-Fernández and Iniesta-Bonillo, 2007; Boksberger and Melsen, 2011). By defining value as value-in-use, the
emerging service perspective takes its own perspective on value as much as it does on
marketing theory.

According to SL, which is the approach to the recent service perspective this study will
be based upon, value-in-use can evolve positively as well as negatively over time
throughout the customer’s value-creating process (Grönroos, 2011a). Value-in-use evolves positively during favorable phases of the process and negatively during
unfavorable phases. The customer’s value-creating process consists of the joint
customer-provider sphere and the customer’s sphere (Grönroos and Voima, 2013).
Value-in-use is either co-created in the joint customer-firm sphere or independently
created by the customer in the customer sphere. Co-creation of value-in-use takes place
during direct interaction between the customer and firm. Independent creation of
value-in-use, on the other hand, takes place when the customer interacts with non-
intelligent resources (e.g., standardized products) from the firm but not with the firm
directly. In addition to the joint customer-provider sphere and the customer sphere, the
provider also has a sphere in which the provider facilitates the co-creation of value-in-
use by developing and compiling the resources needed to support customers’ everyday
dives. Together, these three value spheres constitute the total value generation process
that ultimately leads to value for the customer (Grönroos and Gummerus, 2014). Figure
1 illustrates the total value generation process. Note, however, that in a service process,
the value spheres do not necessarily follow in the same linear manner.
Nevertheless, it is important to remember that only the customer can determine whether value-in-use has been created or not throughout the value generation process. Grönroos (2011a) explains this in the following way: “In a business context the customer and only the customer determines what value is created (or emerges) for him/herself in the specific context of usage” (p. 281). As perceptions always decide how something is evaluated or assessed (Lazarus and Folkman, 1984), customers’ perceptions become an essential part of value determination. Customers must perceive positive value-in-use for it to exist; otherwise, none has been created, despite any efforts taken by the service provider. In other words, a customer’s perceptions of value-in-use determine if any value-in-use has been created for him/her in the specific use situation. Vargo and Lusch (2004) state that value is “perceived and determined by the customer on the basis of value-in-use” (p. 7). This notion is further reflected in Grönroos’ (2011a) revision of the 10th foundational premise of SDL and reads as follows: “Value is always uniquely and both experientially and contextually perceived and determined by the customer” (p. 293). As customers’ perceptions of value-in-use determine if any value has been created or not, we arguably need to understand how customers perceive value-in-use to understand how value is generated from a SL perspective.

However, SL does not address how customers perceive value-in-use. In other words, we do not know how customers themselves perceive value-in-use as it evolves positively and negatively throughout the value spheres of the value generation process. This is a limitation in current SL theorizing. Before we know how customers understand or interpret positive and negative value-in-use, we cannot fully understand value from a SL perspective or utilize the full potential of SL to provide customer-centric and service-based marketing insights. Research on value-in-use is mainly conceptual, and empirical studies are scant. Except for Echeverri and Skålén (2011), who studied value co-creation and co-destruction, none of the few existing empirical studies of value-in-use consider a possible negative side of value-in-use (cf. Heinonen and Strandvik, 2009; Gummerus and Philström, 2011; Lemke et al., 2011). Moreover, none of the
empirical studies of value-in-use capture or illustrate its evolving nature, although, for example, Macdonald et al. (2011) acknowledge that value-in-use changes over time. In contrast, both negative value-in-use and its evolving nature are fundamental assumptions of SL (Grönroos and Gummerus, 2014).

Consequently, no study has yet explored how positive and negative value-in-use are perceived by customers throughout the value generation process as a continuously evolving phenomenon. Including negative value-in-use as well as the evolving nature of value-in-use in the study is essential from a SL perspective. As previous empirical studies of value-in-use have not fully acknowledged the negative side of value-in-use or its evolving nature, such a study will contribute to value research as well as the SL discussion. The question of how customers perceive positive and negative value-in-use throughout service processes is also crucial for service providers. If firms do not know what value means for customers and how they understand it, firms cannot facilitate value creation (Webster, 1994). Woodruff and Flint (2006) argued several years ago that a service perspective on marketing theory needs more knowledge and empirical research about customers’ value assessment processes to succeed as a paradigm shift in marketing. The same argument holds true for SL (and SDL and CDL) today.

Moreover, Grönroos and Voima (2013) describe the nature of value-in-use as the customer’s feeling of being better or worse off than before using the service. The feeling of being better or worse off can also described as an increase or decrease in the customer’s well-being. With a definition of value-in-use as the feeling of being better or worse off (Grönroos, 2008), the question becomes what “better or worse off” means for customers. Put differently, to understand value-in-use from a SL perspective, we need to understand how customers perceive the experience of becoming better or worse off. As value-in-use is always subjectively perceived and determined, and customers have individual needs and wants that can change over time, becoming better or worse off will most likely have a different meaning for different customers at different times in different contexts. The individual, dynamic, and contextual nature of value-in-use (Flint, 2006; Chandler and Vargo, 2011; Grönroos and Ravald, 2011; Voima et al., 2011) thus needs to be taken into consideration.

For the study of value-in-use, traditional value models (e.g., Zeithaml, 1988; Woodruff, 1997; Holbrook, 1999) become problematic for three main reasons. First, traditional value models are static and only consider customers’ perceptions of value at one point in time, not how they evolve throughout the service process. Second, while value-in-use is always subjectively perceived and determined and thus can have all sorts of meanings depending on what makes the individual customer feel better or worse off, traditional value models have predefined sets of value components/levels/dimensions, such as product attributes, price, use consequences, or aesthetics. Finally, according to SL, value-in-use can be positive as well as negative (Grönroos, 2008), but none of the traditional value models acknowledge negative value. For these reasons, the traditional value models can be assumed to have limited explanatory power regarding positively and negatively evolving value-in-use. So, although we have many previous studies and traditional models of value in service marketing (Boksberger and Melsen, 2011), none of them can be directly, as such, used for the study of value-in-use (Heinonen and Strandvik, 2015).

To study how customers perceive value-in-use, we need a research design able to capture positively and negatively evolving value-in-use. Value-in-use can vary greatly as it evolves throughout service processes. As a result, customers’ perceptions of value-in-use continuously develop and change and are thus not static. Also, as previously
discussed, to become better or worse off can have different meanings for different customers, and those meanings can change from one time to another. Therefore, a quantitative approach would be problematic because of its static survey scales and measurement techniques. Manyiwa (2004) has criticized quantitative approaches to value research on the same basis. Hence, a qualitative research approach is arguably needed for a meaningful study of value as value-in-use. As Flint (2002) argues, qualitative techniques enable the researcher to get a deeper understanding of value. Similarly, Gallarza et al. (2011) call for more qualitative research on value, considering qualitative research to be “an issue of underdeveloped interest among value researchers” (p. 188). The reasons for employing a qualitative methodology in this thesis to study how customers perceive value-in-use are further elaborated upon in Chapter 3.

Another prerequisite for properly studying value-in-use as a dynamic concept, evolving positively and/or negatively over time, is a context with recurrent interactions between the customer and the firm. A retail banking context was chosen for this study because of its relatively long duration of customer relationships (Stewart, 1998; Leverin and Liljander, 2006) and frequent (indirect or direct) contact between customers and their banks (Storbacka, 1994). In addition, retail banking is a typical service industry (Nordman, 2004; Lytle and Timmerman, 2006), and a study of value-in-use in retail banking might therefore allow findings to be generalized to other service industries. Moreover, almost everybody uses bank services regularly and can easily relate to their role as a bank customer. Consequently, retail banking was chosen as the empirical context for the qualitative study and the informants of the study are retail bank customers.

1.3 Purpose of the study

The purpose of this research project is to explore how customers perceive value-in-use. In this study, a perception refers to the way in which an experience is understood or interpreted (Oxford English Dictionary, 2011). Moreover, value-in-use is defined as a customer’s feeling of being better or worse off than before he/she used the service (Grönroos, 2008, 2011a). Customers’ perceptions of value-in-use thus refer to their own understandings or interpretations of the experience of being better or worse off than before using a service.

By conceptualizing value-in-use as the feeling of being either better or worse off than before using a service, this study follows the SL school of thought arguing for the existence of negative as well as positive value-in-use (Grönroos and Voima, 2013). The logic behind this argument is simple: the same service processes that make the customer feel better off generally also has the potential to make the customer feel the opposite. Therefore, this study not only considers positive value-in-use as the majority of previous studies do, but also includes becoming worse off as a possibility for the customer to perceive (negative) value-in-use.

To accomplish the purpose of this research project, four specific research questions have been formulated:

RQ1: What are the ways in which customers perceive positive and negative value-in-use?
RQ2: What is the difference between customers’ perceptions of positive and negative value-in-use?

RQ3: How are customers’ perceptions of positive and negative value-in-use formed?

RQ4: How do customers perceive positively and negatively evolving value-in-use?

These research questions will guide the study in its quest for a better understanding of customers’ perceptions of value-in-use from a SL perspective. The first question relates to the different ways in which customers understand or interpret how they came to feel better or worse off as a result of a service. The second question refers to how customers’ perceptions of being better off differ from their perceptions of being worse off. The third question relates to what influences the formation of customers’ perceptions of being better or worse off than before using the service. The fourth question pertains to how customers understand or interpret positive and negative changes in their well-being throughout service processes.

All four research questions take customers’ bank service experiences as the starting point for knowledge generation. By studying real bank service stories, this study brings new insights to the mainly conceptual discussion about value-in-use in contemporary service marketing literature. The aim of the study is to develop our understanding of value-in-use rather than to create a new theory or test an existing theory through deductive reasoning. To achieve its aim, the study thus takes an abductive approach, going back and forth between theory and collection of empirical data (Dubois and Gadde, 2002; Kovács and Spens, 2005). The abductive approach of this study will be further discussed in Section 1.7.2, “Abductive research process”.

1.4 Positioning of the study

This thesis is positioned in the Nordic School of marketing thought and more specifically in the stream of value research conducted within the SL paradigm. Further, value-in-use is a core concept of SL and represents one of several perspectives on value in marketing literature. As illustrated in Figure 2, this thesis contributes to value research in general and SL in particular by researching value-in-use as a perspective on value in the wider context of SL and the Nordic School tradition. In the rest of this section, the Nordic School of marketing thought and the other above mentioned research areas will be discussed briefly.
Figure 2 Positioning of the study

The Nordic School emerged in the late 1970s as a response to the shortcomings of the traditional transactional 4P marketing mix approach to marketing (Palmer et al., 2005). Although Christian Grönroos and Evert Gummesson were the originators of the Nordic School, it is by no means limited to them and rather includes a number of researchers from the Nordic countries. Nordic School researchers have often argued against, and not been constrained by, the norms of mainstream marketing thought usually originating in North American research (Gummesson and Grönroos, 2012). Hence, Nordic school researchers have approached marketing in new ways and put up their own criteria for quality in marketing research. Other key characteristics of the Nordic school include, but are not limited to, qualitative research methods, theory generation rather than hypothesis-testing, and the view of marketing as a cross-functional process and not just the responsibility of a marketing department (Palmer et al., 2005; Gummesson and Grönroos, 2012).

Traditionally, perceived service quality research has been a key area of interest among Nordic School researchers and large contributions to international research into perceived service quality have been made (Grönroos, 1984, 1991). As described by Vargo and Lusch (2004) in their seminal article “Evolving to a New Dominant Logic for Marketing”, much of the foundation of today’s emerging service paradigm in marketing theory has been laid out by Nordic School researchers. The emerging service perspective on marketing theory, referred to in this thesis as SL, SDL, and CDL, is still to a large extent shaped and formed by Nordic School researchers (e.g., Strandvik et al., 2012; Helkkula et al., 2012a; Heinonen et al., 2013; Grönroos and Voima, 2013; Grönroos and Gummerus, 2014).

A key tenet of SL, as well as SDL and CDL, already stressed by the early Nordic School, is that service should be the overall perspective for all business, independent of whether they provide goods or services (Gummesson and Grönroos, 2012). In reality, most businesses provide offerings consisting of a combination of goods (tangibles) and services (intangibles). A service perspective on marketing thus rejects the division

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3 For a more extensive discussion of the Nordic School, see Gummesson and Grönroos (2012).
between manufactured goods and services traditionally made in marketing theory (Gummesson, 2007; Vargo and Lusch, 2015). In the sense that customers consume both products and services for the sake of service provision, all firms can be viewed as service firms (Vargo and Lusch, 2004; Grönroos, 2008).

At the core of SL, SDL, and CDL lies the assumption that customers buy value propositions (potential value), not goods or services, and that value for customers is created or emerges in the use process (value-in-use) rather than delivered by the firm (value-in-exchange) (Gummesson, 2007; Grönroos, 2008; Heinonen et al., 2010). Hence, value-in-use is the approach taken to value by SL (Grönroos and Gummerus, 2014) and the focus of this study. Other research streams found in the value literature includes the benefit/sacrifices approach, the means-end approach, and the multidimensional approach (Woodall, 2003; Khalifa, 2004; Sanchéz-Fernández and Iniesta-Bonillo, 2007). The different streams of value research will, together with value-in-use, be further discussed later in Chapter 2. Next, the theoretical and empirical delimitations of the study will be set out.

1.5 Delimitations

This thesis focuses on value-in-use and how it is perceived by customers. To empirically study the phenomenon, theoretical and empirical delimitations had to be made. Delimitations were a critical part in the construction of a research design able to achieve the aim of the study. First, the theoretical limitations regarding value-in-use will be discussed. Thereafter, the empirical delimitations related to the chosen context of retail banking are presented.

Recently, alternative terms for value-in-use have been proposed by SDL researchers in an attempt to refine the original concept. Although value-in-use is the preferred term within SL and thus the term used in this thesis, a short discussion around the other suggested terms will follow. For example, Vargo (2008) and Chandler and Vargo (2011) suggest the term value-in-context, emphasizing the contextual nature of value and value creation. Further, Edvardsson et al. (2010) bring in elements from social construction theories and remind us that value is always created and determined in a specific social context, thus arguing for the term value-in-social-context. Moreover, drawing from phenomenological experience research, Helkkula et al. (2012a) position value in individual experiences and argue for value-in-the-experience as a refinement of value-in-use.

Grönroos (2011a), however, acknowledges that value-in-use is dependent on the context, but still argues for value-in-use as the theoretically correct term to use as it already accounts for use within a specific context. Similarly, Grönroos and Voima (2013) acknowledge that value-in-use evolves from experiences, but they view experience as part of the use, thereby finding “value-in-use” to sufficiently capture the individual experience. The statement “Value is ... experientially and contextually perceived and determined” in Grönroos’ (2011a, p. 293) revision of the 10th foundational premise of SDL indicates that perceptions of value-in-use are always experience-based and context-dependent. This view of value-in-use is also an assumption of this study, and for the same reasons as Grönroos (2011a) and Grönroos and Voima (2013), the term value-in-use was chosen to denote value.

However, even value-in-use may carry different meanings and will thus be further clarified and delimited for empirical application in this study. In the service marketing
literature, definitions of value-in-use vary from narrow to very broad in terms of scope and locus. For example, Sandström et al. (2008) define value-in-use as “the evaluation of the service experience ... during the user consumption” (p. 120) while Grönroos and Voima (2013) argue that value-in-use evolves also from past and envisioned future experiences. A central aspect of how value-in-use is defined and studied is what we mean by “use”. If use can also be mental use, as argued by several service researchers (Voima et al., 2010, 2011; Helkkula et al., 2012a; Heinonen et al., 2013), even memories or imaginations can be a form of value-in-use for a customer.

To study how customers perceive value-in-use in a controlled and focused manner, I will delimit the meaning of use to physical use of bank services. By physical service use is meant use experiences in real-life situations (e.g., mortgage negotiation at the bank office) in contrast to mere possessions, imaginations or envisioned future experiences (e.g., dreaming of getting a better mortgage). However, physical service use does not exclude, for example, Internet banking or other “virtual” ways of using a service. If mental use would be included, many additional challenges would arise in the empirical study because of the increased complexity and scope of value-in-use. In this study, the concept of value-in-use will thus be delimited to the feelings of being better or worse off than before physical service use. Many contemporary service marketing articles also delimit value-in-use to physical service use (e.g., Ballantyne and Varey, 2006; Lusch et al., 2007; Gummerus and Philström, 2011).

The empirical context was limited to retail banking for reasons outlined in the problem discussion (Section 1.2). As discussed in Section 1.2, retail banking is characterized by long customer-bank relationships as well as frequent interactions between the customers and the bank (Holmlund and Kock, 1996; Beerli et al., 2004; Dimitriadis, 2010). Hence, retail banking is a suitable context for this study as value-in-use is assumed to evolve over time throughout the customers’ relationship with the firm (Grönroos and Voima, 2013). However, as I aimed to conduct a focused in-depth study of customers’ perceptions of value-in-use, a study of the entire time span of a customer relationship would have been too extensive. Instead, the study was delimited to the study of how customers perceive value-in-use throughout bank service episodes. Service episodes can be conceptualized as service processes with a cause, course, and result (Olsen, 1992) and allow for a detailed study of how value-in-use is perceived by customers over a limited period of time. The rationale for delimiting this study to service episodes is further discussed in Chapter 3.2, “The Value Chart Technique (VCT)”. 

Finally, the retail banking context was geographically limited to Finland not only for convenience reasons, but also because Finnish retail bank customers’ perceptions of value-in-use most likely represent the experiences of modern retail bank customers around the world. First, all Nordic banks, including Finnish ones, are at the global forefront when it comes to technology use and their focus on quality of service delivery to their customers (Flohr Nielsen, 2002; Liebach Lüneborg and Flohr Nielsen, 2003). Second, the retail banking industry in all Nordic countries has for a long time been characterized by increased competition, mergers, acquisitions, and major technological developments (Flohr Nielsen et al., 2003). Consequently, the transformation of the Nordic banking industry has created internationally competitive retail banks.
1.6 Key theoretical concepts

Table 1 defines the key theoretical concepts of this study. Many of the concepts will be further discussed in the literature review of this study, which constitutes Chapter 2.

Table 1 Key concepts and definitions

<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Service logic (SL)</td>
<td>Managerial-level service perspective on marketing theory; employs an analytical approach, with emphasis on service processes and interactions</td>
</tr>
<tr>
<td>Service-dominant logic (SDL)</td>
<td>Society-level service perspective on marketing theory; employs a metaphorical approach, with emphasis on networks and service systems</td>
</tr>
<tr>
<td>Customer-dominant logic (CDL)</td>
<td>Managerial-level service perspective on marketing theory; employs an analytical approach, with emphasis on customers' logics and lives</td>
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<tr>
<td>Service</td>
<td>A firm's support for a customer's everyday processes in a way that facilitates the customer's value creation and his/her perception of value-in-use</td>
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<tr>
<td>Service use</td>
<td>Physical use of a firm's offering(s) in real life situations, excluding possessions, imaginations, or envisioned future experiences</td>
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<tr>
<td>Service episode</td>
<td>A service process consisting of a cause, course, and result</td>
</tr>
<tr>
<td>Retail banking service</td>
<td>A bank's services for its private customers, for example savings and transactional accounts, investment advising, loans and mortgages, money transfers, and debit/credit cards</td>
</tr>
<tr>
<td>Perception</td>
<td>The way in which an experience is understood or interpreted</td>
</tr>
<tr>
<td>Experience</td>
<td>An event or series of events a person has lived through</td>
</tr>
<tr>
<td>Value-in-use</td>
<td>The feeling of being better or worse off than before the use of the service</td>
</tr>
<tr>
<td>Positive value-in-use</td>
<td>The feeling of being better off than before the use of the service</td>
</tr>
<tr>
<td>Negative value-in-use</td>
<td>The feeling of being worse off than before the use of the service</td>
</tr>
<tr>
<td>Positively evolving value-in-use</td>
<td>A favorable phase of the service process in which the customer feels better off</td>
</tr>
<tr>
<td>Negatively evolving value-in-use</td>
<td>An unfavorable phase of the service process in which the customer feels worse off</td>
</tr>
<tr>
<td>Value generation process</td>
<td>A process consisting of a provider sphere, a joint sphere, and a customer sphere that includes actions of the service provider, the customer, and possibly others, and ultimately leads to value for the customer</td>
</tr>
<tr>
<td>Service quality</td>
<td>A comparison between expected and experienced service</td>
</tr>
<tr>
<td>Functional quality</td>
<td>A comparison between expected and experienced features of the service process</td>
</tr>
<tr>
<td>Technical quality</td>
<td>A comparison between expected and experienced outcome of the service</td>
</tr>
<tr>
<td>Economic quality</td>
<td>A comparison between expected and experienced economic features of the service</td>
</tr>
</tbody>
</table>
1.7 Research approach

All research projects are guided by the ontological and epistemological assumptions of the researcher, and it is important that researchers make their underlying assumptions explicit (Miles and Huberman, 1994; Eriksson and Kovalainen, 2008). Before describing the research process, I will thus outline the ontological and epistemological assumptions of my study.

Ontology deals with the fundamental question of what “reality” really is while epistemology refers to how and to what extent knowledge about this “reality” can be acquired (Burrell and Morgan, 1979). This study is based on a realist ontology and a postpositivist epistemology. Postpositivist epistemology differs from traditional positivism in the way that it recognizes reality to exist, but admits that reality is only imperfectly apprehensible because of our limited human intellectual mechanisms (Guba and Lincoln, 1994, 2005; Lincoln and Guba, 2000).

A postpositivist standpoint thus implies a more critical ontological position than traditional positivism. In other words, we move from a naive realism to a critical realism. I do not believe in naive realism (an apprehensible reality exists), but I am comfortable with a more critical form of realism (a reality exists but is not fully apprehensible). Therefore, my own view on science is closest to what in marketing research is known as the philosophy of scientific realism (Hunt, 1990). Next, the ontological and epistemological assumptions of scientific realism will be further elaborated on.

1.7.1 Scientific realism

Scientific realism has its roots in classical realism developed in the beginning of the 20th century by philosophers such as George Edward More and Bertrand Russell (Hunt, 1990). A core tenet of scientific realism is the view that our social reality exists not only in our minds, but also in the objective world (Bhaskar, 1989; Miles and Huberman, 1994). All forms of realism accept that reality is complex, but that does not mean that the complexity is totally random. In other words, scientific realists acknowledge that our social and historical contexts as well as theories of our time influence us, but they still believe that relationships and regularities exist in a social reality outside our minds and that such patterns can thus be found (Sayer, 1992; Miles and Huberman, 1994). Even if our views are biased, knowledge and truth about our social reality should be a goal for scientific realists. The claims of a well-defined theory produced by a researcher who presents reliable and verifiable findings would be accepted by scientific realists as the best “truth” we have at a given point in time.

Shelby D. Hunt (1990, 1991, 1992, 1993, 1994) has been an important proponent of scientific realism as the most suitable philosophical foundation of marketing research. No scientific realist grand theory of science exists, but Hunt (1990, 2003) argues that four main characteristics serve as the fundamental tenets of scientific realism. Hunt and Hansen (2011) refer to these four theses as classical realism, fallibilistic realism, critical realism, and inductive realism. First, classical realism means that our reality exists independently of our perceptions. Second, fallibilistic realism maintains that science should try to develop knowledge about our world, although such knowledge

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4 Guba and Lincoln (1994) view postpositivism as the continuation/development of positivism, not as antipositivism. The same definition of postpositivism is adopted in this thesis.
cannot be known with certainty. Third, critical realism recognizes that all claims of knowledge must be critically evaluated and tested, and researchers must strive to improve their research procedures and their ways of developing scientific knowledge. Lastly, inductive realism maintains that a theory is more likely to represent the real world if it survives to be tested and scrutinized over time. These four tenets of scientific realism can be said to create the philosophical foundation of my research project.

However, the third thesis critical realism deserves some further discussion to avoid confusion. The term “critical” is used in two very different ways in contemporary social science. Scientific realism is, as Hunt and Hansen (2011) describe, critical in that science must critically (1) evaluate knowledge claims and (2) evaluate and develop research procedures. This kind of critical realism is not controversial, and most realists including myself would agree. The “critical” in critical realism does, however, in social science, often include a criticality toward the research object itself (Hunt and Hansen, 2011). That kind of “criticality” is similar to the “critical” in critical social theory and involves a criticality of society or some aspect of it (Calhoun, 1995). For example, Sayer (1992) and Easton (2002) advocate this type of critical realism as the appropriate philosophy of science for the marketing discipline and thus also view the marketing researcher as a “social activist”. But I am interested in explaining marketing and consumer phenomena rather than transforming society and would therefore not label myself a “critical realist”.

In sum, scientific realism becomes the most natural philosophical foundation for this study and matches with its aim to further our understanding of how customers perceive value-in-use. Even though value as a concept is extremely vague and abstract, I do believe there are identifiable patterns in how consumers view, understand, interpret, and assess the phenomenon. However, in line with Weber (2004), I do realize that much in the social reality is constructed, and meaning between humans is constructed as well. But that does not make me believe that the entire social world is socially constructed and a “true” understanding is completely out of our reach. Scientific realism is also compatible with my qualitative methodology (further discussed in Chapter 3) as qualitative research is not based on any particular ontology and epistemology, but rather refers to a number of different methods compatible with different sets of ontological and epistemological assumptions (Silverman, 2005).

1.7.2 Abductive research process

The research process of this study can be best described as abductive, which means that the study has inductive as well as deductive features and continuously changes focus between empirical observations and theory (Dubois and Gadde, 2002; Kovács and Spens, 2005). In general, deductive research formulates and tests hypotheses from existing theory whereas inductive research starts with detailed empirical observations and then generates theories from that input (Gummesson, 2000). However, abductive research is not a “third” alternative to induction and deduction, but rather an iteration between deductive and inductive reasoning (Gummesson, 2000). An abductive research approach is particularly suitable when the aim of the study is to develop an existing theory rather than test a theory (deduction) or generate a new one (induction) (Dubois and Gadde, 2002). Since the aim of this study is to develop our understanding of value-in-use, an abductive approach is well justified. A description and overview of the abductive research process of this study will be provided next.
Every researcher enters any research project with some sort of pre-understanding. Pre-understanding refers to the knowledge, insights, and experiences one has before the actual research process has started (Gummesson, 2000). Even if a researcher never has heard of the phenomenon to be studied, he/she will still draw from earlier knowledge, insights, and experiences to interpret and understand this new phenomenon. In other words, our pre-understanding serves as a platform from which we interpret and understand all new phenomena we encounter. As pre-understanding has accumulated throughout our lives, and is a part of us, we cannot set it aside before a research project. Our pre-understanding can help as well as prevent us from creating new insights about the phenomena we study. As researchers, we thus need to acknowledge and be aware of our pre-understanding and the influence it has over us throughout the research process.

Much of my relevant pre-understanding for this study comes from my years of working in service positions and university studies in marketing. As a service worker, I observed several interesting things about services. For example, I noticed how most customers were concerned with the same basic set of service features (e.g., attitude of the staff, waiting times, price, etc.) but also how the relative importance of these basic service features differed between individuals, sometimes from time to time for the same individual as well. In other words, the service features that made the day for one customer was sometimes irrelevant for another, and occasionally also for the same customer at another time. Consequently, I understood that what type of service made customers happy or angry was often subjective and situation-dependent. As I was studying marketing at the university in parallel to my work, I soon realized that this phenomenon essentially was the same as what marketing researchers called value for the customer (Woodall, 2003). My conclusion that value plays a key role in successful service was confirmed by the emerging service perspective on marketing theory (Vargo and Lusch, 2004; Grönroos, 2006) and eventually led me to undertake the current research project.

The main reason for my interest in researching value was that I soon discovered that there was no consensus in the marketing literature regarding what value really is. However, from my years of service work and marketing studies, I realized that what matters is what customers themselves perceive as value. My first step of the research process thus became to create a preliminary understanding of how customers perceive value by entering the research field. At this point in time, I had a very limited knowledge about the different streams of value research within marketing theory. After considering different qualitative methods, I chose a netnographic approach because of its ability to generate naturalistic data about customers’ service experiences (Kozinets, 2002). The unobtrusive approach of netnography, I reasoned, would allow me to better understand value from a customer perspective. More specifically, I explored discussions in online communities of what people valued or did not value in retail banking services. As described in Section 1.2, "Research problem", retail banking would also be the context for my main study but for other reasons.

The netnography revealed that basic features of the service, what we know as perceived service quality in the marketing literature (Grönroos, 2001), were important for many retail bank customers. Even though this was an interesting finding, I gradually realized that my netnography had not sufficiently captured value as value-in-use – the approach to value taken by the emerging service perspective on marketing theory (Vargo and Lusch, 2004; Grönroos, 2006). As I had decided to adopt a service perspective for my study, this became a problem. Also, around the same time, SL started to emphasize the dynamic and evolving nature of value-in-use (Grönroos, 2011a; Grönroos and Ravald,
As the online discussions about bank services mainly revolved around what people liked and disliked in banking services, the netnography did not allow me to observe the evolving nature of value-in-use. I realized that to capture value-in-use, I needed to study customers' experiences of service episodes in more detail than online discussions could offer. Consequently, I decided to create a research design that would capture customers' perceptions of positive as well as negative value-in-use as it evolves throughout service episodes. For the above reasons, the netnography was not included in this thesis. However, the finding of the netnography that perceived service quality was important for most bank customers was in line with my previous observations as a service worker and thus served as a pre-understanding for the rest of the research process.

To create a research design capable of capturing positively and negatively evolving value-in-use, I went back to the contemporary service marketing literature for further theoretical studies of value-in-use. During this period, I also studied different methodological alternatives that would fit my research objective. From my studies and discussions with different professors and colleagues, I concluded that a Critical Incident Technique (CIT) approach would be the best choice for my study. As none of the existing CIT variants were fully suitable for studying value-in-use as it evolves over time, I developed my own CIT method and labeled it the Value Chart Technique (VCT). The VCT utilizes narrative interviews in combination with a graphical tool called the Value chart to track positively and negatively evolving value-in-use (for a more exhaustive discussion of the methodology of this study, see Chapter 3). The VCT allowed me to study customers' perceptions of positive as well as negative value-in-use from a SL perspective. A total of 26 informants were recruited for the empirical study, and they shared 53 positive and negative bank service stories. From the analysis of the results of the study, I developed a deeper understanding of how customers perceive positive and negative value-in-use in service episodes.

As a final step of the research process, I revisited the literature and compared and contrasted the findings of the study with traditional as well as contemporary service marketing theory. I also discussed the meaning of the findings with colleagues and supervisors. This interpretive phase of the analysis process generated several new insights about value-in-use and further deepened my understanding of customers' perceptions of value-in-use. My pre-understanding regarding the role of perceived service quality for customers' feeling of being better or worse off was not only confirmed during this phase, but also extended to include an increased knowledge about the intertwined nature of perceived service quality and value-in-use in the minds of customers. Based on the insights about customers' perceptions of value-in-use from this final step of the research process, the four research questions of the study could be answered. The findings related to the research questions and their theoretical implications represent the conclusions of this research process and will be presented in more detail in the final discussion (Chapter 5 of this thesis).

An overview of the research process is illustrated in Figure 3. It should be noted, however, that the chronological research process and the structure of the written report of the study do not follow the same structure. The research process follows an abductive reasoning, and as described above, I continuously moved back and forth between the empirical observations and theory (Dubois and Gadde, 2002). The written report of the study, on the other hand, follows a traditional linear structure. A traditional linear IMRAD (Introduction, Method, Results, and Discussion) structure for scientific work enhances reader-friendliness (Sollaci and Pereira, 2004). Consequently, the thesis starts with an introduction, thereafter describing the theoretical framework,
then the method and analysis, and subsequently presents the empirical findings, and
concludes with a discussion of the implications and limitations of the study together
with a presentation of avenues for future research. Next, the structure of the thesis and
its chapters will be presented in more detail.

![Figure 3: The abductive research process]

1.8 The structure of the thesis

This thesis is structured into five main chapters, and a brief description of each chapter
is presented in this section.

Chapter 1 – Introduction

The first and current chapter forms an introduction to the thesis and starts with a
background of the value concept in marketing theory. It further explains the role of
value in the emerging service perspective on marketing theory and discusses why there
is a need for more research on how customers perceive value as value-in-use. Moreover,
the chapter describes how this thesis is positioned in the Nordic School of marketing
thought in general and value research within the SL in particular. Also, theoretical as
well as empirical delimitations of the study are presented. In addition, key theoretical
concepts are summarized and explained. The chapter ends with a discussion of the
scientific philosophical assumptions and research process of this study.
Chapter 2 – Value approaches in marketing theory

The second chapter presents a comprehensive review and summary of the different approaches to value that exists in marketing theory. This theoretical chapter illustrates how value research can be divided into traditional streams of value literature and value as value-in-use, the approach to value taken by SL, SDL, and CDL. It also explains the relationship between perceived service quality and traditional value models. An overview of the traditional value models promotes an understanding of the characteristics of value-in-use and how it differs from earlier value theories. Further, the literature review offers insights about how value-in-use has been characterized in contemporary service marketing. To study value-in-use, a clear definition of the concept is needed, and this theoretical chapter therefore also positions the current study within the value-in-use literature.

Chapter 3 – Methodology and data analysis

The third chapter describes the methodology of the study and how the empirical data was analyzed. Generally, a research project faces several methodological choices, and it is important to explain why a certain method has been used in a study. Consequently, this chapter discusses the development and use of the VCT method in this study. Similarly, as no standardized analysis procedure exists for qualitative data, this chapter describes how the data were analyzed with the aim to make the analysis process transparent. The chapter ends with a discussion of how the quality of the study can be evaluated and what has been done to ensure validity and reliability.

Chapter 4 – Empirical insights into value-in-use

The fourth chapter presents the findings of the empirical study. The findings of the study relate to the ways in which the informants perceive positive and negative value-in-use, what the difference is between perceptions of positive and negative value-in-use, how perceptions of positive and negative value-in-use are formed, and how positively and negatively evolving value-in-use are perceived by the informants. In this chapter, the findings of the study regarding value-in-use are presented in the form of representative bank service stories of the informants. The bank service stories give the reader an in-depth view of how the informants perceive positive and negative value-in-use as it evolves throughout bank service episodes. The chapter ends with a summary of the empirical findings.

Chapter 5 – Discussion

The objective of the fifth and final chapter of this thesis is to discuss the key findings of the study related to the four research questions and the implications of these findings for theory and practice. More specifically, the chapter starts with a discussion of the theoretical contributions of the study to marketing theory; thereafter, the methodological contributions of the study are discussed. After having discussed theoretical and methodological contributions, the chapter presents the implications for service managers of the findings of the study. Subsequently, the limitations of the study are discussed. Lastly, the chapter ends with a discussion of future research opportunities based on the insights of this study.
2 VALUE APPROACHES IN MARKETING THEORY

The purpose of this theoretical chapter is to review the existing approaches to value for the customer in marketing theory. More specifically, through a comprehensive review and summary of the value research in marketing literature, this chapter offers an overview and synthesis of the traditional streams of value literature as well as the literature on value as value-in-use, the approach to value taken by SL, SDL, and CDL (Grönroos, 2008; Vargo and Lusch, 2008; Heinonen et al., 2010). Value-in-use is the focus of this thesis, and the chapter offers insights about the concept and how it has been characterized in contemporary service marketing. Considering its popularity, the different characterizations of the value-in-use concept have received surprisingly little attention in marketing literature (for an exception, see Gummerus, 2013). As shown by the review of the value-in-use literature in Section 2.2, “Value as value-in-use”, different characterizations of value-in-use exist and are used within contemporary service marketing literature.

To understand why the recent service perspective on marketing theory has adopted value-in-use, and why value-in-use is relevant to study further, we first need to review traditional value models, their origins, and their limitations. The review of the traditional approaches to value sheds light on the history, development, and complexity of the concept of value in marketing literature. With an understanding of the traditional value theories, the novelty and unique features of value as value-in-use becomes clearer. Hence, a review of how value is defined in traditional value models further justifies a study of how customers perceive value-in-use by illustrating the different focus of the traditional value models compared to value-in-use. As we can see from the review, the study of value-in-use moves value research from static models of how value is evaluated at a certain time to dynamic assessment processes of positively and negatively evolving value (Grönroos and Voima, 2013; Heinonen et al., 2013).

This chapter starts with a review of the traditional views on value in the marketing literature, including perceived service quality and its role for later value conceptualizations. Next, a review of the concept of value-in-use from a service marketing perspective is presented. This section on value-in-use provides a summary and discussion of the different characterizations of value-in-use that exist in marketing theory, including the one used in this study that views value-in-use as an experience. Lastly, in the end of the chapter, a summary concludes the literature review of the traditional value models and value as value-in-use.

2.1 Traditional views of value

The aim of this section is to provide a review and summary of traditional streams of value literature in marketing theory. Value rather recently became a fundamental basis for marketing theory in general (AMA, 2007) and contemporary service marketing in particular (Vargo and Lusch, 2004; Grönroos, 2006). But as this review shows, value research has existed in marketing literature for three decades (Dodds and Monroe, 1985; Monroe and Krishnan, 1985; Zeithaml, 1988). And these traditional approaches to value in marketing literature are rather different than value as value-in-use. As will be seen from this review, however, the traditional value approaches are not a group of homogenous value models, but offer a large variety and degree of complexity.
This section and its review of traditional views of value also synthesizes earlier literature reviews of traditional value literature (e.g., Woodall, 2003; Khalifa, 2004; Sánchez-Fernández and Iniesta-Bonillo, 2007; Golik Klanac, 2013; Gummerus, 2013). In the earlier literature reviews, three main streams of value research can be discerned. Consequently, this review structures the traditional value literature into three main approaches to value: the benefits/sacrifices approach, the multidimensional approach, and the means-end approach. The benefits/sacrifices approach is simple and widely accepted in mainstream marketing theory (Kotler et al., 2012). The multidimensional and means-end approaches are more sophisticated but have received less general acceptance mainly because they are challenging to apply empirically (Sánchez-Fernández et al., 2009).

In addition to the traditional value theories, I will also review the concept of perceived service quality and discuss its relationship to value. A reason for the inclusion of service quality is that the concept served as a predecessor of value in the service marketing literature (Korkman, 2006). The benefits/sacrifices stream of value research is especially closely related to the quality concept in marketing theory (Monroe, 1990). Another reason for perceived service quality to be included in this review was that my netnographic pilot study had indicated that service quality was the main concern for retail bank customers and therefore most likely the way in which they perceived value.

Next, I will start this section with a review of the perceived service quality concept, followed by a review of the benefits/sacrifices approach, the multidimensional approach, and lastly, the means-end approach. The order of the review represents the chronology of the different streams of traditional value literature (Sánchez-Fernández and Iniesta-Bonillo, 2007). Finally, a concluding summary will be provided in the end of this section.

**2.1.1 The predecessor of value – perceived service quality**

The concept of value in service marketing is largely influenced by the perceived service quality literature (Liljander and Strandvik, 1995; Heinonen, 2004). The relationship between value and quality in service contexts is important but not obvious, despite a common view that they are different concepts (Sánchez-Fernández et al., 2009). Value is often seen as a wider and more subjective measure of the customer’s overall evaluation of the service than service quality (Bolton and Drew, 1991; Gummerus, 2011). Furthermore, service quality is generally not considered to involve a trade-off between give and get components, but restricted to customers’ perceptions of the get components of services (Parasuraman et al., 1985, 1988). As will be further discussed in the next section on the benefits/sacrifices approach to value, the concept of value was initiated by marketing researchers as the quality concept alone could not sufficiently explain why a customer choose one product over another (Dodds and Monroe, 1985). The recognized importance of value has generated research into the relationship between value and service quality (Baker et al., 2002).

Despite much discussion, no clear consensus exists in the service marketing literature regarding the relationship between service quality and value. A common view, however, is that service quality is a sub-dimension of value (e.g., Bolton and Drew, 1991; Oh, 1999; Parasuraman and Grewal, 2000; Tam, 2004). In accordance with this view,
Liljander and Strandvik (1995) suggest that service quality is a component or part of value. The authors developed the Liljander-Strandvik model of relationship quality, which suggests that value results from a comparison between perceptions of quality and perceptions of sacrifices (e.g., price, waiting time etc.). The Liljander-Strandvik model thus represents a typical benefits/sacrifices conceptualization of value. Other service researchers have pointed to the fact that there seems to be a conceptual overlap between service quality and value in service contexts (e.g., Cronin et al., 2000; Eksell, 2013). In this regard, Heinonen (2004) has demonstrated that service quality dimensions can be used to define and conceptualize value for the customer. Interestingly, the discussion about service quality and value and their relationship continues up until this day (Macdonald et al., 2011).

The conceptualization of service quality itself has been a much discussed topic in service marketing since the early 1980s and is by no means obvious (Lindqvist and Persson, 1997). A fundamental reason for service quality to be so debated is the subtle and complex nature of its components, namely, services and quality (Gummesson, 1993). Quality in itself has been described as “an unusually slippery concept, easy to visualize and yet exasperatingly difficult to define” (Garvin, 1988, p. xi). Also, services are complex by nature, which has contributed to the problem of defining what quality in services actually is. Consequently, marketing scholars have referred to service quality as an “elusive” concept (Parasuraman et al., 1985; Gummesson, 1993). Grönroos (2001) explains that the original focus of his research was on service features and suggests that if he had chosen that term instead of service quality, much confusion would have been avoided.

We can find two main conceptualizations of service quality in the marketing literature: the Nordic School and the American School (Asubonteng et al., 1997; Mels et al., 1997). The Nordic perspective (Grönroos, 1982, 1984) has revealed two major service quality dimensions: technical quality (the outcome of the service) and functional quality (the service process). As the empirical context of this study is retail banking, it should be noted that Holmlund and Kock (1996) has also identified an economic quality dimension in banking services, representing economic features such as interest, charges, and service fees. The American perspective (Parasuraman et al., 1985, 1988) has identified five components of high service quality: reliability, responsiveness, empathy, assurances, and tangibles. Both the Nordic and American service quality models are based on the disconfirmation paradigm from early customer satisfaction research (Oliver, 1977, 1980). The disconfirmation paradigm suggests that perceived service quality results from a comparison between expected service and experienced service (Grönroos, 1982, 1984). As service quality evaluations are highly complex processes (Carman, 1990), marketing researchers have also tried to integrate the two service quality models and thus view them as complementing rather than conflicting (Brady and Cronin, 2001).

As a way of integrating existing service quality research, Grönroos (2007) has summarized seven criteria of good perceived service quality (see Table 2). One of the seven criteria, professionalism and skills, is outcome-related and refers to Grönroos’ (1984) technical quality dimension. Five other criteria, attitudes and behavior, accessibility and flexibility, reliability and trustworthiness, service recovery and servicescape, are process-related and represent Grönroos’ (1984) functional quality dimension. The last criterion, reputation and credibility, is image-related and works as a filter for customers’ perceptions about the technical and functional quality dimensions (Grönroos, 2007). These seven criteria of good perceived service quality are
To sum up, service quality serves as a foundation for many value conceptualizations in marketing theory and the relationship between the concepts has been much discussed (Korkman, 2006). Even though the theoretical difference between service quality and value becomes blurred in service contexts (Cronin et al., 2000; Heinonen, 2004), value is generally seen as a wider, more abstract, and more subjective concept (Zeithaml, 1988). The conceptualization of service quality itself has been a topic of much debate within service marketing literature. The service quality models proposed by Grönroos (1982, 1984) and Parasuraman et al. (1985, 1988) are the two most accepted service quality conceptualizations. Both models are based on the disconfirmation paradigm and suggest that quality in services relates to customers’ experiences of the service process and outcome compared to expectations. From a value perspective, service quality is particularly prominent in the early benefits/sacrifices models of value, as it often represents what the customer gets in the trade-off. The benefits/sacrifices stream of value literature will be reviewed next.

### 2.1.2 The benefits/sacrifices approach

The concept of value entered the marketing literature in the mid-1980s as a result of the ongoing price-quality relationship discussion (Dodds and Monroe, 1985). Abbot (1955) had already researched the relationship between quality and price/cost and found it to be of much complexity. The need for the value concept in marketing theory arose from the fact that neither the quality nor the pricing concept alone could explain why a customer prefers one product over another in a buying situation (Korkman, 2006). According to Zeithaml (1988), perceived quality represents what the customer

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**Table 2  Grönroos’ seven criteria of good perceived service quality**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
<th>Dimension</th>
</tr>
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<tbody>
<tr>
<td>Professionalism and Skills</td>
<td>The professionalism and skills of service providers, its employees, operational systems, and physical resources</td>
<td>Outcome</td>
</tr>
<tr>
<td>Attitudes and Behavior</td>
<td>The attitudes and behavior of service employees (contact persons) toward customers</td>
<td>Process</td>
</tr>
<tr>
<td>Accessibility and Flexibility</td>
<td>The accessibility and flexibility of the service provider, its location, operating hours, employees, and operational systems</td>
<td>Process</td>
</tr>
<tr>
<td>Reliability and Trustworthiness</td>
<td>The reliability and trustworthiness of the service provider, its employees, and its systems</td>
<td>Process</td>
</tr>
<tr>
<td>Service Recovery</td>
<td>The immediate action taken by the service provider to solve and recover any service failure</td>
<td>Process</td>
</tr>
<tr>
<td>Servicescape</td>
<td>The physical surrounding of the service encounter environment and its ability to support a positive experience of the service</td>
<td>Process</td>
</tr>
<tr>
<td>Reputation and Credibility</td>
<td>The image of the service provider as a firm that can be trusted, gives adequate value for the money, and stands for good performance and values</td>
<td>Image</td>
</tr>
</tbody>
</table>
gets from the product and price what the customer gives. By drawing from price-quality studies, Dodds et al. (1991) therefore conceptualized value as “a cognitive trade-off between perceived quality and sacrifice” (p. 316). Similarly, Monroe (1990) defines customers perceptions of value as “a tradeoff between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price” (p. 46). The benefits/sacrifices approach to value was thus grounded in pricing theory and understands value as an outcome of customers’ quality-price perceptions. Also, Zeithaml’s (1988) seminal article on value builds on the quality-price model proposed by Dodds and Monroe (1985).

In her article, Zeithaml (1988) studied what customers mean by value and identified four definitions: (1) value as low price, (2), value as whatever the customer want in a product, (3) value as the quality the customer gets for the price he/she pays, and (4) value as what the customer gets for what he/she gives. By combining these four customer expressions of value, Zeithaml (1988) created an overall definition and consequently defines value as “the consumer’s overall assessment of the utility of a product based on a perception of what is received and what is given” (p. 14). Similarly to Dodds et al. (1991) and Monroe (1990), Zeithaml (1988) defines value as a cognitive benefits/sacrifices trade-off, and a large number of later studies have built their value models on this conceptualization of value (e.g., Day, 1990; Bolton and Drew, 1991; Gale, 1994; Brady and Robertson, 1999; Teas and Agarwal, 2000; Huber et al., 2001). In fact, the benefits/sacrifices approach is the most popular and accepted value conceptualization in marketing theory (Kotler et al., 2012; Gummerus, 2013).

The most basic form of a benefits/sacrifices trade-off involves the customer’s cognitive evaluation of the quality of a product versus its price (Dodds et al., 1991; Brady et al., 2005). However, perceived benefits can also be economic, social, and relational, and sacrifices include time, effort, risk, and convenience (Grewald et al., 1998; Cronin et al., 2000). Ravald and Grönroos (1996) emphasize the relational aspect of consumption and suggest that relational benefits and sacrifices should also be considered when conceptualizing value. Inclusion of relationship benefits and relationship sacrifices is especially relevant in business contexts where the customer-firm relationship is important for the customer, for example, in long-term buyer-supplier relationships (Wilson and Jantrania, 1994). Further, it is important to note that benefits and sacrifices are perceived by the customer and thereby always individual, personal, and subjective (Zeithaml, 1988). Several studies have also confirmed that individual consumers perceive value differently and that contextual and situational factors affect perceptions of benefits and sacrifices (Bolton and Drew, 1991; Brady and Robertson, 1999; Chen and Dubinsky, 2003; Wendel and Dellaert, 2005).

A fundamental assumption in the benefits/sacrifices approach is that customers are independent and rational in their information-processing and constantly evaluate offerings in the marketplace and choose the ones with highest benefits/sacrifices ratios (Bolton and Drew, 1991). The idea of the customer as a rational decision-maker has its origins in cognitive psychology and microeconomic theory (Thaler, 1985; Hunt and Morgan, 1996). As Korkman (2006) notes, this cognitive process of assessment is usually labeled a matter of judgment or evaluation of value (Zeithaml, 1988; Ravald and Grönroos, 1996). The dominant view in this stream of value literature has been that customers assess value as a ratio with the benefits as the numerator and sacrifices as the denominator (Zeithaml, 1988; Monroe, 1990; Dodds et al., 1991). This evaluation can be expressed as the following equation: \( V = \frac{B}{S} \). Cronin et al. (1997), however, demonstrate that customers often use an even simpler and more natural decision-making process than a multiplicative function, and simply assess value as the sum total
of benefits and sacrifices: V=B-S. Either way, according to the benefits/sacrifices approach, to create more value for the customer, the firm has to either increase the benefits or reduce the sacrifices (Ravald and Grönroos, 1996).

In summary, the benefits/sacrifices stream of value literature is characterized by the assumption of customers as rational evaluators of what they get for what they give (Cronin et al., 2000). Zeithaml (1998) and Monroe (1990) were the first to conceptualize value as a benefits/sacrifices trade-off and later studies often build on their value models. The authors, however, differ slightly in their view of the trade-off between perceived benefits and sacrifices. Monroe (1990) takes a rather objective view on how customers evaluate value from offerings and assumes the benefits and sacrifices to be relatively stable and fixed across customers and situations. Zeithaml (1988), on the other hand, regards value assessments to be more subjective, personal, and situation-dependent. But even if the elements that constitute the benefits and sacrifices differ slightly across value models in this approach, they all have two important things in common. First, the focus lies on customers buying decisions, not use, and every buying decision are assumed to be a direct consequence of the customer's value perception (Ravald, 2008). Second, hedonic aspects of buying behavior and consumption are not taken into consideration (Gummerus, 2013). The lack of consideration of emotions and feelings is a major criticism against the benefits/sacrifices approach and spurred the emergence of the multidimensional approach of value research, next to be reviewed.

### 2.1.3 The multidimensional approach

In addition to the benefits/sacrifices approach, value has also been conceptualized as a multidimensional construct. The multidimensional approach goes beyond utilitarian value and the view of customers as rational decision-makers and also recognizes hedonic value, such as emotional, affective, and entertaining aspects of consumption (Babin et al., 1994; Sánchez-Fernández and Iniesta-Bonillo, 2007; Boztepe, 2007; Aspara, 2008). Although Holbrook and Hirschman (1982) emphasized the hedonic aspects of consumption early, feelings, fantasies, and fun were largely neglected in conventional consumer research throughout the 1980s. This neglect of affect is reflected in the early value conceptualizations as well. While the benefits/sacrifices models of value focus only on customers' cognitive evaluative processes, the multidimensional value models also include affect and the role it plays in consumption (Holbrook, 1994). In other words, the multidimensional approach also acknowledges that value can arise from the affective feelings of a consumption activity in and of itself (Babin and James, 2010).

Scholars investigating the multidimensionality of value suggest several dimensions. Sheth et al. (1991) identify functional, social, emotional, epistemic, and conditional value dimensions. Functional value refers to the utility of the product or service. Social value refers to congruence with the norms of the consumer and his social environment. Emotional value is related to the consumer's feelings during consumption. Epistemic value refers to the consumer's desire of knowledge. Lastly, conditional value reflects that consumer needs and wants vary with different situational factors or circumstances. Sweeney et al. (1996) and Sweeney and Soutar (2001) do not consider the epistemic and conditional value dimensions but agree on functional, social, and emotional value. Similarly, Mattson (1991) and de Ruyter et al. (1997) propose three value dimensions: practical/functional, emotional, and logical. The last value dimension, logical, refers to
value for the money and is the main difference compared to the dimensions suggested by the above studies.

Holbrook (1994, 1996, 1999) has developed one of the most comprehensive value models based on three key distinctions: (a) extrinsic versus intrinsic value (a product serves as a means to some further end versus being appreciated for its own sake), (b) self-oriented versus other-oriented value (appreciating a product for my own sake versus appreciating a product for the sake of others), and (c) active versus reactive value (the acts of the user upon the product versus the effect of the product upon the passive user). Within this typology, a total of eight value dimensions are presented: efficiency (benefits/sacrifices), excellence (quality of a product/service), status (success, impression), esteem (reputation, possessions), play (fun), aesthetics (beauty), ethics (justice, morality), and finally, spirituality (faith, sacredness, magic). All eight value dimensions may occur in the same consumption activity but to varying degrees. Holbrook’s (1999) value typology captures a great deal of potential sources of value but is complex with small differences between the value dimensions. Sánchez-Fernández et al. (2009) have therefore adapted Holbrook’s (1999) model for empirical measurement in service industries and reduced the eight original dimensions to six: efficiency, play, aesthetics, quality, social value (status and esteem), and altruistic value (ethics and spirituality).

Studies of value for the customer in retail banking have primarily taken a multidimensional approach. Heinonen (2004, 2006, 2007) developed a conceptual value framework in the context of online banking and explored the nature of four value dimensions: technical value (what), functional value (how), temporal value (when), and spatial value (where). Maas and Graaf (2008) offer another conceptualization of value from the financial services sector and derive five value dimensions from in-depth interviews with customers and financial advisors: company value (brand, image, and reputation), service/employee value (competence and quality in the service delivery process), social value (social similarities between customer and advisor, status), product value (quality, performance, price, and convenience), and relationship value (trust and confidence). In the above retail banking studies, qualitative methods were utilized to research the dimensionality of value. The main difference between the two studies in their conceptualization of value is that Heinonen’s (2004) framework is more generic, while the dimensions of Maas and Graaf (2008) refer to concrete attributes of financial service offerings.

But quantitative methods have also been used to research value as multidimensional in the retail banking industry. For example Roig et al. (2006, 2009) use an adaptation of the GLOVCAL scale, developed by Sánchez et al. (2006) in the tourism sector, to categorize and measure value perceptions of retail bank customers. Roig et al. (2006) identified six value dimensions as relevant for retail banking services: functional value of the establishment (installations), functional value of the contact personnel (professionalism), functional value of the service purchased (quality), functional value price (interest, charges, and fees), emotional value (internal feelings), and social value (social benefits). Similarly, Roig et al. (2013) conceptualize value in retail banking as multidimensional and suggest three generic value dimensions: functional value, emotional value, and social value.

In summary, the multidimensional approach to value in marketing theory is characterized by a focus on a variety of value dimensions as outcomes of consumption (Woodall, 2003) rather than on decision-making in buying situations (Grewald et al., 1998; Cronin et al., 2000). The value dimensions can range from three (de Ruyter et al.,
1997) to eight (Holbrook, 1999) and include everything from quality to aesthetics. An important distinction from the benefits/sacrifices approach lies in the view of the customer as not only as a thinker but also as a feeler and doer (Korkman, 2006). By considering both cognition and affect, the multidimensional value models try to holistically understand the value phenomenon and how it is experienced by customers. Another feature of the multidimensional approach emphasized by Gummerus (2013) is the lack of attention given to sacrifices. In contrast to the benefits/sacrifices approach, the multidimensional value models only implicitly understand the sacrifice component, often within the value dimensions. For example, Holbrook (1999) acknowledges sacrifices in terms of money, time, and effort in his value dimension named efficiency.

Next, the third and last stream of traditional value literature we can find in marketing theory, the means-end approach, will be presented.

### 2.1.4 The means-end approach

According to the means-end approach to value, not only do customers evaluate benefits/sacrifices or value dimensions, but they are also influenced or guided by hierarchical levels of cognitive abstraction in their consumption decisions (Gardial et al., 1994; Parasuraman, 1997). Drawing from means-end theory, the means-end approach is based on the assumption that customers buy and use products or services as a way to accomplish certain desired end-states (Gutman, 1982). In other words, the means-end theory recognizes how customers' values affect their consumption behavior (Sánchez-Fernández and Iniesta-Bonillo, 2007). With its roots in means-end theory, the means-end models of value have several advantages, especially to the simple benefits/sacrifices models. By moving beyond the positive and negative attributes of product and services to the underlying motives and goals of the customers, the means-end approach offers a deeper and more meaningful understanding of value for the customer (Woodruff and Gardial, 1996). The means-end models do not, however, neglect benefits and sacrifices at an attribute level, but link them via their use consequences to the overall aims of the customers (Khalifa, 2004).

Means-ends theory posits that customers perceive and evaluate products and services on three hierarchical interconnected levels: product attributes, use consequences, and desired goals (Gutman, 1981, 1984, 1997; Reynolds and Gutman, 1984, 1988; Reynolds and Perkings, 1987). Product attributes refer to features of the product, for example, the engine in a Harley Davidson motorcycle. Use consequences represent the use experience, for example, riding the Harley Davidson. Lastly, the desired goal is the most abstract level and refers to the overall aim with the consumption; Harley Davidson ownership may, for example, be a way to identify with American values and culture. Means-end theory tries to understand and explain customers’ decision-making and buying behavior in light of their desired end-states and its linkages to use consequences and product attributes (Perkins and Reynolds, 1988). Product attributes exist on the lowest level of abstraction and desired end-states on the highest abstraction level, with use consequences in the middle. By studying the linkages between the hierarchical levels, marketing researchers can analyze the influence the different levels have on customers' decision-making (Pieters, 1993; Pieters et al., 1995).

Gutman (1982) suggests that the desired end-state is the dominating factor in the means-end hierarchy that ultimately drives the customer’s buying behavior. From that perspective, a customer evaluates products or services on the basis of how well they serve the customer’s overall aim with his/her consumption. This top-down view implies that customers’ desired aims guide what they appreciate in terms of use consequences,
and in a next step, the preferred use consequences decide what product or service attributes they search for. For example, a customer wants to live healthy (end-state) and therefore buys a fresh juice drink (use consequences) made out of organically grown oranges (product attribute). Later research suggests, however, that customers' information processing in buying situations runs along bottom-up as well as top-down routes (Scholderer et al., 2002; Brunso et al., 2004). Ross and Murphy (1999) explain how the bottom-up route is driven by product or service perception and thought to trigger a hierarchical categorization process which activates the most abstract level of desired end-state. In other words, it seems likely that information is processed upward as well as downward in the cognitive means-end hierarchy.

Although means-end models were originally developed to describe how customers process information about products and services (Gutman, 1982), Woodruff and Gardial (1996) later adapted the framework to conceptualize customer value. Drawing from means-end theory, the authors defined value as “the customer’s perception of what they want to have happen (i.e., the consequences) in a specific use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal” (p. 54). Woodruff (1997) similarly defines value as “a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals or purposes in use situations” (p. 142). The customer value hierarchy developed by Woodruff and Gardial (1996) and refined by Woodruff (1997) suggests that customers perceive value in a means-end way. Despite problems with empirical application (Parasuraman, 1997), the model is widely recognized in marketing literature. An example of empirical application is Laukkanen (2006, 2007), who applies the means-end approach to study retail bank customers’ value perceptions of Internet and mobile banking.

In summary, what characterizes the means-end approach to value in marketing theory is the focus on hierarchical levels of perceived value from products and services. These cognitive abstractions are assumed to guide customers’ buying behavior and post-purchase satisfaction (Woodruff, 1997). In the same way as means-end theory is based on the assumption that customers buy products and services to achieve a desired goal or purpose, the value hierarchy model assumes that customers perceive value in a means-end way. Woodruff (1997) explains how value stems from customers’ learned perceptions, preferences, and evaluations but points out how these can change with situation. A major benefit with the means-end approach is that it helps us understand why value perceptions differ across customers as well as between situations (Gardial et al., 1994). A common critique of the approach, however, refers to the lack of consideration of sacrifices on the different hierarchical levels, arguably equally important (Veludo-de-Oliviera et al., 2006; Golik Klanac, 2008, 2013).

### 2.1.5 Summary of traditional views of value

The purpose of this section was to review traditional views of value in the marketing literature. To start with, the predecessor of value – service quality – was reviewed and the connection to value in service marketing discussed. It was concluded that much of the later value research in service marketing is based on service quality literature (Liljander and Strandvik, 1995; Heinonen, 2004). After that, three different streams of traditional value literature were reviewed: the benefits/sacrifices approach, the multidimensional approach, and lastly, the means-end approach. All three of these approaches to value in marketing theory share the assumption that assessments of
value are static and can be captured with a set of predefined value components/dimensions/levels (Zeithaml, 1988; Holbrook, 1994; Woodruff, 1997). A major difference, however, exists between the benefits/sacrifices approach and the other two approaches. In contrast to the benefits/sacrifices approach, the multidimensional approach and the means-end approach do not focus on evaluations of give and get components. Instead, they focus on dimensions or levels of value and how they are experienced by the customer.

A reason for the difference in focus between the different value approaches can be traced back to their theoretical roots. The benefits/sacrifices approach has origins in cognitive psychology and microeconomic theory (Hunt and Morgan, 1996) and assumes the customer to be a rational information processing machine, constantly seeking the highest benefits/sacrifices ratios (Bolton and Drew, 1991). The multidimensional approach origins from a stream of consumer research that argued against the utilitarianism of microeconomic theory (Holbrook and Hirschman, 1982) and thus emphasizes the hedonic aspects of consumption among other things. And the origin of the means-end approach is to be found in means-end theory, focused on uncovering the underlying personal values that drive consumer choice (Gutman, 1984). These diverse origins of the three streams of traditional value literature explain much of their differences and give each approach its particular strength and weakness (Korkman, 2006). The major strength (and weakness) of the benefits/sacrifices approach is its simplicity and sole focus on get/give trade-offs. On the other hand, multidimensional and means-end value models are much more complex and capture many sources of value, but they fail to explicitly recognize sacrifices made by the customer.

It is also possible to argue, however, that the three reviewed streams of traditional value literature complement rather than contradict each other. Golik Klanac (2008, 2013), for example, combined these three value approaches and created an integrated value framework for the study of website communication in B2B relationships. This integrated approach gives a more complete view of value for the customer and better captures the complexity and multidimensionality of the concept. Strangely enough, no extensive discussion exists in marketing theory about the complementary nature of the traditional value models. But in the same way, it can be argued that service quality is an integrated part of all of these traditional approaches to value, either explicitly as in the benefits/sacrifices approach, or implicitly as in the multidimensional approach or the means-end approach.

As previously discussed, the main limitation of all of the traditional approaches to value is their static view on how value is evaluated and their predefined set of value components/dimensions/levels. For an overview of traditional definitions of value in marketing literature, see Table 3. By conceptualizing value as value-in-use, SL, SDL, and CDL escape the limitations of the traditional value models and thus take a much more dynamic and flexible approach to value (Vargo and Lusch, 2004; Grönroos, 2008; Heinonen et al., 2010). Next, a review and discussion of the concept of value-in-use and its different characterizations will be presented.
Table 3  Traditional definitions of value in marketing literature

<table>
<thead>
<tr>
<th>Author(s), year</th>
<th>Article type</th>
<th>Definition of value</th>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flint et al. (2002)</td>
<td>Empirical</td>
<td>“[W]hat the customers want to happen when interacting with a supplier and/or using the supplier’s product or service” (p. 103)</td>
<td>Means-end</td>
</tr>
<tr>
<td>Oliver (1999)</td>
<td>Book chapter</td>
<td>“Value is a positive function of what is received and a negative function of what is sacrificed” (p. 45)</td>
<td>Benefits/sacrifices</td>
</tr>
<tr>
<td>Oliver (1997)</td>
<td>Book chapter</td>
<td>“[A] judgment comparing what was received (e.g., hedonic or utilitarian performance) to the acquisition costs (e.g., financial, psychological, or physical effort)” (p. 543)</td>
<td>Benefits/sacrifices</td>
</tr>
<tr>
<td>Woodruff (1997)</td>
<td>Conceptual</td>
<td>“Customer value is a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) archiving the customer’s goals or purposes in use situations” (p. 142)</td>
<td>Means-end</td>
</tr>
<tr>
<td>Fornell et al. (1996)</td>
<td>Empirical</td>
<td>“[T]he perceived level of product quality relative to price” (p. 9)</td>
<td>Benefits/sacrifices</td>
</tr>
<tr>
<td>Woodruff and Gardial (1996)</td>
<td>Book chapter</td>
<td>“Customer value is the customer’s perception of what they want to have happen (i.e., the consequences) in a specific use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal” (p. 54)</td>
<td>Means-end</td>
</tr>
<tr>
<td>Gale (1994)</td>
<td>Book chapter</td>
<td>“Customer value is market perceived quality adjusted for the relative price of your product” (p. xiv)</td>
<td>Benefits/sacrifices</td>
</tr>
<tr>
<td>Holbrook (1994)</td>
<td>Conceptual</td>
<td>“Value is an interactive relativistic preference experience “ (p. 27)</td>
<td>Multidimensional</td>
</tr>
<tr>
<td>Sheth et al. (1991)</td>
<td>Empirical</td>
<td>“Consumer choice is a function of multiple consumption values. [...] These are functional value, social value, emotional value, epistemic value, and conditional value” (p. 160)</td>
<td>Multidimensional</td>
</tr>
<tr>
<td>Monroe (1990)</td>
<td>Book chapter</td>
<td>“Buyer’s perception of value represents some tradeoff between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price” (p. 46)</td>
<td>Benefits/sacrifices</td>
</tr>
<tr>
<td>Mattson (1988)</td>
<td>Conceptual</td>
<td>“Value is a measure of how well things stand up to norms” (p. 22)</td>
<td>Multidimensional</td>
</tr>
<tr>
<td>Zeithaml (1988)</td>
<td>Empirical</td>
<td>“Perceived value is a customer’s overall assessment of a product based on perceptions of what is received and what is given” (p. 14)</td>
<td>Benefits/sacrifices</td>
</tr>
</tbody>
</table>
2.2 Value as value-in-use

This section discusses the concept of value-in-use and reviews the literature on value-in-use from a service marketing perspective. Value-in-use is the definition of value within SL and is consequently the focus of this study. According to SL as well as SDL and CDL, value for customers is created or emerges during use of products or services as value-in-use and is always individually and contextually perceived and determined by the customer (Vargo and Lusch, 2008; Vargo and Akaka, 2009; Grönroos, 2008, 2011a; Heinonen et al., 2010, 2013). Value-in-use has been a key concept within service marketing discussion since the publication of the “Evolving to a New Dominant Logic for Marketing” article by Vargo and Lusch (2004).

However, a review of the contemporary service marketing literature shows that much remains unclear about the concept of value-in-use. For instance, definitions of the concept in terms of scope and nature differ among marketing scholars. Further, the theoretical background of value-in-use within marketing theory remains unclear, although efforts to elucidate the concept have been made by, for example, Gummerus (2013). As this section illustrates, value-in-use has existed both outside and within marketing literature for a long time. The recent advance of a service perspective on marketing theory gave value-in-use a revival and a strong imprint in the marketing literature. It is important, however, to understand the background of value-in-use to explain the variety of characterizations found in contemporary service marketing discussion.

The aim of this section is therefore to review the different approaches to value-in-use found in marketing literature and compare and contrast their different characteristics. As a result of the review of the value-in-use literature, three different perspectives on value-in-use are outlined: the utility approach, the consumption outcome approach, and the experience approach. They all have different theoretical backgrounds and thus come with different characterizations of value-in-use. In that sense, this review sheds light on the often overlooked heterogeneous nature of value-in-use conceptualizations in marketing theory. In line with SL, this thesis adopts an experience-based view of value-in-use because it is the most complete and thorough conceptualization of value-in-use. Next, I will review each of these approaches, starting with the utility approach. A concluding summary of the review of value-in-use literature is provided in the end of this section.

2.2.1 The utility approach

The origin of the value-in-use concept can be traced back through marketing literature to classical economic philosophy and the utility concept (Wooliscroft, 2008). More than 2,000 years ago, Aristotle discussed in his value theory how value-in-use is a subjective and individual perception of the utility of a particular good or service (Gordon, 1964). Value-in-use can, according to Aristotle, vary over time for an individual as well as between individuals, and even arise from the mere possession of a good. Aristotle further explains how market demand, expressed through value-in-exchange (price), is a function of the value-in-use (utility) of a good or service. With that, Aristotle made a clear distinction between value-in-exchange and value-in-use, and conceptualized the latter as arising in an individual person’s consumption process rather than being created in a production process (Gordon, 1964). After Aristotle, medieval scholars like St. Augustine (circa first third of the sixth century to 604) and St. Thomas Aquinas
(1225-1274) brought the idea of utility to the economic philosophy by arguing that the origin of all economic value lies in the needs of consumers (Dixon, 1990).

Later, Adam Smith (1723-1790) recognized the difference between value-in-exchange and value-in-use and observed how “the things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange have frequently little or no value in use” (Smith, 1776, p. 28). But while Smith (1776) acknowledged value-in-use, his main focus was on national wealth, and “wealth consisted of tangible goods, not the use made of them” (Dixon, 1990, p. 340). Several later economists such as Jean Baptist Say (1767-1832), John Stuart Mill (1806-1873), Frederic Bastiat (1801-1850), Carl Menger (1840-1921), and Eugen Böhm von Bawerk (1851-1914) repudiated Smith’s one-sided focus on tangible output and value-in-exchange. Instead, they agreed with the Aristotelian view that the most important value resides not in the objects themselves, but in the utility of those objects (Dixon, 1999; Vargo and Morgan, 2005). As Aristotle emphasized, value-in-exchange is always derived from value-in-use (Gordon, 1964), thus making value-in-use fundamental to value-in-exchange.

Similarly, Karl Marx (1859) acknowledges every commodity to have a two-fold aspect – use-value and exchange-value – and describes how value-in-use is realized only by use or in the process of consumption. Marx (1867) further explains the nature of value-in-use as the utility of a good or service. In line with many earlier economists, he also recognizes value-in-use as fundamental to value-in-exchange, and thereby to all forms of wealth in a society. Interestingly, Marx (1867) notes that English writers of the 17th century commonly used the word “worth” for value-in-use, and “value” for value-in-exchange. According to Marx (1867), this was a consequence of the preference in the English language to use words of Germanic origin for the actual thing and words of Latin origin for its reflection.

Although the view of early economists was that “The Value of all Wares arises from their Use” (Barbon, 1690, p. 21), tangible goods and value-in-exchange became the accepted focus of later economic philosophy. As marketing as a discipline emerged from the field of neoclassical economics in the early 20th century, the main focus of marketing has traditionally been on distribution and exchange of manufactured goods (Sheth et al., 1988; Vargo and Lusch, 2004). With exchange as a fundamental framework for viewing marketing (Bagozzi, 1974), value-in-use received limited attention in marketing theory until Vargo and Lusch (2004) placed the concept at the center of their service-dominant logic. As Dixon (1990) reports, the classical value-in-use literature from economic philosophy had largely been ignored by marketing scholars throughout the 20th century.

In their seminal article “Evolving to a New Dominant Logic for Marketing”, Vargo and Lusch (2004) adopted the utility-based view of value-in-use from classical economics and contrasted it to the (value-in-)exchange focus of mainstream marketing. In early SDL publications, the nature of value-in-use is thus equated to the utility of goods or services (Vargo and Lusch, 2004, 2006; Gummesson, 2007). Lusch et al. (2008) explain how “value-in-exchange might represent expected utility but it is not the actual utility; utility (value-in-use) can only be realized by and in the context of the life of the customer” (p. 12). Similarly, Vargo and Lusch (2004) describe how value-in-use is “defined by and cocreated with the consumer rather than embedded in output” (p. 6).

As discussed, Vargo and Lusch (2004) derived their definition of value-in-use from classical economics, but they added the notion of “co-creation” as a way to explain how
value-in-use (or utility) arises. Inspired by service marketing and service management (for example, Normann and Ramirez, 1993; Gummesson, 1997; Grönroos, 2000), Vargo and Lusch (2004) described how “the customer is continuing the marketing, consumption, and value-creation and delivery processes” when using a product or service (p. 11). The firm and its customers are thereby always co-creating value-in-use (or utility) together during the production and consumption process. Thus, Vargo and Lusch (2004) connect value-in-use to the overall marketing process in an attempt to answer Alderson’s (1957) call for “a marketing interpretation of the whole process of creating utility” (p. 69).

In summary, what characterizes the utility approach to value-in-use is the emphasis on the difference between value-in-use (utility of something) and value-in-exchange (amount of monetary worth of something). This two-fold meaning of value is the starting point for value-in-use characterizations of early economists (e.g., Smith, 1776; Marx, 1859) as well as early SDL publications (e.g., Vargo and Lusch, 2004, 2006; Gummesson, 2007; Lusch et al., 2008). The common denominator is the view of value-in-use as the utility of a good or service. As utility is only realized in use, there is emphasis on how value-in-use is created in the consumption process rather than embedded in products. Use or consumption normally refers to physical use of a good or a service. Aristotle, however, viewed the possession of something valuable as a form of use, and thus value-in-use, if it brings utility to its owner (Gordon, 1964). Moreover, value-in-use as utility is argued to have a subjective and individual meaning that can change for a person as well as vary between individuals (Vargo and Lusch, 2004, 2006). This fundamental assumption of individuality and contextuality is shared with the consumption outcome approach to value-in-use, next to be reviewed.

2.2.2 The consumption outcome approach

The consumption outcome approach to value-in-use has its background in the rise of the awareness of the consumer in marketing theory in the postwar years of the 1950s. As a consequence of societal changes and increased competition in business, the needs and wants of consumers are now recognized as the fundamental driver of all marketing activity, and the outcomes or objectives of consumption thus became more and more important in marketing (Vargo and Morgan, 2005). Alderson (1957) was the first marketing scholar to connect value-in-use to the satisfaction of customers’ needs and wants and thereby characterize the concept as a consumption outcome. He further explains the concept as follows: “Use value is the realized potency expressed as the product of the incidence of use and the conditional value if used, that value depending on the intensity of satisfaction with the product when used” (Alderson, 1965, p. 50).

The value-in-use concept, thereafter, went unnoticed in the marketing literature until the mid-1990s when Woodruff and Gardial (1996) brought it back to marketing theory. Although value-in-use was already introduced to marketing by Alderson (1957, 1965), it was Woodruff and Gardial (1996) who provided the first clear definition of value-in-use. The authors define value-in-use as “a functional outcome, purpose, or objective that is served directly through product consumption” (p. 55). Woodruff and Gardial (1996) view products or services as merely means to an end and explain how “value is created when a product and a user come together within a particular use situation” (p. 59). Hence, the authors characterize value-in-use as the outcome or objective of their customer value hierarchy that is based on means-end theory, discussed in Section 2.1.3, “The means-end approach”. Woodruff and Gardial (1996) also emphasize the dynamic
nature of value-in-use by describing how value-in-use can change over time and across use situations.

Up until the publication of Vargo and Lusch’s (2004) article “Evolving to Service-Dominant Logic for Marketing”, marketing researchers generally adopted Woodruff and Gardial’s (1996) outcome-based view of value-in-use. For example Payne and Holt (2001) define value-in-use as “a functional outcome, a goal purpose or objective that is served directly through product consumption” (p. 162). Another definition of value-in-use inspired by Woodruff and Gardial (1996) is provided by Flint et al. (1997) and reads as follows: “Value-in-use reflects the use of the product or service in a situation to achieve a certain goal or sets of goals” (p. 170). The characterization of value-in-use as a positive outcome, objective, or goal of consumption is common in all definitions based on Woodruff and Gardial (1996). In other words, products and services are viewed as means to reach the goals of customers, and achieving the desired end-state is labeled value-in-use.

Interestingly, the influence of Woodruff and Gardial’s (1996) value-in-use definition stretches all the way into present-day service marketing debate. For example, Lemke et al. (2011) and Macdonald et al. (2009, 2011) are positioned within SDL, but the authors follow Woodruff and Gardial’s (1996) definition of value-in-use as a customer’s functional and/or hedonic outcome that is achieved through use of products or services. Similar to Woodruff and Gardial (1996), these authors emphasize the dynamic and fluctuating nature of value-in-use over time. Based on means-end theory, they describe how value-in-use changes depending on customers’ overall consumption goals. Lemke et al. (2011) further explain how goals of customers can take many forms and change with situation and time. Value-in-use is thus seen as highly contextual.

Moreover, in the consumption outcome literature, the scope of use is restricted to the physical use of goods or services. For example, Woodruff and Gardial (1996) and Woodruff (1997) clearly distinguish between value-in-use and possession value, arguing them to be two different types of value. Also, Day and Crask (2000) raise the same argument and explain how the evaluative process for value-in-use is different from that for possession objects. If a product is bought for its value-in-use, the product is just means to a desired end and is thus evaluated against the customer’s instrumental values. If a product, on the other hand, is owned for its possession value, the product is an end in itself and evaluated against the customer’s terminal values. Day and Crask (2000), however, acknowledge that some products are, simultaneously, value-in-use and possession objects. Similarly, Burns (1993) describes how value-in-use and possession value are different types of value – but emphasize that they are often linked in the customers’ evaluation process.

Unlike the previously reviewed utility approach to value-in-use, authors with a consumption outcome view do not contrast value-in-use to value-in-exchange. In fact, they do not discuss value-in-exchange at all. A different theoretical focus and starting point can probably explain that difference. The utility-based stream of value-in-use literature is focused on the dual meaning of value as a phenomenon (utility vs. monetary worth) and their relative importance. The consumption outcome approach, on the other hand, mainly focuses on how the needs and wants of customers are satisfied and the role of value-in-use as the outcome of a means-end chain. However, Alderson (1957) connects value-in-use to exchange, but he rather portrays exchange as a creative function that “creates value in the sense that there is greater value in use for all of the products involved after the exchange than before the exchange” (p. 195). In
other words, Alderson (1957) views exchange as a facilitator or even a creator of value-in-use in itself rather than just a money/goods-transferring process.

In summary, the consumption outcome approach is characterized by the view of value-in-use as the outcome or objective that is served through consumption in terms of satisfying needs and wants. The characterization builds on means-end theory, and value-in-use is thus equated to the customers’ desired end-states or consumption goals (Lemke et al., 2011; Macdonald et al., 2011). Similar to the utility approach, the dynamic and fluctuating nature of value-in-use is emphasized by authors adopting the consumption outcome view (Flint et al., 1997; Payne and Holt, 2001). However, in contrast to the utility approach, value-in-use is not discussed in relation to value-in-exchange. Instead, the consumption outcome approach is focused on how value-in-use relates to customers’ needs and wants rather than the relative importance of value-in-use versus value-in-exchange. The consumption outcome approach to value-in-use is also characterized by its clear distinction between value-in-use and possession value. The scope of value-in-use is thus limited within the consumption outcome approach, but it significantly widened with the emergence of the experience approach, next to be presented.

2.2.3 The experience approach

The experience approach to value-in-use is the approach adopted by SL and came about as a reaction against the utility definition of value-in-use in the early SDL discussion (Vargo and Lusch, 2004, 2006). Schembri (2006) criticizes this “utility transmitter” view of goods or services as a remnant of a goods-centered logic and argues that “products, whether they are predominantly goods or services, are essentially experiences” (p.385). This argument echoes the words of Abbott (1955), who states, “What people really desire are not products but satisfying experiences” (p. 40). In an attempt to fully move away from a goods-centered logic, the experiential-phenomenological perspective thus gained popularity in the discourse around SDL (Vargo and Lusch, 2008). With that transformation, the characterization of value-in-use also developed toward an experience-based view. Holbrook's (1994, 2006) definition of value as “an interactive relativistic preference experience” (p. 27, 715) thus started to influence service marketing researchers in their characterizations of value-in-use (e.g., Ballantyne and Varey, 2006; Kowalkowski, 2011). The final step away from the classical utility characterization of value-in-use came when Vargo and Lusch (2008) defined value-in-use as “idiosyncratic, experiential, contextual, and meaning laden” and “always uniquely and phenomenologically determined by the beneficiary” (p. 7). Consequently, SDL has moved from a utility definition of value-in-use in early publications to characterizing value-in-use as a phenomenological experience. The experience approach to value-in-use is also embraced by CDL (Heinonen et al., 2013).

The statement “phenomenologically determined by the beneficiary” by Vargo and Lusch (2008, p. 7) indicates that value-in-use originates from use experiences as they are perceived by customers. Rakesh Ranjan and Read (2014) explain how “experience generates use value”. A main characteristic of the experience approach is thus its focus on the customer’s use experience as the source of value-in-use (Flint, 2006; Sandström et al., 2008; Plé and Cáceres, 2010). This view of value-in-use differs from the utility and consumption outcome approach to value-in-use in the sense that it downplays the role of products and services per se in generating value for the customers. Instead, the experience approach focuses on the experiences resulting from the use of products and services and how these experiences generate value-in-use. In other words, value-in-use
arises through experiences, not products or services per se (Schembri, 2006; Helkkula et al., 2012a).

As a result of the characterization of value-in-use as emerging through use experiences, the scope of value-in-use is significantly wider in this approach than in the utility and consumption outcome approaches. The experience approach essentially gives value-in-use the same features as experiences, and they are holistic and multifaceted. From this perspective, value-in-use involves everything from use experiences during physical consumption (Grönroos 2006; Lusch et al., 2007; Vargo and Lusch, 2008) to memories, possession, and future imaginary consumption experiences (Heinonen et al., 2010; Helkkula and Kelleher, 2010; Grönroos and Ravald, 2011). Even mental use is regarded here as a form of use experience and thus a source of value-in-use (Grönroos and Voima, 2013; Heinonen et al., 2013). Helkkula et al. (2012a) describe value-in-use as “individual service customers’ lived experiences of value that extend beyond the current context of service use to also include past and future experiences and service customers’ broader life world contexts” (p. 59). Consequently, service marketing researchers have recently incorporated more and more of consumption-related life experiences into the value-in-use concept.

Related to the scope of value-in-use is also the characterization of value-in-use by the experience approach as a dynamic and evolving experiential process (Grönroos and Voima, 2013; Heinonen et al., 2013). From the experience perspective, value-in-use is longitudinal and develops over time, just like experiences. Heinonen et al. (2013) extends the scope of value-in-use “to a longitudinal experience perspective stressing value as a part of the customer’s dynamic and multi-framed reality” (p. 110). Even though value-in-use was recognized as dynamic and changing in the utility and consumption outcome approaches (Woodruff and Gardial, 1996; Vargo and Lusch, 2004), they still viewed value-in-use as an outcome of value-creating processes, not a processual experience in itself. Hence, the dynamic and processual nature of value-in-use was not fully elaborated upon until the experience approach. The experience approach is thus unique in its explicit characterization of value-in-use as longitudinal and constantly evolving through use experiences. The dynamic and processual nature of value-in-use is particularly emphasized by SL and Grönroos and Voima (2013) consequently state that value-in-use “accumulates over time through experiences during usage” (p. 136).

In its experience-based characterization of value-in-use, SL also emphasizes the possibility for value-in-use to evolve negatively as well as positively. Grönroos and Voima (2013) capture the essence of this dual nature of value-in-use when defining value-in-use as “the extent to which a customer feels better off (positive value) or worse off (negative value) through experiences somehow related to consumption” (p.136). The existence of negative value-in-use is a logical consequence of the experience approach and its characterization of value-in-use as arising through experiences of using products or services (Gummerus and Philström, 2011). An experience can be positive as well as negative, and therefore, value-in-use should also logically own the capacity to be positive as well as negative. The experience-based characterization of value-in-use is thus a main reason negative value-in-use has been discussed within contemporary service marketing. In previous approaches, when value-in-use is characterized as the utility from products or services (Vargo and Lusch, 2004) or as the objective served through consumption (Woodruff and Gardial, 1996), value-in-use is either created or not. In other words, in these approaches, value-in-use is either positive or zero (e.g., utility did or did not arise, or the objective was or was not met). Therefore, the utility
and consumption outcome approaches never really considered the negative side of value-in-use.

The question of negative value-in-use is also a dividing line between SDL on one side and SL and CDL on the other. Much like the utility and consumption outcome approaches, Vargo and Lusch (2008) and Vargo et al. (2008) assume value-in-use only to be a positive phenomenon whereas Grönroos (2008, 2011a) points to the fact that service processes also can take negative turns with the result that customers end up worse off than before (negative value-in-use). Similarly, Heinonen and Strandvik (2015) explain that customers’ processes of integrating offerings in their lives can have positive as well as negative outcomes. Along the same logic, Plé and Cáceres (2010) and Echeverri and Skålén (2011) argue that value can be co-destroyed as well as co-created in the interactions between customers and firms, hence supporting the rationale for negative value-in-use. Although this issue is still a dividing line within the experience approach, the case for negative value-in-use seems to grow stronger (Grönroos and Voima, 2013; Grönroos and Gummerus, 2014). As long as a value-in-use is characterized as emerging through experiences of using products or services, negative value-in-use arguably makes sense.

In this thesis, I adopt the experience-based view on value-in-use of SL with a few delimitations for the purpose of the empirical study. As we have seen from this review of value as value-in-use, the experience approach is the most complete and thorough conceptualization of value-in-use. By adopting the experience approach to value-in-use, I view the concept as having the capacity to evolve negatively as well as positively over time throughout service processes. In other words, I assume that service experiences can cause customers to feel worse off as well as better off, depending on how the service process develops. As previously discussed, the experience approach has widened the scope of value-in-use to include not only physical use experiences (e.g., vacation in Hawaii), but also mental use experiences such as memories, possessions, and future imaginary experiences (e.g., enjoying the memories of a vacation in Hawaii) (Heinonen et al., 2010, 2013; Helkkula et al., 2012a). To construct a manageable research design for the empirical study, I will only consider physical use experiences in real-life situations as sources of value-in-use. As a consequence, in its context of retail banking, this thesis focuses on value-in-use originating from physical experiences of using bank services. Physical use experiences, however, do not exclude, for example, Internet banking or other “virtual” ways of using a service. The delimitations of this study were discussed in Chapter 1.5, “Delimitations”, and will thus not be repeated in full here.

In summary, the experience approach to value-in-use was a reaction against the utility definition of value-in-use borrowed by Vargo and Lusch (2004, 2006) from classic economic philosophy (Wooliscroft, 2008). The utility view received criticism from, for example, Schembri (2006) for representing the goods-dominant view that Vargo and Lusch (2004) argued against. Hence, the experience approach emerged, and value-in-use came to be seen as emerging through experiences rather than through products or services (Flint, 2006; Helkkula et al., 2012a). The meaning of use also evolved from physical experiences of using products and services to mental use experiences such as possessions, memories, and imaginary future experiences (Grönroos and Voima, 2013). Also, the scope of value-in-use widened with the experience approach. Value-in-use was now characterized as dynamic and longitudinal, constantly evolving through use experiences (Heinonen et al., 2013). Additionally, only within the experience approach is value-in-use characterized as having the potential to be negative as well as positive. If value-in-use originates from experiences, and experiences can be positive or negative, it is only logical that value-in-use shows similar characteristics. For example, service
processes can take negative turns resulting in negative use experiences for customers and thus negative value-in-use (Grönroos, 2008, 2011a). By adopting the experience-based view on value-in-use of SL, this thesis characterizes value-in-use as positively and negatively evolving over time through use experiences. For the purpose of this thesis, I will, however, delimit the empirical study to physical use experiences.

2.2.4 Summary of value as value-in-use

This section reviewed the concept of value-in-use from a service marketing perspective and discussed three different characterizations of value-in-use in marketing theory: the utility approach, the consumption outcome approach, and the experience approach. All three of these value-in-use approaches have similarities as well as differences. Among the similarities is the fundamental conception of value-in-use as a dynamic concept dependent on time, place, and individual. The differences mainly refer to the scope (physical use - mental use) and nature (positive value - negative value) of value-in-use. Each of the three approaches has its own background and assumptions, reflected in its subsequent characterizations of value-in-use. The differences in characterizations of value-in-use have implications for future theorizing about the concept. Still, few discussions of their implications, if any, exist in contemporary service marketing literature. Instead, value-in-use is generally treated as a uniform concept, with its characteristics often taken for granted rather than explicitly outlined.

A development in the characterization of value-in-use came with the experience approach and its widening of the scope of value-in-use to also include mental use, such as possessions, memories, and imaginary use (Helkkula et al., 2012a; Grönroos and Voima, 2013). The extension of use experiences, from physical use of products and services to mental use, was a logical continuation of the experiential-phenomenological trend in value-in-use theorizing (Vargo and Lusch, 2008; Helkkula et al., 2012a). It is worth noticing, however, that Aristotle already argued for possessions to be a source of value-in-use if it created utility for its owner (Gordon, 1964). In that sense, the experience approach has revisited and embraced some of the original characteristics of value-in-use, as noted by Grönroos and Ravald (2011) and Grönroos and Voima (2013). In this thesis, however, the scope of value-in-use is delimited to physical experiences of using bank services. The reason for only considering physical use experiences, and not mental ones, has to do with the research design of the study and was further explained in Chapter 1.5, “Delimitations”.

Another issue raised by the experience approach is the question whether value-in-use can be negative. Traditionally, value-in-use has always been considered as something positive, but more and more arguments have been raised within the experience approach for the existence of negative value-in-use (Grönroos, 2011a; Grönroos and Voima, 2013). Logically, if value-in-use arises through the experiences of using products or services, and these experiences can be perceived as positive or negative by the customers, the customers must also be able to perceive value-in-use as positive or negative. However, the existence of negative value-in-use is not entirely accepted even within the experience approach (Vargo and Lusch, 2008; Vargo et al., 2008).

It is clear, however, that the value-in-use concept has developed throughout the three different approaches reviewed in this section. It is also clear that the conceptualization of value-in-use still continues to develop within the experience approach. In this thesis, I adopt the experienced-based view on value-in-use of SL. By conducting an empirical study of how retail bank customers perceive value-in-use, this thesis will contribute to
the experience-based view on value-in-use with empirical insights. As an overview of
the evolution of the value-in-use concept in marketing theory, Table 4 summarizes
different definitions of value-in-use provided by marketing scholars.

Table 4  Definitions of value-in-use in marketing literature

<table>
<thead>
<tr>
<th>Author(s), year</th>
<th>Article type</th>
<th>Definition of value-in-use</th>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grönroos and Gummerus (2014)</td>
<td>Conceptual</td>
<td>“Value-in-use is the value for customers, created by them during their usage of resources” (p. 209)</td>
<td>Experience</td>
</tr>
<tr>
<td>Rakesh Ranjan and Read (2014)</td>
<td>Empirical</td>
<td>“ViU is the customer’s experiential evaluation of the product or service proposition beyond its functional attributes and in accordance with his/her individual motivation, specialized competences, actions, processes, and performances”</td>
<td>Experience</td>
</tr>
<tr>
<td>Grönroos and Voima (2013)</td>
<td>Conceptual</td>
<td>“The nature of value-in-use … is the extent to which a customer feels better off (positive value) or worse off (negative value) through experiences somehow related to consumption” (p. 136)</td>
<td>Experience</td>
</tr>
<tr>
<td>Heinonen et al. (2013)</td>
<td>Conceptual</td>
<td>“The customer-dominant logic extends the scope of value-in-use to a longitudinal experience perspective stressing value as part of the customer’s dynamic and multi-framed reality, i.e., value-in-experience” (p. 110)</td>
<td>Experience</td>
</tr>
<tr>
<td>Gummerus and Philström (2011)</td>
<td>Empirical</td>
<td>“In-use value (consisting of emotional, esteem, monetary, convenience, and performance value) stems from a person’s experience of using a specific service” (p. 526)</td>
<td>Experience</td>
</tr>
<tr>
<td>Lemke et al. (2011)</td>
<td>Empirical</td>
<td>“Customers appraise their experience with respect to its perceived contribution to value-in-use — the customer’s functional and/or hedonic outcome, purpose or objective that is directly served through product/service usage” (p. 847)</td>
<td>Consumption outcome</td>
</tr>
<tr>
<td>Macdonald et al. (2011)</td>
<td>Empirical</td>
<td>“[W]e define value-in-use as a customer’s outcome, purpose or objective that is achieved through service” (p. 671)</td>
<td>Consumption outcome</td>
</tr>
<tr>
<td>Heinonen et al. (2010)</td>
<td>Conceptual</td>
<td>“[W]e argue that value-in-use should be seen as everything that the company does that the customer can use in order to improve his life or business” (p. 543)</td>
<td>Experience</td>
</tr>
<tr>
<td>Grönroos (2008)</td>
<td>Conceptual</td>
<td>“Value for customers means that after they have been assisted by a self-service process (cooking a meal or withdrawing cash from an ATM) or a full-service process (eating out at a restaurant or withdrawing cash over the counter in a bank) they are or feel better off than before” (p. 303)</td>
<td>Experience</td>
</tr>
<tr>
<td>Lusch et al. (2008)</td>
<td>Conceptual</td>
<td>“Value-in-exchange might represent expected utility but it is not the actual utility; utility (value-in-use) can only be realized by and in the context of the life of the customer” (p. 12)</td>
<td>Utility</td>
</tr>
</tbody>
</table>
2.3 Summary of the literature review

The purpose of this chapter was to provide a comprehensive review and summary of the existing approaches to value in marketing theory. The chapter starts with a review of the traditional streams of value literature, including service quality and its relationship to value. Three main streams of traditional value literature were discussed: the benefits/sacrifices approach, the multidimensional approach, and the means-end approach. After that, the chapter continued with a thorough review of the value-in-use concept and how it has been characterized in marketing literature in general and contemporary service marketing literature in particular. The section on value-in-use identified three characterizations of value-in-use: the utility approach, the consumption outcome approach, and the experience approach. In the review of value-in-use, these three characterizations were further discussed, compared, and summarized. Value as value-in-use received a special focus and emphasis in this chapter as it is the approach to value taken by SL (Grönroos, 2008, 2011a), and thus the focus of this study.

The review of the traditional value approaches in the beginning of the chapter provided a summary of the evolution of the value concept in marketing literature. Particularly in service marketing literature, service quality has played an important role in early value conceptualizations (Liljander and Strandvik, 1995; Ravald and Grönroos, 1996). An understanding of the quality-value relationship is thus essential for the understanding
of traditional value models. The chapter illustrates how value is nothing new in marketing theory, but the concept was revived with the emergence of SDL (Vargo and Lusch, 2004). However, the approach to value adopted by SDL, SL, and CDL, value-in-use, differs in many ways from previous value conceptualizations. An aim of the chapter was therefore to compare and contrast traditional value models with characterizations of value-in-use. From the review in this chapter, we can see how the static approach of the traditional value models and the dynamic and longitudinal features of value-in-use is a main difference between them.

The most fundamental approach to value among the traditional value conceptualizations is represented by the benefits/sacrifices models (Zeithaml, 1988; Monroe, 1990). The benefits/sacrifices approach assumes value to be the outcome of a cognitive evaluation of what you get (e.g., quality) from an offering for what you give (e.g., price) in any given buying situation. A limitation of the otherwise generally accepted benefits/sacrifices approach is the view of customers as rational decision-makers, always seeking the highest benefits/sacrifices ratios. In addition to this utilitarian value perspective, the multidimensional approach also considers hedonic value, such as feelings and emotions and the role they play in consumption (Sheth et al., 1991; Holbrook, 1996). The main strength of the multidimensional approach is that it captures most potential sources of value for the customer, but drawbacks include its complexity, overlap between value dimensions, and overlooking sacrifices (Sanchez-Fernandez et al., 2009). The means-end approach to value is based on the assumption that consumption of products and services is a way to accomplish higher goals or purposes (Gutman, 1982). In that way, the means-end approach captures the customer's value hierarchy, where value is derived from product attributes, via use consequences, to desired end-states (Woodruff, 1997). The weakness of this approach, similar to the multidimensional approach, is its difficulty to apply empirically (Parasuraman, 1997) and failure to consider sacrifices made by the customer (Golik Klanac, 2013).

This chapter further reveals that the concept of value-in-use is a “new old” concept in marketing theory and can be traced back to Alderson (1957). If we go beyond marketing literature, Aristotle and classical economists such as Adam Smith and Karl Marx already discussed value-in-use and contrasted it to value-in-exchange (Dixon, 1990). But value-in-use first got general recognition in marketing theory with the publication of the seminal article “Evolving to a New Dominant Logic for Marketing” by Vargo and Lusch (2004). The adoption of value-in-use by SDL as its approach to value drastically increased the interest as well as acceptance for the concept among marketing researchers.

Moreover, Vargo and Lusch (2004), as with classical definitions, characterize value-in-use as the utility provided by a good or service and contrast it to value-in-exchange (monetary worth). The next identified characterization of value-in-use is the consumption outcome approach, which defines value-in-use as the outcome that is served through product consumption (Woodruff and Gardial, 1996; Macdonald et al., 2011). Basically, value-in-use here represents the desired end states of the traditional means-end approach (Woodruff, 1997). The most recent characterization of value-in-use is mainly articulated by SL and can be described as customers' positive or negative experiences of using products or services (Grönroos and Voima, 2014). In other words, in the latest theorizing, value-in-use is assumed to arise from use experiences rather than from products or services per se (Helkkula et al., 2012a; Heinonen et al., 2013). A main characteristic of the experience approach is its recognition of negative value-in-use in addition to positive value-in-use. The experience approach also posits that value-
in-use evolves positively or negatively over time during use of products and services. As the experience approach of SL is the most comprehensive conceptualization of value-in-use, it is adopted in this thesis as the framework for exploring customers’ perceptions of value-in-use.

From the review of the traditional value literature and the value-in-use literature, we can conclude that marketing researchers have conceptualized value in many different ways. An overview of the different value conceptualizations in marketing theory is presented in Table 5. The literature review showed how the traditional streams of value literature have focused on how value is evaluated at a certain time through different components/dimensions/levels (Sánchez-Fernández and Iniesta-Bonillo, 2007) while the value-in-use literature focused more on how positive and negative value are individually and contextually experienced and determined over time during use of products and services (Gummerus, 2013). We can therefore conclude from the review that the concept of value-in-use has some fundamental characteristics that sets it apart from the traditional approaches to value. Value-in-use in contemporary service marketing theory is assumed to be a dynamic and constantly evolving (positively or negatively) phenomenon, contextually dependent on time, place, and the particular individual (Grönroos and Voima, 2013).

Table 5  Overview of value conceptualizations in marketing theory

<table>
<thead>
<tr>
<th>Approach</th>
<th>Value is a(n)</th>
<th>Theoretical origin</th>
<th>Articles, e.g.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits/ sacrifices</td>
<td>Ratio between benefits/sacrifices</td>
<td>Microeconomic theory/cognitive psychology</td>
<td>Zeithaml (1988), Monroe (1990), Dodds et al. (1990)</td>
</tr>
<tr>
<td>Means-end</td>
<td>Hierarchy of value levels</td>
<td>Means-end theory</td>
<td>Woodruff (1997), Flint et al. (2002)</td>
</tr>
<tr>
<td>Value-in-use</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption outcome</td>
<td>Consumption goal</td>
<td>Consumer research/means-end theory</td>
<td>Lemke et al. (2011), Macdonald et al. (2011)</td>
</tr>
<tr>
<td>Experience</td>
<td>Use experience</td>
<td>Experiential-phenomenology</td>
<td>Vargo and Lusch (2008), Grönroos and Voima (2013)</td>
</tr>
</tbody>
</table>

Another conclusion that can be drawn from the literature review is the scarcity of empirical studies on value-in-use, especially in the latest experience approach to value-in-use. An explanation is the challenge for marketing researchers to account for the dynamic and evolving nature of value-in-use. To understand how customers perceive value-in-use, we arguably need a study design that allows us to explore perceptions of value-in-use as it evolves positively and/or negatively throughout service processes. Next, the methodology chapter of this thesis will be presented where I introduce my empirical study and explain its design.
3 METHODOLOGY AND DATA ANALYSIS

The purpose of this chapter is to present the methodology and data analysis of this thesis. Methodology refers to all the choices that confront a researcher when planning and executing a research study (Silverman, 2011). Data analysis can in simple terms be described as the process of transforming data into findings (Patton, 2002). In this chapter, I will thus describe and discuss the choices I made in the planning and execution of my research study and how I transformed the collected data into findings through analysis. Silverman (2011) explains how “the choice between different research methods should depend upon what you are trying to find out” (p. 7). In other words, the chosen research method should be appropriately relevant for answering the formulated research questions (Eriksson and Kovalainen, 2008). It is thus the research problem and research questions that guide methodological choices and not the other way round.

The most fundamental methodological choice for my study was the choice between quantitative or qualitative methods. Both approaches have their strengths and weaknesses and are suitable for answering different research questions (Silverman, 2010). If you want a broad and generalizable set of findings, quantitative methods are generally more appropriate than qualitative methods as they allow for comparison and statistical aggregation of data (Patton, 2002). Qualitative methods, on the other hand, produce a wealth of detailed information about a small number of people or cases and thus offer an in-depth understanding, but at the cost of generalizability (Patton, 2002). Moreover, in qualitative research, the point of orientation is what the informants see as important and significant, not what the researcher has decided to measure (Bryman et al., 2011). Also, qualitative methods better allow for the study of individual perceptions, subjective meanings, dynamic processes, and how events unfold over time (Bryman et al., 2011; Silverman, 2011). As I study how customers themselves perceive value-in-use throughout bank service episodes and conceptualize value-in-use as a dynamic and evolving phenomenon, a qualitative study design was thus the most appropriate research approach for this thesis.

However, a great variety of qualitative methods exists and Eriksson and Kovalainen (2008) emphasize that making a justified decision between different qualitative methods is just as important as choosing between a quantitative and qualitative research approach. Consequently, besides choosing a qualitative approach, I also had to decide which qualitative method would fit my research objective the best. If possible, Silverman (2011) recommends focusing on a single method. After investigating different qualitative methods, I decided to base my study design on the Critical Incident Technique (CIT) (Flanagan, 1954). The specific reasons for choosing the CIT as a basis for my study design will be further elaborated upon in Section 3.1. Thereafter, in Section 3.2, I will present my application of the CIT and how it was created by combining and developing other CIT variants. Similarly, as no standardized procedure exists for analysis of qualitative data, I adopted general guidelines for data analysis and then adapted them to my own study and data, a process further discussed in Section 3.3. In Section 3.4, I will discuss how the quality of this research study can be evaluated and what I have done to ensure the validity and reliability of my research.
3.1 The Critical Incident Technique (CIT)

The Critical Incident Technique (CIT) is a qualitative research approach originally articulated by Flanagan (1954) in the Aviation Psychology Program of the United States Army Air Forces for studies of aviators in World War II. The CIT has its roots in industrial and organizational psychology and was applied in the Aviation Psychology Program to develop procedures and requirements for the selection and classification of aircrews (Butterfield et al., 2005). Flanagan (1954) define the CIT as: “a set of procedures for collecting direct observations of human behavior in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles” (p. 327). In practice, the CIT approach involves asking a number of informants to identify incidents, events, or experiences that for some reason were “critical” to them (Kain, 2004). For an incident to be critical, Flanagan (1954) explains that it “must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects” (p. 327). In other words, the criticality of an incident is defined not only by the activity itself but also by its consequences. Chell (1998) offers a more recent description of the CIT method:

The critical incident technique is a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes, or issues) identified by the respondent, the way they are managed, and the outcomes in terms of perceived effects. The objective is to gain understanding of the incident from the perspective of the individual, taking into account cognitive, affective, and behavioral elements. (p. 56)

Over the years, the CIT has seen a wide variety of applications, including studies to determine job requirements critical for success in a range of professions, such as store managers (Andersson and Nilsson, 1964), teachers (Tripp, 1993), speech professionals (Stano, 1983), and principals (Fris, 1992). As reported by Butterfield et al. (2005), the CIT was originally very behaviorally oriented and its applicability for the study of psychological states or experiences was not emphasized. A change in the use of the CIT came with Eilbert’s (1953) study of emotional immaturity and Herzberg et al.’s (1959) study of work motivation. Two decades later, Flanagan (1978) himself utilized the CIT in a study of quality of life in America. Research on counseling and psychotherapy has also applied the CIT (Woolsey, 1986). Other examples of research using the CIT include the experience of unemployment (Borgen et al., 1990), work stress (O’Driscoll and Cooper, 1996), ethical transgressions of psychologists (Fly et al., 1997), perceptions of family therapy (Wetchler and Vaughn, 1992), and nursing (Kemppainen, 2000).

The main reason for the appreciation of the CIT is largely the same across all disciplines of social science: the flexibility of the CIT and its ability to capture the informants’ perspective in his/her words as they are not forced into any given framework, while still allowing the researcher to systematically and rationally categorize and classify individual and subjective experiences (Butterfield et al., 2005). Also, the information that can be gathered with the CIT and the research findings the method produces have proven to be reliable and valid (Andersson and Nilsson, 1964; Ronan and Latham, 1974; Woolsey, 1986).

Forty years ago, Swan and Rao (1975) introduced the CIT method to the marketing discipline and it has been frequently used in marketing research ever since (for an overview, see Gremler, 2004). Bitner et al. (1990) was the first study to apply the CIT in service marketing research by investigating sources of satisfaction and dissatisfaction in service encounters. In their seminal article, Bitner et al. (1990) defined critical incidents as “specific interactions between customers and service firm employees that are especially satisfying or especially dissatisfying” (p.73). Although the CIT allows for
flexible data collection techniques (Flanagan, 1954), service marketing researchers generally ask informants to tell a story about an unusually positive or negative service experience (Gremler, 2004). Service marketing research using the CIT include, for example, the study of service encounters (Bitner, 1990; Bitner et al., 1990), service episodes (Olsen, 1992, 1996), service relationships (Strandvik and Liljander 1994; Åkerlund, 2005), service provider switching (Keaveney, 1995; Roos, 1999ab), service loyalty (Nordman, 2004), perceived service quality (Edvardsson, 1988; Johnston, 1995, 1997; Oderkerken-Schröder et al., 2000), service breakdowns (Edvardsson, 1992), and servicescapes (Hoffman et al., 2003). The popularity of the method in service marketing comes from the fact that the CIT reflects the normal way service customers think (Stauss and Weinlich, 1997; Nordman, 2004).

There are four reasons why I consider the CIT to be a sound methodological basis for my study of how customers perceive value-in-use. First, as previously discussed, the CIT allows informants to determine which incidents are the most relevant to them and give detailed accounts of their own experiences, without any restrictions or limitations (Edvardsson, 1992; de Ruyter et al., 1995; Gremler, 2004). Second, the CIT method is especially suited to capture and produce rich first hand descriptions of informants’ positive and negative experiences (Bitner et al., 1990; Koelemeijer, 1994; Wels-Lips et al., 1998). This characteristic of the CIT thus correlates well with my definition of value-in-use as the feeling of being better or worse off than before the use of the service. Third, as the CIT can be used to research entire service episodes and relationships (Olsen, 1992; Voima, 2001), the method is arguably suitable for the study of value-in-use as a dynamic phenomenon. Lastly, the CIT has been used in the study of positive value-in-use (Gummerus and Philström, 2011), and with its inherent ability to elicit negative as well as positive experiences, the method should also be able to capture negative value-in-use.

However, despite a general agreement of the usefulness of the CIT and its benefits, scholars have also raised criticism against the CIT. For example, the researcher can always misunderstand or misinterpret the informants’ stories and thus distort the analysis and outcome of the empirical data (Weber, 1985; Gabbott and Hogg, 1996). Another problem with the CIT refers to the recall bias of the informants (Michel, 2001). Accurate descriptions of the informants’ experiences are critical for the trustworthiness of a CIT study. But informants may even forget details about critical experiences, and thus reinterpret the experiences during the interviews (Johnston, 1995; Gremler, 2004). Also, informants might lack motivation or energy to tell the full story with all its details (Edvardsson and Roos, 2001). Finally, the CIT encourages the informant to recall unusually positive or unusually negative experiences, thereby neglecting ordinary experiences and incidents that may also affect the phenomenon under study (Stauss and Weinlich, 1997). To counter some of the shortcomings of the traditional CIT method and adapt the method for their specific research purposes, service marketing researchers have developed alternative versions of the CIT. But before I present them, I will outline and discuss the traditional CIT research procedure.

### 3.1.1 The traditional research procedure

According to Flanagan (1954), the research process of a CIT study follows five main steps: (1) establishing general aims, (2) establishing plans and specifications, (3) collecting the data, (4) analyzing the data, and (5) interpreting the data and reporting the results of the study. Below, I will explain each of these five steps (see Figure 4) of a traditional CIT study in more detail.
Establishing general aims

Establishing plans and specifications

Collecting the data

Analyzing the data

Interpreting the data and report the results

Figure 4  The five steps of the CIT research process

Flanagan’s (1954) first step involves determining the aim or objective of the inquired activity or behavior (for example, combat leadership). Without knowing the aim of an activity, it is difficult to investigate what constitutes effective or ineffective behavior. As the use of the CIT has largely shifted from the original studies of activities and behaviors to studies of perceptions and experiences, this first step and the concept of a general aim have lost some of their relevance (Kain, 2004). Instead, it often makes more sense to focus on defining the research problem and the purpose of the study (Schluter et al., 2008).

The second step described by Flanagan (1954) is to ensure that every researcher in the project follows the same set of rules and routines throughout the study. Even though the CIT allows for flexibility in its study design, once a design is set, everybody should follow it. Otherwise, Flanagan (1954) argues, the objectivity of the study will be lost. However, Flanagan’s (1954) assumption of multiple researchers does not always hold. For single researchers, step two simply means following the same research protocol during the study. The second step also involves identifying informants that can provide the information needed and is a crucial part of the CIT planning process (Kain, 2004).

The third step of the CIT process is data collection. Flanagan (1954) advocated four ways to collect data: (1) individual interviews, (2) group interviews, (3) questionnaires, and (4) written records. The CIT thereby allows for flexible data collection techniques. The important thing, according to Flanagan (1954), is that the collected data provide “full and precise details” (p. 340). Related to data collection is also sample size. Flanagan (1954) emphasizes that it is not the number of informants that counts but the number of collected critical incidents. No rule exists for how many incidents are enough. Flanagan (1954) writes that 50 incidents might be enough in the face of a simple problem, and Gremler (2004) reports CIT studies with as few as 22 critical incidents.

Flanagan’s (1954) fourth step is data analysis and he explains how the analysis process should be guided by the aim of the study. The purpose of this step is to classify the collected critical incidents into more general categories that describe and summarize the data without losing their meaning (Butterfield et al., 2005). In practice, a majority of CIT studies in marketing employ qualitative content analysis in this stage of the research process (Gremler, 2004). Flanagan (1954) acknowledged that the outcome of this fourth step is very dependent on the researcher(s) performing the analysis. Although Flanagan (1954) strived for objectivity, he realized that a qualitative methodology always is subject to the researcher him/herself. As a way of acknowledge
the subjectivity of the researcher in CIT studies, a few marketing studies have employed an interpretive approach in their analysis of data instead of traditional content analysis (e.g., Hedaa, 1996; Mattsson, 2000).

The fifth step is interpreting data and reporting the results. This final step can be viewed as a reflection upon the previous four stages of the CIT process. Flanagan (1954) states that the final report must show the reader the decisions made throughout the study and allow for an evaluation of the study. Flanagan (1954) further argues that limitations of the study should be made clear in the final report and that the credibility and value of the results should be discussed. In a time with few guidelines for qualitative research, Flanagan’s (1954) guidelines were insightful and resemble later recommendations for qualitative researchers (Lincoln and Guba, 1985). Next, I will present some alternative variants of the CIT developed by service marketing researchers.

### 3.1.2 Different variants of the CIT in service marketing research

From a service marketing perspective, the traditional CIT method focuses on specific critical service encounters or interactions (Roos, 2002). In other words, a critical incident in its traditional sense represents a specific interaction between the customer and the service provider that is unusually positive or negative (Bitner et al., 1990). A clear limitation of the traditional CIT method for service marketing research is that CIT does not consider the process character of service consumption (Stauss and Weinlich, 1997). Stauss and Weinlich (1997) explain how the traditional CIT only captures and evaluates specific incidents according to categories of, for example, service quality, and does not relate the critical incidents to the phases of the service process in which they took place. In that sense, the traditional CIT is a static research method whereas services are highly dynamic processes. To build on the strengths of the CIT while overcoming its lack of process-orientation, service researchers have developed refined variants of the CIT. Next, I will provide an overview of the different variants of the CIT that have been developed and used in service marketing research.

Olsen (1992, 1996) introduced the dynamic approach to the CIT by extending its focus from specific critical incidents to critical episodes. In his research about service quality problems in retail banking, he describes not only the specific critical incidents but also their role in the overall service episode. This process-oriented view gave Olsen (1992) new insights about critical incidents and their influence on the customer relationship. Service episodes are processes, and by identifying the positive or negative impact of different incidents throughout the service episode, Olsen (1992) could better explain service failures than previous CIT studies. Olsen (1992) calls his approach an adaptation of Flanagan’s (1954) original CIT method. Olsen (1992) further explains his critical episodes as service processes having three main phases: the cause of the episode, the course of the episode, and the result of the episode.

The Sequential Incident Technique (SIT) is another dynamic approach to the CIT and, in addition to critical service encounters, includes also normal service encounters (Stauss and Weinlich, 1997). The SIT was developed as a method to measure service quality and aims to sequentially record all the incidents a customer perceives during a specific service process. The informants are then asked to point out which of all these incidents they have perceived as positive and negative and to what extent. By also recording uncritical normal incidents, the SIT avoids the limitation of the traditional CIT to capture only exceptional experiences. The process orientation of the SIT further
allows the researcher to connect certain incidents to the customers’ quality perceptions throughout the service process. Thereby, the SIT also captures the dynamics of service quality perceptions, not only its attributes (Stauss and Weinlich, 1997). A limitation of the SIT, however, is that the recording of every incident only allows studies of limited service processes with a set of distinguishable phases. Stauss and Weinlich (1997), for example, studied the reception of guests of a club holiday, but the authors admitted that it would be difficult to use SIT for measuring the guests’ service quality perceptions of the entire holiday.

Based on the CIT and SIT, Roos (1999ab) developed a method called the Switching Path Analysis Technique (SPAT) to explore customers’ switching path from one firm to another. Keaveney (1995) had already studied customer switching behavior in service industries using the CIT, but she did so in a traditional way identifying behaviors of service firms causing customers to switch service providers. The advantage of SPAT over a traditional CIT approach for studies of switching behavior is that SPAT outlines the entire switching path, from its triggers to its consequences (Edvardsson and Roos, 2001). SPAT depicts and explains the process character and dynamism of switching behavior and thus allows for an understanding of the entire switching process. Roos (1999a) identified three different types of switching determinants: pushing determinants, pulling determinants, and swayers. All three switching determinants influence the customers’ revocable or irrevocable switching decision (Roos 1999b). By including switched-from and switching-to relationships, SPAT extends the CIT in a relationship direction (Edvardsson and Roos, 2001).

Another variant of the CIT embracing a relationship perspective is the Criticality Critical Incident Technique (CCIT) developed by Edvardsson and Roos (2001). The CCIT is a development of SPAT but with the focus on ongoing relationships. The CCIT analyzes the criticality of different critical incidents for the customer relationship from the customer’s perspective (Roos, 2000). As Edvardsson and Strandvik (2000) explain, critical incidents are not necessarily critical for the customer relationship. For example, Strandvik and Liljander (1994) conducted a CIT study of relationship strength in banking services and found that most customers experiencing one or several negative critical incidents did not end the relationship. In other words, to understand the criticality of critical incidents, data on the customer relationship and its context need to be included (Edvardsson and Strandvik, 2000). The CCIT aims to do that by including concepts such as weight of the critical incidents, time, memory, relationship history, and consequences in the CCIT framework (Edvardsson and Roos, 2001).

The last version of the CIT presented in this overview is the Service Story Technique (SST) developed by Nyman et al. (2011). The aim of the SST is to trace the customers’ own logic and the role of a service offering in his/her life. For that purpose, Nyman et al. (2011) draw on narrative techniques (Stern et al., 1998) as well as traditional CIT (Flanagan, 1954). Basically, the SST collects customers’ service stories, i.e., customers’ own descriptions of experiences of buying and/or using an offering in his/her everyday life. The personal service stories are analyzed with the TRACE instrument, a scheme to reveal the customers’ customer’s tasks (T), results (R), activities (A), contexts (C), and emotions (E). Nyman et al. (2011) explain how the TRACE scheme aims to reveal “the customers’ reasoning, actions, reactions, practices, experiences, preferences, focus, energy and involvement, or lack of these over time and beyond interactions with the service provider” (p.771). As a result, the SST reveals the customer’s own logic and experience of the service, which might differ significantly from the provider’s perspective.
As illustrated in this overview of different CIT variants, the use of the CIT in service marketing has moved toward a dynamic approach where critical incidents are analyzed in relation to the whole customer relationship or even the customer’s everyday life. All the reviewed variants of CIT in this chapter take a B-2-C perspective (see Table 6 for an overview of the reviewed CIT variants). As my own study is positioned within a B-2-C context, it was a natural choice to primarily review the B-2-C studies. However, new variants of the CIT have also been developed from the B-2-B perspective. For example, Holmlund and Strandvik (1999) developed Negative Critical Incident Mapping (NCIM) to systematically and continuously monitor B-2-B customer relationships. Another B-2-B relationship-oriented CIT tool is the Negative Internal Critical-Incident Process Analysis Model (NICIPA), developed by Voima (2001) to study internal relationships and their connectedness to external relationships. Recently, Edvardsson et al. (2014) extended the understanding of B-2-B relationship dynamics by presenting the Negative Critical Wave (NCW) model. All the CIT models, whether new or old or focused on B-2-C or B-2-B, have one important characteristic in common: they utilize the strength of Flanagan’s (1954) original technique to capture issues important to the informant. This fundamental characteristic of the traditional CIT, together with the refinements of later CIT variants, has served as inspiration and basis of my own study design, next to be presented.

Table 6  Variants of the CIT in service marketing

<table>
<thead>
<tr>
<th>CIT variant</th>
<th>CIT</th>
<th>Olsen</th>
<th>SIT</th>
<th>SPAT</th>
<th>CCIT</th>
<th>SST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus of the study</td>
<td>Service encounters</td>
<td>Service episodes</td>
<td>Sequences of service encounters</td>
<td>Switched-from and switched-to relationships</td>
<td>Ongoing relationships</td>
<td>Service processes</td>
</tr>
<tr>
<td>Interview content</td>
<td>Positive/ negative incidents</td>
<td>Positive/ negative incidents in service episodes</td>
<td>Sequences/ relevance of positive, negative, neutral incidents</td>
<td>Negative incidents with consequences for switching</td>
<td>Negative incidents including relationship consequence decisions</td>
<td>Service stories including critical events</td>
</tr>
<tr>
<td>Results</td>
<td>Type of incidents</td>
<td>Types of incidents/ their role in service episodes</td>
<td>Types of critical incidents, sequence and relevance</td>
<td>Switching paths, switching determinants</td>
<td>Types of incidents/ their relationship consequences</td>
<td>Customer’s tasks, results, activates, contexts, and emotions</td>
</tr>
</tbody>
</table>

### 3.2 The Value Chart Technique (VCT)

In this section, I will present the Value Chart Technique (VCT). The VCT is my application of the CIT, developed in this study to explore customers’ perceptions of value-in-use. As discussed in Section 3.1, the CIT provides a sound methodological basis for this study as it offers a technique to capture retail bank customers’ positive and negative perceptions of value-in-use in their own words. The traditional CIT approach, however, only generates static typologies of critical incidents (Roos, 2000) and is thus not suitable for the study of a dynamic phenomenon such as value-in-use.
Many service marketing studies have utilized the traditional CIT for the identification and categorization of critical attributes of, for example, service encounters (Bitner et al., 1990), service quality (Johnston, 1995), and switching behavior (Keaveney, 1995). But to study service processes in which value-in-use evolves, a dynamic CIT approach is needed. In my search for a dynamic CIT approach, Olsen’s (1992) technique became the first building block of my own VCT method.

Olsen’s (1992) process-orientated adaptation of the traditional CIT approach allowed him to move from the study of specific critical incidents to entire bank service episodes. To capture the dynamic nature of value-in-use, I also wanted to adopt a process-orientation for my study. A bank service episode can involve anything from a cash withdrawal from an ATM machine to several weeks of mortgage negotiations involving multiple service encounters and customer-bank interactions. As I wanted to study customers’ perceptions of value-in-use in a systematic and detailed but still dynamic way, service episodes thus became a suitable alternative between the extremes of traditional critical incidents and entire customer relationships. A service episode approach allows me to observe the dynamic nature of value-in-use and how it evolves in detail throughout service episodes. In the trade-off between detail (focus on individual incidents) and overview (focus on the overall customer relationship), I concluded that service episodes would be the best compromise for this study. To define a service episode, I adopted Olsen’s (1992) conceptualization of a service episode as a service process consisting of a cause, course, and result (see Figure 5).

![Figure 5 Model of a service episode (adapted from Olsen, 1992, p. 147)](image)

However, according to my definition of value-in-use as the feeling of being better or worse off than before the use of the service, a process-oriented approach is not enough to study value-in-use. In addition to information about how the service proceeded, I also needed to capture the informants’ feelings and emotions during and after the service episodes. For that, Olsen’s (1992) technique did not offer an answer as it only recorded bank service incidents per se, not the informants’ affective responses to them. At this point, I realized that the service story technique (Nyman et al., 2011) could provide some of the additional tools I needed. By combining the CIT with a narrative technique, the SST collects not only the important things that happened during the service, but also how the customers felt throughout the process. For my purpose of capturing value-in-use as the feeling of being better or worse off, I thus adopted narrative interviews as my own interview format, further discussed in Section 3.2.1. In addition, the SST utilizes the TRACE instrument to graphically illustrate the tasks (T), results (R), activities (A), contexts (C), and emotions (E) in an individual customer’s
service story. Inspired by the TRACE instrument and the Feeling of loyalty-chart used by Nordman (2004), I developed my Value chart as an instrument to graphically capture and illustrate how value-in-use evolves throughout the informants’ bank service episodes. The Value chart forms the basis of the VCT and is further discussed in Section 3.2.2.

Consequently, the VCT is based on the traditional CIT (Flanagan (1954), Olsen’s (1992) technique, and the SST (Nyman et al., 2011). Nordman’s (2004) Feeling of loyalty-chart also served as inspiration for my final research design. The above mentioned studies provided me with the input needed to create my own research technique with the ability to track value-in-use as it evolves over entire service episodes, a requirement for the fulfillment of the purpose of the thesis. Thus, I view the VCT as a new technique that is based on a blend of ingredients from previous CIT variants. The blend of ingredients from previous CIT variants gives the VCT a unique set of features suitable for the study value-in-use and thus sets it apart from previous CIT techniques. In the next sections, a more detailed description of the features and details that constitute the VCT will be presented.

3.2.1 Narrative interviews

Deciding which data collection technique is the most appropriate for the research problem in question is an important step in the design of any qualitative research study (Silverman, 2011). As discussed in previous sections, the CIT allows for different types of interviews as well as questionnaires and written records (Flanagan, 1954). In other words, CIT studies utilize whatever data collection technique is most suitable for providing a detailed record of critical incidents relevant to the research problem in question. I thus had to decide which data collection technique that would be best for my own study design. Previous studies that inspired my development of the VCT used interviews (Olsen, 1992; Nordman, 2004) and written stories (Nyman et al., 2011). Nyman et al. (2011) explain how service stories can be collected in many ways, such as interviews, written accounts, online content via communities or blogs, customer complaint reports, or in natural conversations and discussions.

Early in my research process I conducted a pilot-study in the form of a netnography, but I concluded the approach to be insufficient for capturing value-in-use throughout service episodes (for more information, see Chapter 1.7.2, “Abductive research process”). To study how customers perceive value-in-use, I needed detailed accounts of the service episodes and the related feelings and thoughts of the informants. Written accounts are limited in the sense that you cannot encourage the informants to elaborate on interesting issues, clarify confusing statements, or complement their stories with additional details (Handy and Ross, 2005). In other words, I needed a data collection technique that could elicit detailed stories of bank service episodes from my informants and consequently decided to use a more interactive data collection technique than written accounts.

A highly interactive data collection technique in qualitative research is the interview (Kvale and Brinkmann, 2008). Qualitative interviews provide a rich, in-depth account of people’s experiences and allow the researcher to enter an informant’s perspective and gather his/her story (Patton, 2002; Fontana and Frey, 2005). Rowley (2012) describes interviews as especially useful when the researcher wants to understand the informants’ own experiences and processes. Similarly, Olsen (1992) considers qualitative interviews to be the most suitable data collection technique for
understanding individual experiences of an event/process. Based on my own experience with written accounts and the recommendations of other researchers, I thus decided to use interviews as my data collection technique. Because of its interactive nature, interviews were also the most natural data collection technique to integrate with my Value chart (further discussed in Section 3.2.2.).

Interviews can take many different forms but are often classified on the basis of their level of “structure” on a scale ranging from fully structured to completely unstructured (Rowley, 2012). Structured interviews involve a series of predetermined questions with a limited set of response alternatives (Fontana and Frey, 2005). The researchers ask all the informants exactly the same series of questions and there is little room for variation in responses. The unstructured (or in-depth) interview, on the other hand, only uses a limited set of topics or themes as a guide for the interview (Rowley, 2012). The researcher encourages the informant to talk freely around a particular topic or theme, uses mainly open-ended questions, and is flexible and adapts follow-up questions to the situation at hand. Most common and widely used, however, is the semi-structured interview (Rowley, 2012). A semi-structured interview is generally based on an interview guide with a clear list of themes and questions, to be delivered in a set order, but with in-built flexibility for adaptation to each individual interview (Saunders et al., 2009).

I soon realized that none of the above “standardized” types of interviews would be completely suitable for exploring how customers perceive value-in-use. Structured interviews would be too fixed and rigid for the purpose of studying value-in-use in the dynamic way I wanted. Traditional semi-structured interviews, commonly used in service marketing research, would also be too rigid as they are designed to examine certain predefined themes and categories. Moreover, totally unstructured interviews would be too informal, informant-driven, and nondirective. As I did not want to put predefined categories in the minds of my informants, I attempted to use an unstructured approach in my pilot interviews, but did not find the approach satisfactory. Even if I wanted to avoid a fixed structure of questions and themes, I still wanted to elicit stories about bank service episodes in a similar way with all my informants and thus needed some structure and direction in my interviews. As I was interested in bank customers’ stories about positive and negative bank service episodes and had discovered they could be approached as narratives (Nyman et al., 2011), I decided to look closer into narrative interviews.

Narrative interviews concern the production of stories, have no predefined set of interview questions or themes, are highly individualized, and encourage the informants to tell their stories from their own point of view in their own words (Eriksson and Kovalainen, 2008). The researcher, however, adopts the role of an activator of narrative production and thus guides what kinds of stories are being shared by the informants (Elliot, 2005). I consequently decided that a narrative interview technique would offer me a good balance of freedom as well as structure. With a definition of value-in-use as the feeling of being better or worse off than before using the service (Grönroos, 2008), a natural way to structure my interviews was thus to ask the informants to share stories of positive and negative bank service episodes.

My conceptualization of service episodes as service processes consisting of a cause, course, and result (Olsen, 1992) also correlates well with the definition of a narrative. Narratives are defined as stories with plots that have a clear beginning, midsection, and an end (Paavilainen-Mäntymäki and Aarikka-Stenroos, 2013). Paavilainen-Mäntymäki and Aarikka-Stenroos (2013) further explain that narrative data fits well with research
topics about events and processes. To cover the entire service episodes, I encouraged my informants to tell me about the background of the episode, how it unfolded and details of main events, and finally, how it ended. More detailed information about the interview procedure is provided in Section 3.2.4. Next, I will describe the Value chart and how it complements the interviews. Together, the narrative interviews and the Value chart form the VCT framework.

3.2.2 The Value chart

In the planning stage of my empirical study, I realized that to capture value-in-use in a convincing way, I had to track customers’ feelings of being better or worse off throughout bank service episodes. On the basis of two pilot interviews (further discussed in Section 3.2.4) and the work of others, I also realized that it would be very difficult for the informants to give full accounts of their feelings over entire service episodes. In general, my informants spoke openly and easily about the service and its attributes, but found it harder to elaborate on how they felt throughout the service episodes. To track how feelings and emotions of informants develop over time, service marketers have therefore used different forms of graphical tools or instruments (for example, Nordman, 2004; Nyman et al., 2011). The assistance of a user-friendly instrument in a graphical form generally makes it easier for informants to communicate their feelings (Scherer, 2005). As graphical instruments not only help the informants to communicate their feelings, Scherer (2005) explains how they also make it easier for the researcher to understand and correctly interpret the feelings of informants. Consequently, as part of the development of the VCT method, I decided to develop my own graphical tool to elicit customers’ feelings of being better or worse off throughout bank service episodes and thereby graphically illustrate the development of positive or negative value-in-use.

Before I started to develop my own value-in-use tracking instrument, I reviewed the literature on similar graphical instruments used in service marketing. Service marketing researchers have used graphical instruments for various reasons. As part of the SIT method, Stauss and Weinlich (1997) developed a graphical service map to assist the researcher in the interviews about critical service incidents. The service map contained all the service encounters in a particular service process and was shown to the customers who then could rank if they had experienced them as positive or negative. Furthermore, Michalski (2004) used a graphical instrument in her study of bank customer relationship ending processes. Based on the informants’ stories about their bank switching, she drew up charts of the relationship ending processes. The graphical instruments used in the two above studies were not interactive in the sense that the customers themselves could depict or draw anything. Also, none of these instruments included customers’ feelings or opinions about the service.

As previously discussed, Nyman et al. (2011) and Nordman (2004) served as inspiration in the design of my Value chart as they both used graphical instruments to capture customers’ feelings. Nyman et al. (2011) used the TRACE instrument to track not only the emotions of the informants, but also their tasks, results, activities, and contexts. The informants were asked to write down their service stories and then use the TRACE scheme to determine the tasks, results, actions, contexts, and emotions in the service story. The TRACE scheme is rather advanced with its five parameters, but it also captures much more than feelings. A simpler way of graphically illustrating customers’ feelings is presented by Nordman (2004), who developed a chart where customers could draw their feelings of loyalty toward the bank throughout the bank
relationship. I realized that for the purpose of tracking value-in-use in service episodes, I did not need a graphical instrument as advanced as TRACE. At the same time, my chart could not be as simple as Nordman’s (2004) because then it would not give enough details to understand customers’ perceptions of value-in-use.

My solution, therefore, was to design a chart that covers the entire service episode and allows the informants to depict their feelings at a certain point in time with marks as well as write down what caused these feelings (see Figure 6). For an example of how the informants drew up their Value charts during the interviews, please see Appendix 1. As I conceptualized a service episode as a service process consisting of a cause, course, and result, I wanted my chart to follow the same logic. Also, the chart had to be coherent with my narrative interview approach, and narratives always include a beginning, midsection, and an end. The horizontal axis of my chart was therefore divided into three main sections representing before, during, and after the main event(s) of the service episode. In other words, the three sections of the chart cover the entire service episode, from its beginning until its end. The chart thus also served as a control function during the interviews that we had covered the entire story about the service episode.

I had several initial problems in finding a good way to illustrate the intensity of the informants’ positive or negative feelings on the vertical axis. At first, I tried to write “Positive” at the upper end of the axis and “Negative” at the lower end of the axis, but after having discussed that version of the chart with colleagues, I realized it would be difficult for informants to understand what the continuum represented. I got another idea from Nordman (2004), who asked her informants to illustrate their feelings of bank loyalty on a scale ranging from 0 to 100. Consequently, I tried to illustrate the emotional continuum with +10 at the top and -10 at the bottom. But that representation of intensity of feelings also became more complicated than necessary and caused confusion among the people I tested the chart on.

In my search for a way to graphically illustrate positive and negative feelings, I discovered that Nyman et al. (2011) used happy, neutral, and angry faces (or so-called

![Figure 6](image-url)
smileys) to illustrate customers’ emotional states throughout service processes. Inspired by the graphical representation of emotions in Nyman et al.’s (2011) TRACE instrument, I decided to also try happy, neutral, and angry faces or smileys on my horizontal axis. After having discussed this version of the chart with colleagues and tried it on test persons, I concluded that this was the best graphical representation of positive and negative value-in-use. User-friendliness of the chart was really important as I planned to let the customers themselves draw and note in the chart. Later, in real interview situations, the happy, neutral, and angry faces were easily understood by the informants when I asked them to note down in the chart how they felt throughout the service episodes.

The idea to let the informant mark and write in the charts themselves was borrowed from Nordman (2004) and was an important feature of my study design. If the researcher draws up the charts based on the stories of the informants, the risk for misinterpretation increases. The informants’ own markings and writings also reinforce the strength of the CIT approach to capture the customer’s own perspective on the studied phenomenon (Butterfield et al., 2005). Sometimes, however, informants were a bit hesitant to mark and write freely in the charts. In those cases, I assisted the informant by marking and writing in the chart together. The part of the interview session when the chart was drawn often became very interactive as I usually had to ask follow-up questions to get the complete bank service episode story depicted in the chart.

For the purpose of my study, it was necessary to complement my interviews with an instrument with the capacity to capture both what happened in the service episode and the informants’ associated feelings. The Value chart, however, also filled another important role during the interviews. As the informant, with or without my assistance, always had to map out in the chart how he/she had felt throughout the service episode and the reasons for those feelings, the chart also worked as a control mechanism for complete narratives. If the informant had forgotten to include some part of the story, the gap in the story always showed in the chart and was thus easy for both me and the informant to discover. The informant could then complement the story with the missing details. The chart, therefore, also worked as a summary of the interview, and the informant could easily get an overview of the entire story of the service episode and thus confirm the accuracy of the depiction and correct details if needed. In the next section, I will discuss the selection of informants.

### 3.2.3 Informant selection

A fundamental difference between quantitative research and qualitative research is the sampling procedure (Patton, 2002). While quantitative researchers depend on large samples selected randomly, qualitative researchers seek samples that can yield the best insights into the research problem. In qualitative research, the selection of informants largely influences the outcome of the research (Rowley, 2002). The study of a limited but information-rich sample gives in-depth understanding of a phenomenon rather than empirical generalizations. To purposefully select relevant informants that can produce insights about the specific research problem is often referred to as purposeful sampling (Patton, 2002). Silverman (2011) explains that “purposeful sampling allows us to choose a case because it illustrates some feature or process in which we are interested” (p. 388). My selection of informants for the interviews can be characterized as purposeful sampling. An important part of a CIT study is to identify informants that can provide information relevant to the purpose of the study (Flanagan, 1954; Kain,
A purposeful selection of informants allowed me to identify and interview individuals on the basis of their relevance to the research questions of my study.

Moreover, Patton (2002) outlines several different strategies for purposeful sampling, and I adopted the strategy of criterion sampling. Criterion sampling means that the researchers recruit informants that meet a certain predetermined criterion (Patton, 2002). In case of my study, I decided to only recruit informants that could remember a positive and/or negative bank service episode. The reasons for this criterion is my definition of value-in-use as the feeling of being better or worse off than before the use of the service. In other words, according to my definition of value-in-use, only informants with a positive or negative bank service experience could provide me with insights about value-in-use. In qualitative research, it is important that the sample is theoretically meaningful in the context of the study (Mason, 1996). By setting up the criterion that a potential informant must remember a positive and/or negative bank service episode, I ensured the meaningfulness and relevance of my sample.

To find enough suitable informants for my study, I started the recruitment within my own network of colleagues, friends, and relatives. Thus, this first phase of my purposeful sampling also had the characteristics of a convenience sampling. Convenience sampling means that the researcher recruits informants that are readily available (Patton, 2002). As recruitment of informants willing to participate in a study is often difficult and time-consuming (Rowley, 2012), I considered it necessary to at least partially recruit a number of “convenient” informants. The major criticism against convenience sampling is that it is “neither purposeful nor strategic” (Patton, 2002, p. 242). To avoid this problem, I did ensure that all informants from my own personal network met my recruitment criterion of remembering a positive and/or negative bank service episode.

The majority of informants, however, were recruited via an association for Swedes living in Finland. The member base consists of Swedes, Swedish-speaking Finns, and Finns who have a cultural connection to Sweden. An official request for participants to my study was sent out as an e-mail to all members with registered e-mail addresses. In the e-mail, I briefly introduced myself and my research, asked for interviews about positive and/or negative bank service experiences at a time and in a place convenient for the participant, stated the expected time an interview would take, ensured confidentiality, and gave my contact information. A majority of the people who contacted me with an interest of participating in my study had one or more positive or negative bank service stories to tell. I also got contacted by a few individuals who said I could interview them although they did not remember any particular positive or negative bank service experience. I informed this group that the focus of this study is exclusively on positive and negative bank service experiences, thanked them for their interest, and ensured that I could contact them in the future if the research expanded into ordinary bank service experiences.

The number of informants to recruit in a qualitative study is a difficult balance between breadth and depth; what is sufficient depends upon the characteristics of the study (Patton, 2002). Similarly, there are no rules for how many critical incidents are enough in a CIT study (Flanagan, 1954; Gremlin, 2004). A key criterion for any interview study is that the interviews must generate sufficient findings to the research problem in question (Rowley, 2012). As I wanted to probe rather deep into the informants’ bank service experiences, I decided to keep the number of participants manageable. Small samples can yield big insights if the research problem requires an in-depth understanding of the informants’ stories (Silverman, 2011). And there is, as Rowley
(2012) puts it, a risk of “drowning in a sea of data” (p. 263). In the end, however, my criterion for deciding when I had interviewed enough informants was informational redundancy (Lincoln and Guba, 1985). Lincoln and Guba (1985) recommend ending the data collection when “no new information is forthcoming from the sampled units” (p. 202). Consequently, I conducted interviews until no new relevant information about the perceptions of value-in-use arose from the informants’ stories of positive and negative bank service episodes.

As a result, 26 informants between the age of 27 and 80 were interviewed and shared a total of 53 stories of positive and negative bank service episodes. The sample includes 15 men and 11 women. The ages and genders of the informants are presented in Table 7 together with the lengths of the interviews and the number of stories shared. The informants were employed (or were previously if retired) in a variety of occupations and mainly lived in the Helsinki metropolitan area. For reasons of anonymity, names have been changed in Table 7. Similarly, the professions of the informants are not listed for privacy reasons but include, for example, engineers, researchers, teachers, doctoral students, administrators, managers, musicians, militaries, priests, consultants, and a variety of different service occupations. Also, the bank customer profiles of the informants in terms of financial resources, knowledge, and services used differed widely. Some were basic customers using only fundamental services to pay bills whereas others were customers of private wealth management services. The stories told by the informants spanned over a variety of different bank services and included everything from ATM withdrawals and Internet banking to mortgage negotiations and investment advising. Next, I will discuss the interview procedure in more detail.

<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Age</th>
<th>Interview length</th>
<th>Number of stories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam</td>
<td>Male</td>
<td>33</td>
<td>55 minutes</td>
<td>1 negative</td>
</tr>
<tr>
<td>Albert</td>
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<td>28</td>
<td>65 minutes</td>
<td>1 positive</td>
</tr>
<tr>
<td>Alex</td>
<td>Male</td>
<td>26</td>
<td>45 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Amy</td>
<td>Female</td>
<td>28</td>
<td>60 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Anna</td>
<td>Female</td>
<td>30</td>
<td>60 minutes</td>
<td>2 positive, 1 negative</td>
</tr>
<tr>
<td>Bridget</td>
<td>Female</td>
<td>57</td>
<td>40 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Carl</td>
<td>Male</td>
<td>80</td>
<td>65 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Emma</td>
<td>Female</td>
<td>29</td>
<td>60 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Elizabeth</td>
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<td>76</td>
<td>45 minutes</td>
<td>1 negative</td>
</tr>
<tr>
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<td>50 minutes</td>
<td>1 positive</td>
</tr>
<tr>
<td>Erik</td>
<td>Male</td>
<td>65</td>
<td>70 minutes</td>
<td>2 negative</td>
</tr>
<tr>
<td>Felix</td>
<td>Male</td>
<td>27</td>
<td>55 minutes</td>
<td>1 positive, 2 negative</td>
</tr>
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<td>Gabrielle</td>
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<td>60</td>
<td>75 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>John</td>
<td>Male</td>
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<td>90 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Josephine</td>
<td>Female</td>
<td>34</td>
<td>50 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Lillian</td>
<td>Female</td>
<td>69</td>
<td>60 minutes</td>
<td>1 positive</td>
</tr>
<tr>
<td>Margaret</td>
<td>Female</td>
<td>70</td>
<td>45 minutes</td>
<td>3 positive, 1 negative</td>
</tr>
<tr>
<td>Mark</td>
<td>Male</td>
<td>45</td>
<td>70 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Mary</td>
<td>Female</td>
<td>34</td>
<td>50 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
<tr>
<td>Matthew</td>
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<td>32</td>
<td>80 minutes</td>
<td>1 positive, 2 negative</td>
</tr>
<tr>
<td>Michael</td>
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<td>39</td>
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</tr>
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<td>Patrick</td>
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<tr>
<td>Peter</td>
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<td>30</td>
<td>60 minutes</td>
<td>1 positive, 2 negative</td>
</tr>
<tr>
<td>Philip</td>
<td>Male</td>
<td>80</td>
<td>45 minutes</td>
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</tr>
<tr>
<td>Thomas</td>
<td>Male</td>
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<td>1 positive, 2 negative</td>
</tr>
<tr>
<td>Wilhelm</td>
<td>Male</td>
<td>65</td>
<td>120 minutes</td>
<td>1 positive, 1 negative</td>
</tr>
</tbody>
</table>
3.2.4 Interview procedure

Before I started to conduct my interviews, I developed an interview guide based on my narrative interview approach and the Value chart. A narrative interview approach is different in many ways from the questions and answers format of structured or semi-structured interviews (Fontana and Frey, 2005). Both informants and business researchers, usually accustomed to the structured or semi-structured interview format, might thus find narrative interviews challenging (Eriksson and Kovalainen, 2008; Paavilainen-Mäntymäki and Aarikka-Stenroos, 2013). Experienced with semi-structured interviewing, but with no prior experience of narrative interviewing, I soon found these challenges to be true. In narrative interviews, the informant’s story is at the center of the interview instead of the researchers’ questions. A narrative interview thus starts with a generative question to stimulate the informant’s story, and it is important for the interviewer to give the informants freedom to tell their stories (Flick, 2002; Hopf, 2004). In the early stage of the development of my interview guide, I conducted two pilot interviews in a narrative form. The main aim of these pilot interviews was to get some experience with this type of interviewing and to get feedback on my preliminary interview guide.

The pilot interviews were conducted in January 2013 and revealed several problems with my first narrative interview design. Pilot interviews serve an important role in the development of an interview design and help the researcher check so the questions make sense (Rowley, 2012). In my two pilot interviews, inspired by the narrative approach, I opened in a very general way asking the informants to tell me a positive or negative bank service story. I did not use the Value chart at this time. The interviews resulted in stories of bank service experiences of doubtful quality. The main problems were missing details in the stories and the tendency of the informants to lose the thread of the stories. In other words, it was difficult to elicit complete storylines. After the interviews, I understood that I had been too vague, open, and unstructured and thus needed to guide the narration process better. One of the challenges with narrative interviewing is that the interviewer should allow the informant to speak freely but at the same time guide the stories the informants tell according to the aim of the interview (Elliot, 2005).

The two pilot interviews were thus not included in the final study. But based on the analysis of the pilot interviews, I further developed my interview guide to become more aligned with the beginning-middle-end structure of narratives (and service episodes). The Value chart was also developed in parallel with the interview guide so their structures would be aligned. The Value chart became a valuable tool during the interviews as it helped the informants to provide detailed stories of entire service episodes and provided a graphical summary of the bank service story. The narrative structure of a beginning, middle, and an end worked well as a basis for the interview guide as well as the Value chart. The challenge in the development of the interview guide was to balance freedom for the informant’s stories with a structure to keep the narration process in line with the research purpose.

Eventually, I managed to find that balance in my interview guide by constructing three main generative questions that represent the beginning (how did everything start), middle (what exactly happened), and the end (how did it end) of the service episode. The three main questions stimulated the informants to tell stories of entire service episodes. In case an informant would have difficulties in remembering details, I also developed a set of follow-up questions for each of the three main generative questions. Patton (2002) explains how follow-up questions can increase richness and depth of
responses as well as give cues to the informant about the level of response desired. In narrative interviews, however, Flick (2002) recommends asking follow-up questions first after the informants have finished their stories generated by the main questions. However, I seldom needed to use such probes to stimulate the narration process generated by my three main generative questions. Instead, I mainly used the follow-up questions to complement stories with details after the informants had told them. How they had felt or what they had thought during the bank service episodes were typical details of interest that the informants often forgot to include. The interview guide was adjusted throughout the study. The final version of the interview guide is presented in Appendix 2.

The main interview study was conducted between September 2013 and April 2014. All interviews except one were conducted face-to-face. This exception was a telephone interview which followed the same interview procedure as the rest of the interviews with one difference: I drew the Value charts myself based on the informant’s stories. In recruiting informants, I followed the recommendation of Saunders et al. (2009) and always asked people to suggest a time and place for the interview that was convenient for them. If they did not have a suggestion, I proposed the Centre for Relationship Marketing and Service Management (CERS) at Hanken School of Economics. As a result, I conducted approximately half of the interviews at CERS and the other half in people’s homes, offices, or preferred public places. As all the interviews were tape-recorded for later transcription, I made sure the place preferred by the informant was silent enough to ensure good recording quality (Saunders et al., 2009). Before recording, I always asked the informants for permission to record the interview and guaranteed their anonymity. The majority of the interviews were conducted in Swedish with informants who have native or bilingual proficiency in Swedish. A few interviews, however, were conducted in English. The informants who were interviewed in English have native or bilingual proficiency in English.

To create a relaxed atmosphere, I started all the interviews with a brief introduction of myself and my research. As recommended by Saunders et al. (2009) and Rowley (2012), I gave a short explanation for why I am conducting this research and why it is of interest for marketing theory and bank managers. Silverman (2011) warns against getting into long explanations of the purpose of the study, so I just told the informants that I am exploring bank customers’ perceptions of bank services with a focus on positive and negative experiences. To avoid influencing the stories of the informants with regard to my research questions, I did not mention anything about value or value-in-use.

After having introduced myself and my research I gave the informants opportunities to ask questions about the research or interview procedure. When the informant felt ready, I started the formal part of the interview by turning on the tape recorder and asking them to try to remember a positive or negative experience of a bank service episode. As was discussed in the previous Section 3.2.3, remembering a positive and/or negative bank service episode was a criterion for the informants to be included in the study. Usually, my informants could share both a positive and negative story. A few informants, however, could remember only one detailed story. At the same time, some informants could tell me up to three or four detailed bank service stories. But in general, two stories seemed to be what most informants could recall and have the patience to give a detailed account for. The interviews lasted between 40 minutes and 2 hours.
I realized during my first interviews that most informants found it easier to remember and share stories about negative bank experiences. Therefore, I usually started the interview by asking the respondent to recall and share such an experience. After doing so, it was often much easier for the informant to recall and tell a positive story. I further explained that there were no right or wrong answers as negative or positive experiences are completely subjective and can take many different forms. Before I asked the informants to tell me how everything started and what led to the event, I explained to the informants that I am interested in the entire service episode, from the beginning until the end. I also explained the Value chart and how they would draw it as a complement to the oral stories. Although I recorded the interviews, I still took notes during the interviews. Notes are an important complement to the recordings (Patton, 2002; Saunders et al., 2009), and I had a page in the end of my interview guide for note-taking. After the informants had told their stories and drawn the Value charts, I asked if they wished to add anything or had any further questions. If none, I thanked them for their participation and ensured I could contact them in the future if any additional information was needed.

3.3 Data analysis

In the following section, I will present how I have analyzed the empirical data of my study. For qualitative researchers, data collection and data analysis are rarely a structured and organized process with distinct and isolated steps (Miles and Huberman, 1994; Silverman, 2011). On the opposite, data collection and data analysis in qualitative research are often interrelated, interactive, and overlapping processes (Saunders et al., 2009). Another challenge for the qualitative researcher is the lack of a rigid set of rules and instructions on how to conduct qualitative data analysis (Silverman, 2011). The main challenge of qualitative data analysis, however, lies in making sense of huge amounts of data (Patton, 2002). Patton (2002) further explains the mystery of qualitative analysis as follows:

> Qualitative analysis transforms data into findings. No formula exists for that transformation. Guidance, yes. But no recipe. Directions can and will be offered, but the final destination remains unique for each inquirer, known only when – and if – arrived at. (p. 432)

Consequently, to make sense of my data, I had to adopt general guidelines and recommendations for qualitative data analysis and adapt them to my own specific study and data. Flanagan (1954) explains how the analysis process in a CIT study should be guided by the aim of the study and is always dependent on the researcher him- or herself. In hindsight, I view my data analysis as an ongoing process where I, based on general guidelines and recommendations for qualitative analysis, applied my common sense and own logic to solve and answer my research questions. A preliminary analysis of the data usually already starts in the mind of the researcher during data collection (Patton, 2002). Such was true for my study, and I thus took note of ideas and insights during the process of data collection that were used as an input for later data analysis.

As discussed in Chapter 1.7, the research process of this study has the characteristics of abduction (Kovács and Spens, 2005). Also my data analysis was a mix of inductive and deductive elements. Inductive analysis refers to the discovery of patterns, themes, and categories in the data whereas in deductive analysis, the data are analyzed according to an existing theoretical framework (Patton, 2002). An interplay of making inductions and deductions often lies at the heart of theorizing (Strauss and Corbin, 1998). In general, my data analysis was inductive in the early stages and became more deductive toward the end of the process. In that sense, the analysis of this study followed a similar
approach as several previous CIT studies in service marketing (e.g., Bitner et al., 1990; Olsen, 1992; Nordman, 2004; Gummerus and Philström, 2011). However, because of the unique set of features of my VCT method, the analysis also differed in certain aspects. For example, besides the interview transcripts, I also used the Value charts as an additional source of information in the analysis process. A more detailed discussion of the analysis process will be presented in the next two sections on categorization and interpretation of data.

3.3.1 Categorization of data

The categorization of data represents the early inductive phase of the analysis process of this study. This phase of my analysis process resembled the “open coding” phase in a grounded theory study (Strauss and Corbin, 1998). As previously discussed, some preliminary ideas on how to structure the data had already emerged in my mind during the data collection. The analysis process continued with coding and categorization of the data on the basis of the interview transcripts and the Value charts. Categorization of narrative data can be done in many ways, but I decided to focus on the content of the stories (what is told) rather than the structures of the stories (how the stories are told) (Eriksson and Kovalainen, 2008). Focusing on the content of the stories allows the researcher to break down service processes into experiences, perceptions, and emotions (Makkonen et al., 2012) and is thus suitable for understanding customers’ perceptions of value-in-use. Analyzing the content of narratives is similar to traditional qualitative content, thematic, or pattern analysis and involves identifying, coding, categorization, classifying, and labeling the patterns in the data (Patton, 2002; Elliot, 2005; Eriksson and Kovalainen, 2008).

However, a common criticism of the coding approach to qualitative data analysis is that the fragmentation of data efficiently destroys the context and narrative flow of what people say (Coffey and Atkinson, 1996; Bryman et al., 2011). This criticism is particularly valid for narrative data where the understanding of the researcher is likely to be promoted through analysis of the data in its original told form (Saunders et al., 2009). Because I still pursued to analyze the content of the stories, I thus faced the challenge to develop categories from the interview data without fragmenting the stories. If I had fragmented my informants’ stories into chunks or units of data, the opportunity to trace how value-in-use evolves throughout the service episodes would have been lost.

To preserve the stories in their original form but still categorize the data in a meaningful way, I sought to identify a “key theme” for every positive and negative bank service story. The key themes of the bank service stories were later developed into categories (see Figure 7). As the purpose of this study is to explore how customers perceive value-in-use, the key theme of a story was defined as the way in which the informant understood or interpreted how he/she came to feel better or worse off than before the service episode. In the majority of the bank service stories, there was one main reason for the informants’ feelings of being better or worse off. In a few stories, however, the informants gave several different reasons for their positive or negative feelings. The solution was inspired by Olsen (1992) and involved asking the informants which of the reasons was the most important for their feelings of being better or worse off. The reason the informants stated as most important to them was then chosen to represent the key theme of their bank service stories. As a result, each bank service story was ascribed a key theme that represents the main reason for the informant’s feelings of being better or worse off.
For example, in the bank service story of an informant called Josephine, she described how she had somewhat of a negative attitude toward banks and bank clerks and thus did not expect too much from her visit to the bank office when she needed a student loan. To her surprise, she met with a young friendly female bank clerk who showed an interest in her master’s thesis and encouraged her to write a book about the topic. The student loan application was approved, but according to Josephine, the main reason for her feelings of being better off throughout the service episode was the friendliness and encouragement of the bank clerk. Hence, the key theme of Josephine’s bank service story became friendly and encouraging bank clerk and was later, together with similar key themes of other stories, developed into the category friendliness.

The Value chart turned out to be an invaluable resource in the identification of key themes. The informants usually noted down in such detail in the Value chart how they had felt throughout the service episode and the reasons for those feelings. By coding each bank service story according to its key theme, I could categorize the data while preserving the context and narrative flow of the stories. Value-in-use is a dynamic phenomenon, and by keeping the stories intact, the informants’ perceptions of evolving value-in-use would remain visible and accessible. In other words, I could preserve the thick descriptions of how the informants’ perceptions of value-in-use developed and changed throughout bank service episodes. According to Patton (2002), thick and rich descriptions are the foundation for qualitative analysis and reporting. I also reasoned that complete stories will make it easier for the reader to understand my results when presented in the findings chapter.

In practice, the categorization process followed the constant comparative method of grounded theory (Glaser and Strauss, 1967), meaning I was constantly comparing the emerging key themes of the stories with one another and revising them accordingly. As a first step, a distinction was made between positive and negative stories. After I derived a rather stable set of categories from the key themes of the positive and negative stories, respectively, they were compared to one another and further refined to ensure distinctiveness (Spiggle, 1994). More specifically, I read through the interview transcripts and Value charts several times and coded for emergent themes. I also repeatedly listened to the recordings of the interviews. The combination of the interview transcripts, the Value charts, and the recordings gave me a rather complete picture of the bank service stories. The coding procedure was manually conducted with the help of Post-It notes, pen and paper, and colored highlighter pens. After having tried software programs for qualitative analysis, I decided to code my data manually as

![Figure 7 Categorization according to key themes of bank service stories](image)
I felt it gave the analytical process more flexibility and sensitivity. The fundamental principles of data analysis remained the same (Patton, 2002).

The categorization process eventually allowed me to sort all the key themes of the bank service stories into 14 categories. The 14 categories are presented in Figure 8, where seven of the categories refer to main reasons for the informants’ feelings of being better off and the other seven refer to the informants’ main reasons for feeling the opposite. As all the categories refer to the different ways in which the informants themselves understood or interpreted how they came to feel better off or worse off than before the service episode, the categories represent their perceptions of positive and negative value-in-use. Even though the categories of positive and negative value-in-use proved to be opposites in terms of why the informants felt better or worse off and hence concerned the same aspects of the bank services (e.g., attitude of the clerks, competence of the clerks, waiting time, etc.), I decided to keep them as separate categories (instead of combining them into seven overall categories). By keeping the categories of positive and negative value-in-use separated, it was easier to analyze and illustrate the nature of the informants’ perceptions of positive and negative value-in-use, respectively.

![Figure 8 Categories of positive and negative value-in-use](image)

The categorization process also allowed me to describe and summarize the data without losing its meaning, an aim of the analysis process of CIT studies (Flanagan, 1954; Butterfield et al., 2005). In cases of difficulty to identify a certain key theme of a story and/or to categorize a theme into a particular category, I have consulted the informant or colleagues. The final categorization was also validated by peer review by a senior PhD candidate who compared the developed categories with the interview transcripts and the Value charts. My theoretical interpretation of the developed categories will be further discussed in the next section.

### 3.3.2 Interpretation of data

The interpretation of data represents the later deductive phase of the analysis process of this study. In the deductive phase of analysis, the researcher analyzes and compares the data to against theory (Patton, 2002). According to Wolcott (1994), interpretation of the data answers the questions “what does it all mean” and “what is to be made of it
all”. Spiggle (1994) further explains how interpretation builds on the categorization of data and “collapses more empirically grounded categories into higher-order conceptual constructs” (p. 493). After the categorization process, Bryman et al. (2011) similarly advise qualitative researchers to consider how the categories of data relate to more general theoretical ideas and existing literature. In contrast to categorization where a complex whole is broken down and divided into categories, interpretation constructs more abstract layers of meaning from the data (Spiggle, 1994). The categorization and interpretation are always dependent on, and guided by, the research questions and aims of the study (Patton, 2002).

After the categorization process, I thus continued to analyze the 14 categories of positive and negative value-in-use that had emerged from the data by interpreting what each category meant in the context of existing service marketing theory (Spiggle, 1994). In the process of interpreting the meaning of the 14 categories, it became clear that 10 of the categories revolved around the informants’ perceptions of the features of the service process, two of the categories referred to outcomes of the service, and the last two categories involved economic features of the service. In other words, delight or disappointment with the features of the service process, the outcome of the service, or economic features of the service made the informants feel better or worse off than before using the service. In service marketing theory, features of the service process and outcomes of the service are traditionally referred to as functional (process-related) and technical (outcome-related) quality of the service (Grönroos, 1984, 1988, 2007). After having discussed the meaning of these findings with colleagues and researchers knowledgeable in service marketing, and having revisited the literature to compare my categories with known service quality attributes, I concluded that 12 of the 14 categories could be classified as functional or technical quality of the service.

The two remaining categories, however, referred to economic features of the service such as fees, charges, or interest and thus go beyond traditional service quality frameworks. However, a closer comparison of these economic categories with existing bank marketing literature revealed that Holmlund and Kock (1996) referred to similar economic features of bank services as economic quality. By introducing economic quality, Holmlund and Kock (1996) added a third dimension to the technical and functional quality dimensions of Grönroos’ (1984) service quality model. The two remaining categories could thus be classified as economic quality of bank services. As a result of the process of clustering and abstracting the 14 categories into a higher-order classification scheme, I concluded that the informants’ perceptions of value-in-use represented the same empirical phenomenon as their perceptions of functional, technical, and economic quality of the service. The finding that retail bank customers perceive value-in-use in service episodes in terms of functional, technical, and economic quality of the service nature was also in accordance with my pre-understanding of what makes service customers feel better or worse off.

From the interpretation of the data, it thus became clear that value-in-use in service episodes, as with service quality, can be characterized as being of functional, technical, and economic nature. As a result, the 14 categories of positive and negative value-in-use were further classified into three forms of value-in-use: value-in-use of functional nature, value-in-use of technical nature, and value-in-use of economic nature. In the process of classifying the categories into a higher-order classification scheme, I had to determine if the categories, in the eyes of the informants, referred to features of the service process (value-in-use of functional nature), the service outcome (value-in-use of technical nature), or economic features of the service (value-in-use of economic nature). As an example, Figure 9 illustrates how the category friendliness was classified
into value-in-use of functional nature. For an overview of the categorization and classification of all the bank stories of the informants, see Appendix 3.

**Figure 9** Example of classification of a category of value-in-use

The final classification scheme is illustrated in Figure 10. As can be seen from Figure 10, five categories of positive value-in-use and five categories of negative value-in-use were classified into value-in-use of functional nature, while value-in-use of technical nature as well as value-in-use of economic nature are each represented by one category of positive value-in-use and one category of negative value-in-use. The three forms of value-in-use and their respective categories will be further presented in Chapter 4. Before that, however, I will conclude this method chapter with a discussion about the evaluation of the quality of this study.

**Figure 10** Value-in-use of functional, technical, and economic nature and their respective positive and negative categories

### 3.4 Evaluation of the quality of the study

In this section, I will discuss how the quality of my research can be evaluated and what I have done to ensure it. Evaluation of the quality of qualitative research is not a
straightforward practice and has been much debated (Bryman et al., 2011). Several competing ideas on how to best evaluate qualitative research exist. Patton (2002) explains how particular philosophical underpinnings or theoretical orientations for qualitative research generate different criteria for judging quality and credibility of the research. In other words, the scientific philosophical standpoint of the research project will decide which evaluative criteria are suitable. As Patton (2002) describes, a traditional scientific realist view on qualitative research requires different evaluation criteria than a social constructionist approach. In quantitative research, validity and reliability are important evaluative criteria (Bryman et al., 2011). The relevance of validity and reliability for qualitative research has, however, been questioned by many social scientists (Patton, 2002). The reason for this criticism is that the traditional validity and reliability criteria presuppose a single account of social reality to be feasible (Bryman et al., 2011).

As I adopt scientific realism as my scientific philosophy for this study (for more information, see Chapter 1.7, “Research approach”) and thus view social reality as existing outside our minds in contrast to socially constructed, validity and reliability remain relevant evaluation criteria for my study. Additionally, it should be noted that when validity and reliability are applied to evaluate qualitative research, the terms have a different connotation and meaning than for quantitative research (Eriksson and Kovalainen, 2008). Silverman (2010, 2011) proposes the same logic and thus views validity and reliability as relevant for qualitative research as for quantitative research, but he explains how the criteria need to be adjusted accordingly. An alternative to validity and reliability as evaluation criteria for my study could have been to discuss the trustworthiness of the study as suggested by Guba and Lincoln (1994). But as Guba and Lincoln’s (1994) concept of trustworthiness largely parallels validity and reliability adjusted for qualitative research (Bryman et al., 2011), I consequently decided to discuss the quality of my study in terms of validity and reliability.

### 3.4.1 Validity

Validity refers to the truthfulness of the findings of a study and is basically another word for “truth” (Silverman, 2011). Hammersley (1990) defines validity as “the extent to which an account accurately represents the social phenomena to which it refers” (p. 57). As a scientific realist, I do not view maximum attainable validity of my findings as an absolute truth, but rather as the best “truth” we have so far. In other words, valid findings from a scientific realism perspective provide a plausible representation of reality, not a reproduction of it. Two common forms of validation of qualitative research are triangulation and respondent validation (Eriksson and Kovalainen, 2008). Triangulation involves the combination of multiple theories, methods, analysts, or empirical materials to produce a more accurate representation of the object of study (Patton, 2002). Respondent validation refers to the procedure of letting the participants of the study check your interpretations of what they did or told you (Eriksson and Kovalainen, 2008). To enhance the credibility of my research, I have employed the forms of triangulation and respondent validation I found suitable for my study.

As my methodological approach (the VCT method) had been fine-tuned to answer my research questions, triangulation of methods was not an option for me. It is worth observing that different methods not always result in a better representation of the phenomenon under study (Moisander and Valtonen, 2006; Silverman, 2011). Within the VCT framework, however, different empirical materials were combined as a way of
triangulation. The combination of narrative interviews and the Value charts meant that I collected data in two different ways and that these different empirical materials could be compared to each other. As the interviews and the Value charts yielded coherent results, they validated each other’s accuracy as well as enhanced the validity of the overall findings. If the interviews or the Value charts had been used without the other, it would have been much more difficult to judge and evaluate the validity of the findings of the study. The use of multiple data collection techniques is a widely accepted method for enhancing validity of qualitative research (Klenke, 2008).

Other forms of triangulation such as theory triangulation and analyst triangulation were also used in this study. Theory triangulation means that the researcher looks at the data from different theoretical perspectives (Patton, 2002). In this study, a form of theory triangulation was achieved during the data analysis process when the developed categories of value-in-use were compared and contrasted to existing service marketing theories. Moreover, analyst triangulation can be described as the use of multiple analysts (Patton, 2002) and was achieved in this study through continuous discussions with colleagues and other researchers during the categorization of data, which was then peer-reviewed by a senior PhD candidate.

Furthermore, respondent validation was also used in this study to enhance its validity and involved letting the informants confirm the accuracy of the given accounts of their bank service stories. A natural way for the informants to validate their stories was through the Value charts. The Value chart, in addition to its role as a data collection tool, also worked as a summary of the bank service episodes and gave the informants a chance to correct faulty or missing details of the story. Although some scholars argue for letting the informants also validate the final results of the study, most people have neither interest nor training for evaluating a scientific report, and respondent validation of findings can thus be problematic (Silverman, 2011). Besides validating the Value charts, I therefore only asked informants to validate my interpretation of their stories during the categorization of data in cases of difficulty to identify a certain key theme of a story. In other words, I did not ask informants to validate my final results.

Silverman (2011) further recommends the constant comparative method and comprehensive data treatment as ways to counter the problem of anecdotalism in qualitative research. Anecdotalism means that qualitative researchers with in-depth access to a limited sample might be tempted to base their findings on a few well-chosen “examples” that happen to fit the analytical argument rather than on a critical investigation of all their data (Silverman, 2010). The process of categorizing data in this study followed the constant comparative method, and emerging key themes of the bank service stories were constantly compared to each other and gradually refined (Glaser and Strauss, 1967). To ensure comprehensive data treatment, all the bank service stories were included in the data analysis, which continued until all the stories had been categorized and classified. In other words, no data from the study was excluded for not “fitting”.

### 3.4.2 Reliability

Reliability refers to “the extent to which your data collection techniques or analysis procedures will yield consistent findings” (Saunders et al., 2009, p. 156). In other words, reliable research findings are assumed to be independent of the researcher conducting the study or the occasion of the study (Silverman, 2010). In quantitative research, reliability is closely related to the replicability of experiments, tests, or
measurements. As the social world is constantly changing and impossible to freeze, most social researchers reject the relevance of this type of reliability in qualitative research (Silverman, 2011). Reliability in qualitative research must therefore be evaluated differently from reliability in quantitative research. Moisander and Valtonen (2006) suggest two ways in which a qualitative researcher can satisfy reliability criteria: (1) make the research process transparent by describing the research strategy and data analysis in a detailed manner in the research report, and (2) pay attention to “theoretical transparency” by making the theoretical assumptions explicit and show how these assumptions produce a particular interpretation and excludes others.

Transparency of the research process requires documentation and description of the different steps of the study (Silverman, 2010). As a way to make my research process transparent, I have carefully documented the research process and given a detailed description of the study design, data collection, and data analysis in sections 3.2 and 3.3. Further, all the interview guides, recordings, transcripts, Value charts, and notes from the interviews are saved and open for rereanalysis (Yin, 2009). In this study, illustrations of several Value charts are also included in the upcoming empirical chapter and give the reader an opportunity to access and interpret the stories of the informants. Usually, interviews are broken down into fragments and categorized, with the original interview transcript as the only evidence of the informants’ original answers in context. By including the Value charts that have been drawn and validated by the informants, and complementing them with generous citations from the interviews, this study aims to make the original data transparent for the reader.

The theoretical transparency advocated by Moisander and Valtonen (2006) is not as obvious as the methodological transparency and requires the researcher to reflect upon his/her theoretical assumptions. To ensure theoretical transparency, I have made efforts to outline the theoretical assumptions guiding the analysis and interpretation of collected data. The study is positioned in the SL approach to the recent service perspective on marketing theory and value-in-use is defined accordingly; a different theoretical positioning would probably have involved different definitions and a different research approach. The findings of the study should, therefore, be understood and interpreted in light of this positioning. Similarly, existing service marketing and service management theories have been used in the interpretation of the data. If the data had have been analyzed from the perspective of a different stream of marketing literature than service marketing, the resulting interpretations and findings might have been different. By making the theoretical assumptions and choices explicit for the reader throughout the study, the reliability of this thesis can be evaluated more easily. Next, the empirical findings regarding the informants’ perceptions of value-in-use will be presented.
4 EMPIRICAL INSIGHTS INTO VALUE-IN-USE

This chapter presents the empirical findings of this study. The purpose of the study was to explore how customers perceive value-in-use. To meet this research objective, the VCT method was developed. The VCT is a narrative-based CIT approach that utilizes a graphical tool called the Value chart to capture value-in-use as it evolves throughout service processes. The Value chart allowed the informants to illustrate how their feelings of being better or worse off developed and changed throughout the service episodes. The research design of this study thereby managed to capture the informants' perceptions of positively as well as negatively evolving value-in-use.

From the analysis of the informants' bank service stories, a total of 14 categories of positive and negative value-in-use were identified. The 14 categories were further classified into three forms of value-in-use: value-in-use of functional nature, value-in-use of technical nature, and value-in-use of economic nature. Each of the three forms of value-in-use and their respective positive and negative categories will be presented in this chapter in the form of representative bank service stories. The bank service stories illustrate the informants' perceptions of positive and negative value-in-use of functional, technical, and economic nature as they evolve throughout bank service episodes.

By illustrating the three forms of value-in-use and their respective categories with representative bank service stories, the readers are provided with an in-depth view of how the informants perceive value-in-use. Quotes from the interviews are used generously to give the reader access to the informants' original stories. However, any information that could reveal the identity of an informant has either been removed or masked. For example, names of individual banks have been changed to “Bank X”. Also, the Value chart for each story has been reproduced and is included to further illustrate the informants' feelings of being better or worse throughout the service episodes. The bank service stories and the Value charts, together, thus provide a detailed depiction of the informants' perceptions of positively and negatively evolving value-in-use.

It should be emphasized, however, that value-in-use of functional, technical, and economic nature are not mutually exclusive and thus can occur during the same service episode. Neither are positive value-in-use and negative value-in-use mutually exclusive. A positive experience of, for example, friendliness can occur during an otherwise mostly negative service episode. Nevertheless, as illustrated by the bank service stories in the following sections, the overall outcome of each story was either positive or negative, and the main reason for customers’ feelings of being better off or worse off than before the service episode could be attributed to a category of either value-in-use of functional, technical, or economic nature. Silverman (2010) warns against seeking too many findings from the analysis as it often leads to confusion and fragmentation. By focusing on the main reason (or key theme) for the informant's feelings of being better or worse off in each bank service story, the analysis of the data and the presentation of the findings could be kept focused and relevant.

The remainder of this chapter is structured as follows. First, the findings on retail bank customers’ perceptions of value-in-use of functional nature are outlined in Section 4.1. In this section, bank service stories representing categories of positive and negative value-in-use of functional nature are presented. Next, the findings on retail bank customers’ perceptions of value-in-use of technical nature are delineated in Section 4.2. Here, bank service stories representing categories of positive and negative value-in-use
of technical nature are presented. Subsequently, the findings on retail bank customers’ perceptions of value-in-use of economic nature are outlined in Section 4.3. This section presents bank service stories representing categories of positive and negative value-in-use of economic nature. Finally, Section 4.4 provides a summary of this empirical chapter and concludes the findings of the study.

4.1 Bank customers’ perceptions of value-in-use of functional nature

In this section, I will present the empirical findings about retail bank customers’ perceptions of value-in-use of functional nature. Value-in-use of functional nature refers to features of the service process that made the informants feel better off or worse off than before using the service. In the analysis of the informants’ bank service stories, I identified five categories of positive value-in-use of functional nature and five categories of negative value-in-use of functional nature. The positive and negative categories proved to be opposites of each other in terms of why the informants felt better or worse off than before the service episode. Consequently, the categories of value-in-use of functional nature can be summarized as follows: friendliness – unfriendliness, excellent service process – frustrating service process, professionalism – unprofessionalism, fast service – slow service, and flexibility – inflexibility. Next, I will present these categories of positive and negative value-in-use of functional nature. Finally, the section concludes with a summary of retail bank customers’ perceptions of value-in-use of functional nature.

4.1.1 Friendliness – Unfriendliness

The category friendliness refers to a genuinely warm and personal attitude and behavior of the service staff toward the customers. The customers feel that the service staff gives them personal attention, show respect and consideration, and are willing to help them solve their problems in a positive and friendly way. Correspondingly, the category unfriendliness involves an unfriendly and cold attitude of the service staff toward the customers. In such cases, the customers feel that the service staff is uninterested and unwilling to help them solve their problems. Unfriendliness can also refer to an irritated, disrespectful, or even aggressive service staff member. Next, the categories will be further illustrated by representative bank service stories from the empirical study.

4.1.1.1 Friendliness: Josephine’s story

The background of Josephine’s bank service story about friendliness was her need for further student loan funding some years ago. She went to the bank office to carry out the student loan application. Josephine did not expect too much from the visit as she had somewhat of a skeptic attitude toward banks and did not think they cared very much for customers without big bank accounts.

I guess I didn’t expect that much, it always feels a bit unpleasant to apply for loans, but at the same time I’m grateful for the possibility to get money. You never know if you get one of these snooty bank employees who think you’re a poverty-stricken student who just want their money.

As Josephine arrived at the bank office, she got to meet a relatively young female bank clerk who turned out to be the opposite of her stereotype of a bank employee. The bank clerk who assisted her student loan application was friendly and considerate, and
Josephine thus became positively surprised. Already in the beginning of their meeting, Josephine noticed how the bank clerk treated her friendlier and with more respect than she had expected. The bank clerk also showed a sincere interest in her master’s thesis, which Josephine wrote at the time of the student loan application.

She was interested in my topic and encouraged me to write a book about it. Her unusual interest in my topic and encouragement made me happy, it actually sounded like a good idea ... now I had a dream to chase. I had already had similar thoughts, so it felt nice that somebody else suggested the same thing.

The bank clerk’s interest in Josephine’s master’s thesis not only encouraged her aspiration to transform her master’s thesis into a book, but also made Josephine feel better as a bank customer. Previously, Josephine had always felt that bank employees looked down on her for her lack of financial resources as a student.

It didn’t feel like she thought I was pathetic and poverty-stricken, but instead respected my education and considered what I did as valuable and even gave me tips and advices.

Interestingly, the student loan application in itself became a side issue for Josephine during this bank service episode. She did, however, admit that she would have been disappointed if the loan application had not been approved by the bank clerk. But because students are entitled to student loans, Josephine said that she expected the loan application to be approved. Instead, her worst dread prior to the bank visit was to meet a snooty and unfriendly bank employee. When the experience turned out to be the opposite, Josephine became happy and saved the bank clerk’s business card for the future.

She gave me her business card, which I have saved in my purse for years, it probably lies there still. I wanted to save it because she was so friendly and nice and I thought that she could maybe help me in the future if needed.

When reflecting upon her bank service story, Josephine returns to issues such as her worth as a customer in the eyes of the bank. From her story, it seems clear that Josephine did not expect to be met with the friendliness and respect the bank clerk showed her. Previous experiences with banks had negatively colored Josephine’s image of bank employees. Even if she has not completely abandoned her negative image of banks, the positive experience with the friendly bank clerk at least seems to have improved it.

I haven’t met many bank employees before with personal commitment, it felt as if she respected me and thought I was worth speaking to and give ideas to and so forth. Of course, it didn’t feel like I would become their billionaire customer number one, but I was at least a little bit valuable to them [the bank]. I’m a bit suspicious against banks, because I have the feeling that they only like those with a lot of money, but this experience gave me some hope that maybe that’s not how it is. It felt like it would be possible to have an okay and satisfactory relationship with the bank in the future.

Josephine’s Value chart is illustrated in Figure 11 below. As can be seen from the chart, Josephine initially felt a bit unpleasant about going to the bank office. However, as soon as she sat down with the friendly bank clerk, she only felt better and better. Josephine’s positive feelings continued throughout the service episode and she walked out from the office happy. The friendliness and encouragement of the bank clerk had improved not only Josephine’s image of bank employees, but also the image of herself as a bank customer.
4.1.1.2 Unfriendliness: Erik’s story

Erik’s bank service story about unfriendliness at the bank office starts with the unfortunate death of his wife that autumn. After his wife’s tragic passing away, Erik had to take care of a lot of practicalities relating to her death. One of these was the closure of her bank accounts. To close her accounts, Erik went to the bank office she had used, explained the situation, and asked them to close the accounts she had at the bank. The entire situation was tough, Erik tells. But at the same time, he felt a kind of relief to get it done with. However, the bank clerk informed Erik that he could not close the accounts by himself if he had any children over the age of majority.

When I first went to the bank, a bank clerk told me that I couldn’t close the bank accounts myself, but needed to bring my daughter who had turned 18. Without her consent, the account could not be closed down. I could have done it with my daughter’s authorization, but thought it was easier to just bring her to the bank two days later.

Erik already felt a bit irritated as he needed to come back to the bank again with his eldest daughter. During the second visit at the bank, another bank clerk now told Erik in an unsympathetic way that she could not close the bank accounts, even with the consent of the daughter. The explanation she gave Erik was that she could not know if his deceased wife had more children over the age of majority. This comment made Erik very angry, and he felt like the clerk insulted him and his late wife.

I already felt somewhat irritated as I had to go to the bank again. The impudent bank clerk in the cashier’s desk then told me that we cannot close the accounts as we don’t know if your wife had more children, can you prove it? I lost my composure and became really angry. Luckily, another bank clerk who sat next and overheard the conversation interfered. She told the one I was speaking with that I had been here the day before yesterday and then was given only the instructions to bring my eldest daughter. Therefore, she said, you need to close these accounts.
Even though the bank accounts finally got closed, Erik still feels very indignant over this bank service episode. What especially agitated him was the insensitive attitude of the bank clerk who asked if he could prove that his deceased wife did not have any more children than his two daughters. According to Erik, this was outright disrespectful and an insult. Erik still has feelings of dislike against this bank and insists that they do not have the right to ask these kinds of questions.

I’m not particularly fond of this bank. My biggest concern is that I do not believe they have the right to ask questions about children etc. Those things are taken care of by lawyers at the estate inventory, so I’m still surprised how she could ask me such a question.

During our interview, Erik acknowledges that the entire situation made him extra sensitive. Understandably, he was mourning and under a lot of stress. And the incident with the insensitive comment took place only a couple of weeks after his wife’s death.

It was the same autumn as she passed away, and I had so much else to think of. The incident came very inconveniently, so many formalities to take care of. If I hadn’t received help, I don’t think I had managed it.

Erik’s Value chart is illustrated below in Figure 12. As the chart illustrates, Erik felt quite neutral prior to the first visit at the bank. He did not like the situation or task ahead of him but at the same time felt it was nice to be done with it. His irritation already started during the first visit when a bank clerk told him he had to come back with his eldest daughter to get the accounts closed. Irritation turned into real anger during the second visit when another clerk told him she could not close the account unless he could prove his deceased wife did not have any additional children. As the situation solved, Erik felt relieved and thus better, but he still feels disrespected and insulted by the bank clerk. As a consequence, Erik has some negative feelings about the bank and their policies.

![Erik’s Value chart](image-url)

**Figure 12** Erik’s bank service story about unfriendliness
4.1.2 Excellent service process – Frustrating service process

The category excellent service process represents a smooth and overall easy service process for the customer without any problems. The customers feel that all the activities associated with the service are performed excellently by the service staff and the resources of the service provider. What characterizes an excellent service process is that no particular activity or aspect of the service stands out as particularly good. Instead, everything works perfectly in the eyes of the customer. In contrast, a frustrating service process represents a problematic and difficult service process for the customer with several problems. The customer feels that they face obstacle after obstacle in their attempt to get what they need from the service provider. Next, these categories will be further illustrated by representative bank service stories from the empirical study.

4.1.2.1 Excellent service process: Patrick’s story

Patrick’s bank service story about an excellent service process stems from a situation where he quickly needed to borrow some money. Presented with a rare business opportunity, Patrick first tried to get a loan from different banks, without any success. As a last option, he turned to his bank. Patrick did not, however, expect his bank to give him any loan but decided to try anyway.

I had this situation where I had to get some money fast because of a stock exchange opportunity, and I did make some inquiries at other banks, but it didn’t go through. So, I decided to try my bank that had this flexible credit you apply for online. I didn’t think I would have any luck with this. I was pretty sad at the moment and didn’t think anything would work out. A few years earlier, I was turned down for a loan application by this bank. So, I thought, they will turn me down, but let’s try it.

The application process for this type of loan was an automated online process. One evening, Patrick logged on to his Internet bank and made the application. According to Patrick, the entire online loan application process was very smooth and user-friendly. After having signed and sent in the loan application, Patrick got an instant approval of the loan.

I think it was something like nine in the evening, so nobody was personally checking the application. So, I made the application, it was nice and well instructed and there was like a help link in every field to fill. It was nicely designed in terms of user interaction. They had really thought about it, there wasn’t a field I didn’t know how to fill. Once the form was filled and I had signed it electronically, it immediately said that everything is okey, you have money!

Besides getting the loan approval in a situation where he desperately needed the money, Patrick also keeps coming back to how he appreciated the application process to be as convenient and smooth as promised in the advertisements from the bank.

It was very crucial to me in my life situation at that time. I became very happy and relieved, maybe also surprised. The service process was very flawless, very fast, everything worked as it said it would work. The bank delivered what it promised in the instructions and ad pages.

The instant approval of the loan, and the immediate transfer of the money, rendered it possible for Patrick to make his payments in time. Consequently, he became relieved and felt happy for days. As a result of the positive experience, Patrick told several friends about, in his view, the flawless and excellent service process. This also improved Patrick’s image of his own bank and further convinced him they had the best online services of all banks.
The money was on my account the same second as the credit was approved. I saw that I had a new account added in my Internet bank and I could transfer the money immediately to my own account, and I did do that, and I could get those stocks paid. I was very very happy for days. I spread the good word to friends. It improved my positive image of the bank. In my work, I have used some other online services of other banks, and they all have some serious flaws.

Patrick’s Value chart, as illustrated in Figure 13 below, shows how he did not have much initial hope. As the online loan application was approved, Patrick felt very relieved and happy. In fact, he felt happy for several days. Patrick was very impressed with the smooth and flawless service process. Everything had worked as conveniently as promised by the bank in the ads. Patrick shared this positive service experience with several friends. As a result of the excellent service process, his image of the bank also improved.

Figure 13 Patrick’s bank service story about an excellent service process

4.1.2.2 Frustrating service process: Wilhelm’s story

Wilhelm’s bank service story starts with his need to buy a new car. At first, he was thinking of tapping into his savings to pay for the new car. But as Wilhelm had a good long-standing relationship with the bank clerks at his local bank office, he expected to get a car loan with good terms and conditions without any problems. Wilhelm, therefore, concluded it would be better for him to get a car loan than use his savings to pay for the new car.

I needed to buy a new car, and I went to my local bank office and told them I needed a loan to buy a new car. Before I went there, I anticipated that I would get the loan approved immediately, without any problems, I knew people at the office.

Much to his surprise, Wilhelm was told at the bank office he needed to schedule a separate appointment for the loan application. Wilhelm felt frustrated and even more
so when he returned a second time to make the official loan application and realized his application would not be handled by the clerks at his local office but at the bank's central office.

When I came there, however, it turned out that I needed to schedule an appointment in order to apply for the loan, it was frustrating. And the loan application wasn’t even treated in the same branch, but instead sent to a central office at another place.

After having made a formal car loan application, the errand was processed for three weeks before Wilhelm got any decision. Wilhelm also felt as he was treated differently by the bank now that he was retired. According to Wilhelm, it was as if he was not as important to them as before.

Then, it took three weeks before the decision was made. I noticed I wasn’t as important to them now when I had retired.

When Wilhelm finally got the decision, it said the bank wanted his apartment as security for the car loan. After having read through the terms and conditions, Wilhelm realized he deserved a better interest on the loan with such a good security. He consequently sent in a revised application in which he proposed a lower interest rate, and after some discussions back and forth, the bank accepted his suggestion. After a long and frustrating loan application processes, Wilhelm finally got the loan approved with an interest rate he considered reasonable.

To approve the loan, they wanted my apartment as security, but I read through the terms and conditions and said no, with such a good security, you will have to give me a better interest rate on the loan. So, the application was submitted again and after some discussions, they said yes, we agree to your suggestion. After all the trouble, I finally got the loan approved. The interest rate could have been even better, but I thought, it’s okay.

Wilhelm’s Value chart is illustrated below in Figure 14. As the chart shows, Wilhelm was very hopeful prior to his first visit to the local bank office. He had a good relationship to the bank and the clerks and did not expect any problems at all with getting the loan approved. Throughout the service episode, he felt worse and worse as he did not get the treatment he was used to and expected. Wilhelm felt disappointed when his loan application was not even handled by the bank clerks he knew at his local office. To make matters worse, it took three weeks for the decision on his loan application to arrive, and when it did, Wilhelm could not accept the terms and conditions. At this point, Wilhelm felt really frustrated with the loan application process. After having renegotiated the interest rate with the bank, Wilhelm finally got the loan. In the end, he felt okay with the terms and conditions of the loan but irritated and disappointed with the service process.
4.1.3 Professionalism – Unprofessionalism

The category *professionalism* refers to a skilled, competent, and knowledgeable service staff. It involves customers feeling that the service staff has the skills and expertise needed for carrying out the service in a proper way. The customer also feels that the staff members have good knowledge of the services and products they sell as well as the industry in general. In contrast, the category *unprofessionalism* means an unskilled, incompetent, or unknowledgeable service staff. Customers feel that the service staff does not possess the competence, knowledge, or skills to execute the service correctly, if at all. Next, these categories will be further illustrated by representative bank service stories from the empirical study.

4.1.3.1 Professionalism: Albert's story

Albert’s story about professionalism starts with his need to make an international money transfer. As it was his first time to do such a transfer, he felt somewhat anxious and skeptical before the bank visit. Albert did not even know if the bank could help him with the transfer, and if so, at what cost.

I was skeptical how this would work, I had no idea. I was anxious and skeptical because I was new to these international payment things and stuff. I was not sure whether it will work, or if it works, how much time will it take, or if it works in a quick time what are the charges.

To be taken seriously, Albert dressed up before going to the bank. At arrival, he went to the may-I-help-you counter and explained his errand to a bank clerk. She escorted him to the desk of another clerk, a man she said could help out with the money transfer.
I went to the bank in my best dress possible so that I would be taken seriously. When I arrived at the bank, they had a may-I-help-you counter and there a girl was standing and I told her I had to do international transactions. Okay, let me find out, she said. She went inside and later came out and said we have one man who can help you, so I’ll take you to his desk. She was friendly. I felt somewhat relieved.

Albert, however, still felt a bit skeptical as he was not sure how knowledgeable about international money transfers the bank clerk would be. To Albert’s surprise, the bank clerk turned out to be a very energetic young man in his own age. After having met the young clerk, Albert felt enthusiastic and at ease about getting his transfer done.

But I was still a little bit skeptical, how would this guy be? What if he was a 50-year old near retirement grumpy uncle who didn’t know anything about international transactions? But I found a 30-something-year-old very, very energetic guy. And he greeted me and offered me a stool and said, sit down, how can I help you? It instantly made me feel at ease. Because, you know, it’s a guy who is more or less in my age, and he seemed very energetic. I felt enthusiastic and at ease.

As the bank clerk was around the same age as Albert, he thought they would understand each other, and Albert consequently explained the international money transfer he wished to conduct. The bank clerk said it was simple and that he does such transfers every day. Now, when Albert understood the clerk was knowledgeable in these things, he felt even more relieved.

I felt relieved because he would take me seriously, he would understand, we talk the same language. I explained the transfer I needed to do, and he said, it’s simple, I do it every day. And I really liked this I-do-it-every-day statement, because, I felt he knows how to do it. It’s not like, let me find out, and then he picks up some manual or something. He said I do it every day. I felt ever more relieved when I understood he was very knowledgeable.

After the money was transferred and Albert had received his receipt, he left the bank office and felt very happy. The professionalism of the young and energetic bank clerk especially contributed to Albert’s positive feelings. He did not expect this level of service. It now turned out to be the opposite, and Albert is still very happy with the entire service episode.

So, then he did my transaction ... and he showed me the confirmation message, some electronic message, money sent or whatever. And then he printed out the receipt and gave it to me. And then I came out of the bank feeling very, very happy. And I felt very happy because I didn’t expect this level of service. As I said, I thought it would be some grumpy uncle in the office who didn’t know anything about international transactions. Next day, I got an e-mail from the recipient that the payment was received, so it was all very good.

Albert’s Value chart is illustrated below in Figure 15. From the chart, we can see how Albert felt anxious and nervous before the visit to the bank. At the bank, he started to feel better as he met a friendly woman at the may-I-help-you desk. The women referred him to an energetic young bank clerk who also turned out to be very knowledgeable about international money transfers, and consequently, Albert felt further relieved and at ease as he realized the clerk was knowledgeable in international money transfers. Once the money had been transferred, Albert was very happy that everything was solved and that he had received such good professional service.
4.1.3.2 Unprofessionalism: Emma’s story

The background of Emma’s bank service story about unprofessionalism was her plan to buy her own apartment. For years, she had saved in a particular home savings account provided by her bank. When the bank called her up one day, she took the opportunity to schedule a meeting with a bank clerk to discuss a possible mortgage.

It all started with me wanting to buy an apartment, I had saved in this home savings account for a while. My bank calls up their customers ever now and then and wants to go through insurances and loans and such and I told them, sure, we can discuss an eventual mortgage, it’s anyway time for me to buy an apartment.

Before the meeting, Emma had filled in the required mortgage application form and told them what kind of apartment she was looking for. Emma expected to get a clear yes or no from this meeting and to possibly discuss the terms and conditions of a future mortgage.

I expected everything to go fine as I had filled and submitted the required mortgage application form, and told them what kind of apartment I was looking for, I think everything was very clear and distinct. The only thing I expected was to get that decision: yes or no. Of course, I was unsure about the terms and conditions they would offer, but figured it could be discussed.

The meeting did not, however, turn out the way Emma had expected. Instead of discussing the mortgage, the bank clerk only wanted to discuss different insurances related to mortgages, and he did not seem to know anything about Emma’s home savings account and how it worked.

To start with, instead of discussing the mortgage, he only tried to sell me a lot of insurances, against cancer and stuff. I didn’t really get anything out of the meeting, I also got the feeling that
he had no idea about my home savings account and how it works. As it was unclear how I would take care of the down payment, we decided that I would get back to him as soon as I knew.

After having e-mailed the bank clerk, without any reply, Emma waited a while before contacting the bank again. When she finally did, Emma came to know he had switched position in the bank, and thus, her mortgage application had not been processed further. The bank asked Emma to come in again and redo the application process.

Next day, I sent a mail to the person I had negotiated with and didn’t get any reply. I figured the application process was under control, but the bank was slow to respond. I didn’t think of it much after that, the situation was not acute. A couple of weeks passed without hearing anything from them, so I called the bank and asked what’s going on. Apparently, the bank clerk I had met with had switched position in the bank, and they said my application therefore hadn’t moved forward. As they couldn’t continue with the existing papers, they asked me to come in again and start the application process afresh.

Emma became really angry when she realized that the bank clerk had not forwarded her errand to somebody else or notified Emma he would quit his position. As a result, Emma decided she did not want to have anything more to do with this office and thus decided to switch to a smaller office of the same bank in her home town.

Then, when I came to know that this person hadn’t forwarded my errand to somebody else, or contacted me to inform me he didn’t handle the errand any longer, I became so angry I decided to switch bank office. They didn’t even apologize, just offered me a new meeting, no way I thought. It’s a big bank, not a small candy stand, how could things go so wrong?

When reflecting upon the bank service episode, Emma emphasizes the incompetence of the bank clerk as a reason for the negative bank service experience. She does not think the clerk she met with was knowledgeable about mortgages, but he was more of a sales man trying to sell her insurances. Emma is also critical of how the bank is operating its systems and thinks there should be better routines to follow up open mortgage applications.

A lot has to do with the bank clerk you’re dealing with, how competent he or she is. In this case, he was more of a sales man than a knowledgeable clerk, he didn’t seem to know much about mortgages. In addition, something must be wrong in the bank’s own systems, they must be able to see there is a mortgage application open, and somebody responsible for it. Shouldn’t the system alarm when an application has been open for weeks, without anything happening?

From Emma’s Value chart, as illustrated below in Figure 16, we can see how her mood continuously worsened throughout the service episode. Frustration became anger when Emma realized her entire mortgage application had fallen between the cracks and was now useless. As the bank did nothing else but suggest a new meeting to start the application process afresh, Emma continued to feel angry and decided to switch bank offices.
4.1.4 Fast service – Slow service

The category fast service relates to a quick and rapid service delivery process without long queues or waiting time. Customers feel that the service provider and its staff respond promptly to their requests. Correspondingly, the category slow service involves a sluggish service delivery process with long queues or waiting time. In such cases, customers feel that the service provider is not making an effort to assist them and thus is ignorant or indifferent to their needs. Slow internal routines and systems also influence the time it takes for the staff to carry out services and can thus be a source of irritation for the customer. Next, the two categories will be further illustrated by representative bank service stories from the empirical study.

4.1.4.1 Fast service: Gabrielle’s story

Gabrielle’s bank service story starts with her losing her codes used for logging in to the Internet bank. She could not remember where she had put them but at least knew they were somewhere at home. Gabrielle felt horrible over losing her Internet bank codes and was afraid the bank would not believe her story. According to Gabrielle, bank visits are inconvenient and uncomfortable to start with, and with this particular errand, she even felt a bit embarrassed.

I found it horrible to have lost the codes. I couldn’t remember at all where I had put them. I knew they were home somewhere, but I couldn’t find them. And I thought it would be so inconvenient to have to visit the bank, and with this kind of errand, I didn’t know how these things worked. I thought it was embarrassing, what if they don’t trust me to tell the truth.
Gabrielle decided to go to a smaller bank office close to her home and immediately got positively surprised by the short queues in the office. After having waited for only a short while, Gabrielle went to the counter and told the person what had happened. At first, Gabrielle felt like the bank clerk was a bit suspicious, but after having checked her ID and concluded she was a customer of the bank, the clerk gave her new codes in couple of minutes.

The queues were short, it didn’t take much time to get to the counter, I told what happened, showed my identification, and the person behind the counter looked suspiciously at me to start with. But when she checked my ID and confirmed I was a customer of their bank, it only took a little while before I got a new list of codes, immediately at the spot!

The fast and convenient service made Gabrielle feel relieved; she had been afraid that it would be a long process to get new codes and maybe that the bank eventually would have sent the codes to her home through post. In short, Gabrielle was surprised that everything solved itself so quick and easy.

I thought that this solved itself very fast. I became surprised how quick and easy everything was solved. Also, I felt relieved to not have to continue with this errand, that the queues were so short, and that they didn’t send the new codes per post. It was great that I got them immediately in hand.

After Gabrielle had received the new Internet bank codes and left the bank office, she felt even further relieved. In her reflections on why she felt the service was so fast and convenient, she concluded that small offices have more time for the individual customer and thus treats them better.

I came to realize that it’s better with smaller bank offices. They know what’s going on and have more time available for each individual customer, and treats you like a human. This experience showed how much bank offices differ.

In her Value chart, as illustrated in Figure 17, we can see how Gabrielle felt quite bad before she went to the bank, with feelings of inconvenience and embarrassment. As soon as she entered the bank, however, she saw there were short queues and felt better. After having received her new Internet bank codes immediately at the counter, Gabrielle felt relieved and was very pleased with the fast service. The positive experience with fast service at this small office made Gabrielle think maybe they are better than larger ones.
4.1.4.2 Slow service: Elizabeth’s story

The background of Elizabeth’s story about slow service is her dislike for long queues and waiting times at the bank office. Normally, Elizabeth does not go to the bank office very often as she manages most of her bank errands online. However, in the few times she needs to go to the physical bank office, the long waiting times irritate her.

Nowadays, I manage most bank errands from home through the Internet bank, paying bills and such. I don’t go to the physical bank very often... the only thing I don’t like with my bank is when I go there, and don’t have a meeting with my personal banker, but an errand for the normal service counter, I always have to sit there and wait until I get angry. And up to five bank clerks are just sitting there, without any customers.

As an example, Elizabeth shares a recent story when she and her husband had to go to the bank office to activate an electronic billing service. A company had notified Elizabeth that it would only bill electronically from now on, and that she had to activate this service so she could receive their electronic bills. Elizabeth’s misgivings turned out to be justified as they had to sit and wait for a long time before anybody noticed them.

When we would get that electronic billing service fixed, everybody in the bank office just sat there, nobody had customers. And we were the only ones in the bank office who sat there and waited, waited, and waited, and nobody even looks at us! Why can’t they come and ask why we’re sitting there waiting?

After a while, Elizabeth and her husband decided to walk up to the bank clerks and ask what to do and tell them they need help to get this electronic billing fixed. Finally, the clerks started to react and called for a bank clerk to help them.
At last, we had to walk up to the bank clerks and ask what to do. We had to tell them that we need help with this electronic billing errand. Then, they made some calls and told us there will be a bank clerk with us soon, and that we will meet her in that room.

Unfortunately, the bank clerk did not immediately know how to activate this electronic billing service, so it took a while before the problem was solved, even after Elizabeth and her husband had been attended to by the clerk.

And when we came there, she didn’t know anything about how to do this, it was so new, and I think it was kind of bad she didn’t know it, but she was nice and eventually we got it solved.

Even though the bank clerk was nice, and Elizabeth finally got the electronic billing service activated, she was still disturbed by the failure of the bank clerks to attend to her while waiting in the bank office. In that sense, this negative experience only further convinced Elizabeth that banks have problems with long waiting times and slow service.

This thing, to wait so long, that nobody cares. It doesn’t look like the bank clerks have anything to do, they talk to each other and so on. I get irritated when I see their previous customers leave, and then they start to work at the computer, I understand that they have to report what they talked about with the previous customer, but sometimes it is obvious they just do other things. Then one gets really irritated. It’s tiresome to have to fight for attention and help.

From Elizabeth’s Value chart, as illustrated below in Figure 18, we can see how she was afraid of having to wait a long time at the bank office before she went there. Now it turned out that Elizabeth and her husband had to wait for a long time at this bank visit too. Elizabeth became particularly irritated when several bank clerks in the office were available, but they still did not offer to help Elizabeth and her husband. Even though Elizabeth got the electronic billing activated by a nice bank clerk, the slow service turned the service episode into a negative experience for Elizabeth.

![Figure 18 Elizabeth’s bank service story about slow service](image-url)

Figure 18 Elizabeth’s bank service story about slow service
4.1.5 **Flexibility – Inflexibility**

The category flexibility refers to a willingness of the service staff to adjust their services to meet the individual needs and wishes of the customer. The customers feel that the service provider makes an effort to understand and accommodate their individual needs. Similarly, the category inflexibility involves an unwillingness of the service staff to adjust to the individual needs and wishes of customers. In such cases, the service provider tends to follow standardized guidelines strictly, and customers do not feel they are being treated and served on an individual basis. Next, the two categories will be further illustrated by representative bank service stories from the empirical study.

4.1.5.1 **Flexibility: Philip’s story**

The starting point of Philip’s bank service story about flexibility was a phone call from a nice bank clerk who informed Philip the bank would close down his current bank account. Philip was positively surprised as the bank clerk spoke Swedish to him, something he had not experienced before.

> It started with a phone call from a nice bank clerk, she informed me the bank would abolish a type of bank account I had. She spoke Swedish to me and it was a big thing as I’d never experienced that before, to get service in my own language.

As Philip had to transfer his money to a new bank account, the bank clerk suggested they would schedule a meeting at Philip’s local bank office. Philip chose a time for the meeting, and when he came to the bank, it was closed. Surprisingly, however, the bank clerk came out from the back door of the office and called him in. It turned out she had come to the office before opening hours just to meet Philip’s wishes.

> In order to close down the account, and move the money to a new one, we scheduled a meeting at Philip’s local bank office. Philip chose a time for the meeting, and when he came to the bank, it was closed. But at the same time, a young lady comes out from the back door of the office and greets me. She had come before opening hours just to have this meeting with me.

Also, during the meeting, Philip came to know the bank clerk normally worked at another larger office, but she had made an extra visit to this office to give Philip service in Swedish. According to Philip, the clerk was also very nice and helpful and gave him good recommendations when transferring his money to a new account.

> Normal, she worked at a larger office, but took her time to come here and help me, and in Swedish! She was very nice and accommodating in all possible ways and recommended me an account with good interest rate.

Throughout the entire service episode, Philip was very pleased and happy with her service-mindedness; he felt this bank clerk made great efforts to meet his wishes and satisfy his needs. Philip emphasized she did all this without there being a large sum of money involved, something he especially appreciates. Philip concludes his story by telling that he thinks the bank should always treat its customers this way.

> It was not a sum to make a fuss over, but she still made great efforts to satisfy my needs ... it just struck me then, you know, that’s how the bank should always work, everywhere, in all places.

From Philip’s Value chart, as illustrated below in Figure 19, we can see how Philip had a somewhat neutral attitude to his bank. As a Swedish speaker, it is important for him to get service in Swedish. But as he lives in Finland, he does not expect it. Therefore, it was a very positive surprise for him when the bank clerk who called him up spoke...
Swedish. The positive experience continued when the clerk came down to Philip’s local office, before opening hours, only to have a meeting with him. Her service-mindedness and flexibility made Philip feel very pleased with the service, a feeling that continued for a long time after the service episode. As a result of this positive bank service experience, he thinks the bank should always work like this.

Figure 19 Philip’s bank service story about flexibility

4.1.5.2 Inflexibility: Matthew’s story

Matthew’s bank service story about inflexibility starts with his and his wife’s plan to buy their own home. Before the mortgage application episode described in his story, Matthew had visited several banks and received different mortgage offers. Before deciding which offer to take, he thought it would be smart to check with an additional bank as it would further expand his alternatives. Since Matthew had received different mortgage offers without any problems at the other banks, he thought this one would be no different and had a good feeling about the visit.

I had already gone to several banks before I went to Bank X. I had high hopes, I did expect it to be really easy, convenient, and expected to get an offer for a mortgage. I expected it to go like the other good experiences I had in the other banks.

Before Matthew could get an appointment, he had to fill in the standardized mortgage application online form. He gave the bank the same information as he had given the other banks. After a phone call to the main office, he got an appointment one week later and now felt really expectant.

So, I filled their online form first, because you have to do that first in order to get an appointment ... I gave them the same information as I had given all the other banks. So, I called the main office ... and then they said they have somebody available at 9:00 a.m. one week later. So I had my appointment, and I went there, and I had my high hopes.
The meeting started with the bank clerk retaking all the information Matthew had already filled online. It made him a bit suspicions, and he wondered how they could have lost his information. Soon Matthew could read from the clerk’s face that something was wrong. When he asked her, she replied things were not looking good.

And then I went and sat in the booth and the lady started retaking all the information from me that I previously gave in an online form. And then while redoing the form, when she put in the information to some sort of a program, I could kind of see from her face that everything was not good. Then I asked, what’s wrong? Then the adviser said it doesn’t look good, and that she didn’t think we can get any mortgage.

The decision to not give Matthew a mortgage made him really disappointed, especially as he felt there was no room for negotiations. Matthew tried to ask why there was no possibility to negotiate any mortgage at all. The bank clerk explained that, because of his low income, he was categorized in the lowest of their income groups.

I was so disappointed on their protocol, the person was not mean, but she had some protocol that she followed and was not willing to negotiate at all. She said there’s nothing they can do with me, and I said why not? She said because of your income you’re categorized in the same group as welfare people.

Matthew tried to emphasize that although he was not making much money right now, he had recently received a master’s degree and thus had good prospects of making more money in the near future, but to no avail, the bank clerk stayed firm and repeated there was nothing they could do as long as he belonged to the bottom income category.

At that point, when she said that you belong to the welfare group and we don’t give you any money, because we don’t think you’ll be able to, well, we just don’t give you any money from our bank. I wanted to be mean and nasty at that point, I felt so insulted and I just thought that I was a victim of this protocol, that they did not really think of me as a person, because they did not want to discuss what I could be, they just looked at what I am currently.

The refusal to negotiate a mortgage came as a negative surprise to Matthew. The previous banks had willingly negotiated the terms and conditions of a mortgage, based on their assessment of Matthew’s current financial situation and future prospects.

So, in the previous banks, what made me happy was that they viewed me as good enough for a mortgage. And even if they felt like I wasn’t totally good enough, they would negotiate the situation with me. So they were kind of lenient, I felt like they treated me as an individual, not as a statistic.

When Matthew realized there was no room for discussion and no possibility the bank would take his future prospects into consideration, he felt angry and just wanted to leave the office and promised himself to never come back.

So then I knew it was over and I just wanted to leave the bank as soon as possible and I was so, I wouldn’t say furious, that’s not the right word, but so angry that I made a promise to myself I would never go to Bank X again and do any business with them. If they don’t have any faith in me now, why should they enjoy my possible future success later?

As illustrated from Matthew’s Value chart below in Figure 20, Matthew was hopeful before his visit at the bank, largely because his success of getting mortgage offers from other banks. Soon after the meeting had started, however, his mood deteriorated as he had to redo the mortgage application form. But what made Matthew feel really disappointed and troubled was when the bank clerk said that Matthew most likely could not get any mortgage from the bank. As an explanation, the bank clerk told Matthew he belonged to their lowest income category, together with the people in social welfare. Matthew felt angry over the bank’s inflexibility and inability to assess him.
individually; he felt just like a statistic and a victim of the bank’s protocol. Also, Matthew felt insulted by the equation of him with people on social welfare. In the immediate aftermath of the meeting, Matthew still felt insulted and decided to never go back to the bank.

![Figure 20 Matthew’s bank service story about inflexibility](image)

### 4.1.6 Summary of value-in-use of functional nature

In this section, I have presented five categories of positive value-in-use of functional nature and five categories of negative value-in-use of functional nature. The positive and negative categories are each other’s opposites in terms of why the informants felt better or worse off than before the service episode. All the categories of positive and negative value-in-use of functional nature were illustrated in the form of representative bank service stories. A common theme of all the bank service stories related to value-in-use of functional nature is that it was the features of the service process that made the informants feel better or worse off.

The above bank service stories show that bank employees are a feature of the service process that plays an important role in the emergence of positive as well as negative value-in-use. Their attitudes and behaviors turned ordinary bank errands into pleasant or terrible service experiences for the informants of the study. As previous research has shown that customers’ assessments of service employees’ emotional states affect the customers’ own emotional states (Söderlund and Rosengren, 2004), it is not surprising that, for example, friendly bank clerks often made customers feel better off, and vice versa. The informants could often point out a single bank clerk as the reason for why they started to feel better or worse off during the service episode. Sometimes, it was several employees of the bank who were the source of the informants’ positive or negative feelings. In other stories, however, it was the banks’ routines, procedures, and
systems which caused the informants to feel delighted or irritated. Not even a friendly and competent bank clerk will be able to assist the customer properly if the bank’s internal processes do not run smoothly and allow for timely and efficient service delivery.

In all the bank service stories related to positive and negative value-in-use of functional nature, the informants found solutions to their problems. As evident in the five categories of positive value-in-use of functional nature, what made many informants feel better off was not the solution to their problem per se, but rather how the solution was delivered. And from the five categories of negative value-in-use of functional nature, we can see that even though the informants got their problems solved, the service delivery was perceived as so bad it became a negative service experience for them. In other words, not only the outcome of the service but also the service process is important for the emergence of positive as well as negative value-in-use.

The categories of positive value-in-use of functional nature that occurred most frequently in the bank service stories of this study were friendliness, excellent service process, and professionalism. They are referred to as the main reasons for informants’ feelings of being better off in 75% of the bank service stories related to positive value-in-use of functional nature. Among the categories of negative value-in-use of functional nature, unfriendliness is the most frequently mentioned. Unfriendly bank clerks are referred to as the main reason for informants’ feelings of being worse off almost as many times as the rest of the categories of negative value-in-use of functional nature combined. For a more detailed overview of the frequency of occurrence of the different categories of value-in-use in the bank service stories in the study, see Appendix 4. Next, the informants’ perceptions of value-in-use of technical nature will be presented.

4.2 Bank customers’ perceptions of value-in-use of technical nature

In this section, I will present the empirical findings about retail bank customers’ perceptions of value-in-use of technical nature. Value-in-use of technical nature refers to an outcome of the service process that made the informants feel better off or worse off than before the use of the service. In the analysis of the informants’ bank service stories, I identified one category of positive value-in-use of technical nature and one category of negative value-in-use of technical nature. The positive and negative categories of value-in-use of technical nature are the opposites of each other in terms of why the informants felt better or worse off than before the service episode. As a consequence, the two categories can be summarized as follows: problem solved – problem not solved. In the next part of this section, I will present these categories of positive and negative value-in-use of technical nature. After that, the section concludes with a summary of retail bank customers’ perceptions of value-in-use of technical nature.

4.2.1 Problem solved – Problem not solved

The category problem solved refers to a situation where a service process ends with a satisfying solution to the customer’s problem. Such situations arise when a customer seeks help from the service provider to correct or solve something, and the service provider successfully provides a solution to the customer’s problem. In contrast, the category problem not solved relates to the situation when a service process ends without a satisfying solution to a customer’s problem. In such cases, the service
provider cannot, or will not, provide a solution to the customer's problem. Next, these categories will be further illustrated by representative bank service stories from the empirical study.

4.2.1.1 Problem solved: Erica’s story

The background of Erica’s bank service story about a problem solved can be traced to her fashion interest. Erica likes to browse the web for interior decoration as well as clothing. Several times, she had found shoes or a sweater or something she liked in some online store abroad, but as she tried to put an order, her payments always failed. Erica finally decided to go to her local bank office to see if they could offer any solution to this problem. She was, however, a bit skeptical and expected the bank to try to convince her to sign up for a credit card, something she didn’t want.

It was so irritating, I often found things that I wanted in for example British or American online stores, with reasonable shipping fees, but could not place the order with my stupid VISA Electron. After a number of failed attempts, I decided to visit my bank and see if they could help me in some way. I guessed their solution would be to offer me a credit card and I don’t like them, what if it gets skimmed or something? And it definitely doesn’t feel safe to pay with credit cards online.

At the bank office, Erica sat down with a bank clerk and explained her problem. The clerk understood the problem and Erica’s concern over online payments with credit cards. She told Erica there were online payment solutions other than credit cards. Erica became positively surprised and started to feel optimistic.

I felt optimistic already when I realized she understood my problem and concern over credit cards and online payments. When she told me they nowadays have other solutions for online payments than credit cards, I felt even better.

The bank clerk explained to Erica that she could activate a service called Verified by VISA for her existing VISA Electron debit card. The Verified by VISA service would allow Erica to pay online with her VISA Electron without restrictions. The only thing she needed to get going was a code. Erica became very happy as this was an ideal solution to her problem.

It was great to find out that I could activate my VISA Electron for online purchases. I had no idea about this, and had expected that a normal credit card was to only way to buy online. I was really happy to find this solution and I’m glad I went to the bank office, something I rarely do otherwise. Now, all I needed was to wait a couple of days for the security code to arrive by mail, sweet!

Erica’s Value chart is illustrated in Figure 21 below. From the chart we can see how Erica became increasingly happy throughout the service episode as she found a solution to her problem with online payments. Erica did not know of the Verified by VISA service and thus became positively surprised when the bank clerk presented her with this solution. At the time for our discussion, Erica still feels happy and regularly shops online with her VISA Electron.
4.2.1.2 Problem not solved: Amy’s story

Amy’s bank service story about a problem not solved starts with her need to renew her expiring VISA Electron debit card. To get a new card, she went to her nearest bank office and requested to get a new card. The same bank had issued her current VISA Electron a few years back. Amy therefore expected this to be a simple routine errand and that the bank on her request would send her a new VISA Electron card.

I just thought I’d stop by at the bank office after work and make a request for a new card, I didn’t worry, I mean, what else they can do than say yes, yes, we’ll send you the new card soon. My old one was about to expire and the bank hadn’t contacted me, it was my first bank card in Finland and I didn’t know the routines. In my home country, the bank always sends you a message that they have made a new card and that you can come and pick it up.

However, the renewal of the VISA Electron card did not turn out to be the simple routine errand Amy had expected. According to the bank clerk, the bank had changed its policies regarding issuing VISA Electron cards to foreigners, and it was now a requirement to have a valid Finnish identity card to get a VISA Electron. Amy became surprised and very disappointed over this claimed new VISA Electron policy, but she still hoped to find a solution.

When I later came to the bank, they asked me for my identification card and I gave them my foreign passport, and then they said, you know what, we can give you an ATM card but because you have a foreign passport, we can’t give you a VISA Electron anymore. I then became very disappointed, nervous, and surprised. I thought they were wrong and tried to explain that I already had a VISA Electron card, and they see it in their systems.

As Amy’s argument did not help, and the bank clerk stood firm in her decision to not renew her VISA Electron, she now started to realize that she might not get a new VISA...
Electron card. Even though Amy still could not believe this claimed policy was true, she started to get angry and figured it was best to just leave the bank office.

But then she said, no, we have changed our policies and there is nothing we can do, except sending you an ATM card. If I wanted a VISA electron, she said, I had to get a Finnish identity card, but my passport has always worked, it used to work, also in Sweden when I lived there. I didn’t really believe her, but it was afternoon, a small office, and no other bank clerks there. I started to feel really angry and realized I can’t do anything about this. I still don’t know, but suspect she had misunderstood some rules or something.

After Amy realized no solution will be reached, she left the bank hugely disappointed and angry. During the discussion with the bank clerk in the office, Amy thought she could always discuss the problem with someone else at the bank. But at the time she left the bank, she felt so angry and discriminated she decided to switch banks.

Because I was so disappointed, I just left the bank office. When I left from there, I became really, really angry, I got furious. Inside the bank, I thought that I can always talk to some other bank clerk at the office. But when I left the bank office, I felt so angry I decided to empty my bank account and find another bank. I felt so discriminated, like a lesser human being. Therefore, I felt I couldn’t go back. That bank had made a fool of oneself, I didn’t want to have anything to do with them.

The fundamental problem was Amy’s expiring VISA Electron debit card. Since her own bank could not offer a satisfactory solution to her problem, Amy started to search for other banks willing to accommodate her needs. The story ends with Amy switching to a new bank, which gave her a VISA Electron without any requirements for a Finnish identity card.

The solution became to empty my bank account, maybe not the same day, but a couple of days later, and go to Bank X and ask if I can open up a bank account and get a VISA Electron without having a Finnish identity card. And they said yes, of course, and then I switched bank.

Figure 22 illustrates Amy’s Value chart. Amy expected the renewal of her VISA Electron card to be a simple routine errand. Unfortunately, it turned out to be a very negative experience for Amy. The chart shows Amy went from nervous and disappointed in the beginning of the bank visit to very angry and furious in the end. As no solution was reached throughout the service episode, Amy felt worse and worse and even discriminated against.
4.2.2 Summary of value-in-use of technical nature

In this section, I have presented two categories of value-in-use of technical nature: one positive and one negative. The categories of positive and negative value-in-use of technical nature were illustrated in the form of representative bank service stories. In the positive bank service story related to value-in-use of technical nature, the main reason for the informant’s feelings of being better off was that the bank helped her to find a solution to a problem in her everyday life. Similarly, in the negative bank service story related to value-in-use of technical nature, the main reason for the informant’s feelings of being worse off was that the bank did not provide a solution to her problem. The positive and negative categories are thus each other’s opposites and reflect whether or not the bank helped the informant to solve his/her problem. In the bank service stories in the study related to value-in-use of technical nature, it was as common for the informants to get their problems solved as not getting them solved.

As value-in-use of technical nature refers to the outcome of the service, it is easier to evaluate objectively than value-in-use of functional nature, which is more subjective in nature. Most often, a customer can relatively easily decide whether a service provider has solved his/her problem or not (Grönroos, 2007). In bank service stories in the study where solutions to the informants’ problems were not reached, the banks could not solve the problems because of factors such as rules and policies, or failures and limitations of their systems. Getting the customer’s problem solved, however, is a fundamental aspect of a service, and thus carries large implications for customers’ well-being. In the bank service stories in the study where the service failed, it always had negative repercussions for the everyday lives of the informants. On the other hand, as can be seen from Erica’s positive story above, if the bank manages to solve an everyday
problem for the customer, positive value-in-use of technical nature emerges. Next, the informants’ perceptions of value-in-use of economic nature will be presented.

4.3 Bank customers’ perceptions of value-in-use of economic nature

In this section, I will present the empirical findings about retail bank customers’ perceptions of value-in-use of economic nature. Value-in-use of economic nature refers to economic features of the service that made the informants feel better off or worse off than before using the service. In the analysis of the informants’ bank service stories, I identified one category of positive value-in-use of economic nature and one category of negative value-in-use of economic nature. The positive and negative categories were found to be the opposites of each other in terms of why the informants felt better or worse off than before the service episode. Consequently, the categories of value-in-use of economic nature can be summarized as follows: low fees – high fees. Next, I will present the categories of positive and negative value-in-use of economic nature. Finally, the section concludes with a summary of retail bank customers’ perceptions of value-in-use of economic nature.

4.3.1 Low fees – High fees

The category low fees refers to the customer’s perception of the service provider’s fees, charges, or interest as advantageous or favorable. In such cases, the customer’s internal reference price is higher than the actual price for the service, and he/she thus gets delighted over the seemingly low price. Correspondingly, the category high fees relates to the customer’s perception of the service provider’s fees, charges, or interest as disadvantageous or unfavorable. When the service provider’s price is considered to be high, the customer has a lower internal reference price. As a consequence, the customer gets disappointed over the service provider’s seemingly high price. Next, the two categories will be further illustrated by representative bank service stories from the empirical study.

4.3.1.1 Low fees: Michael’s story

The background of Michael’s bank service story about low fees was his need for a new credit card. His old one was expiring, and he was displeased with its annual fee. As he frequently used the card to pay for travels, he was also interested in other features of credit cards such as travel insurances. To find a credit card with a lower fee and perhaps even better terms and conditions, Michael started to search for alternatives.

As my old credit card was expiring, I started to look for new alternatives. I was dissatisfied with the annual fee and suspected that I paid too much only because my card was a couple of years old and not issued by my present bank. I expected to pay some kind of annual fee for having a credit card, but maybe a lower sum, like 10 euros per year or something.

As Michael started to browse the website of his bank for information about their credit cards, he realized that his recent upgrade in his bank’s loyalty program might have given him several advantages when it came to credit cards. In fact, it seemed like his particular level in the loyalty program was exempted from annual fees for most credit cards. Michael became expectant, but he decided to check with his personal banker before applying for a new credit card.
The information page about credit cards on the bank website said that key customers were exempted from annual fee in most cases of credit cards. I thought this sounds great, as I recently was upgraded, but did not dare to count on it yet of course. I decided to check things with my banker before I applied for any credit card.

The personal banker confirmed what Michael had read online: key customers did not pay any annual fee for the majority of the bank’s line of credit cards. The news made Michael glad, and he agreed with the banker to check which card he preferred and then made the formal application. The application for the credit card in itself could easily be done online at any time, so after Michael had found the credit card with the features that would be best for him, he just applied for it online from home.

I was really pleased to hear from the banker that I did not have to pay any annual fee for most credit cards in their assortment. We agreed that I would look closer into what specific card I wanted, and then apply for it through my Internet bank. After I had found the one I wanted, I applied for it online and got it some week later.

Michael still feels good about his new credit card as it gave him better terms and conditions without an annual fee. Obviously, it was important for him to get rid of the annual fee of the old card. But it seems to be as much about principles as economy for Michael to not have to pay the annual fee.

It feels good to have a credit card with better terms and conditions than before, and pay less for it. The annual fee of my old credit card always disturbed me. You know, I’m already paying interest on the credit, why should I then pay an additional fee?

Michael’s Value chart is illustrated below in Figure 23. From the chart, we can see how he felt better off after having realized that he was entitled to a credit card without any annual fee. It was important for him to avoid annual fees on credit cards, but as Michael’s new card also came with superior terms and conditions compared to his previous one, he felt even better off.

Figure 23 Michael’s bank service story about low fees
4.3.1.2 High fees: Adam’s story

Adam’s bank service story about high fees begins with a request from the tax authorities of his home country. The tax authorities wanted clarifications about Adam’s income situation and taxation in Finland. For that purpose, among other documents, the tax authorities asked for his bank statements of transactions for the last four years. Adam expected these statements of transactions to be easily accessible on his Internet bank. To his annoyance, only the last year’s bank statements could be accessed.

Now, what I expected, because Bank X always talks so much about online services and online this and online that, was that I will be able to get these records online. Thinking that I would get the records online I first hit my online account, I logged in, and tried to get out the bank statements, and I found out that I can only access the last one year’s bank statements. I felt a little bit annoyed.

Adam, however, did not initially think this was so much of a problem, and figured he could go to the physical bank and make a request for the remaining three years of bank statements of transactions.

But then I thought it is okay, banks have that policy, I know. They work on this financial year and stuff and that’s why they should have only the last one year. So I sort of, how should I say, pardoned them and saying that’s it okay, I’ll get this last one year online and I’ll go to Bank X physically and get the rest. How difficult can it be? Everything is on computer.

Consequently, Adam decided to go to the branch of the bank where he had opened up his account a few years ago. After having talked to a woman at a general service counter, he was redirected to another service counter where he explained his request to another bank clerk. The clerk listened to Adam and understood his problem, but she had no idea how to get the bank statements. Instead, she suggested that Adam should call customer service.

She listened to me, she understood that I needed it for tax authorities, but she had no knowledge, no idea of how to get the last three years’ statements. And I thought, come on, it’s such a simple task, just log into your internal or central data server, how difficult can it be to log in and get my data? Whom should I ask then? She said call our customer care. I said why I should call customer care when you are here to take care of me. I’m not calling customer care, I said.

As Adam insisted to get help at the office, the bank clerk agreed to go and try to obtain the information about how to get the three years of bank statements of transactions. She disappeared for a while and then returned with the message that it would cost 8 euros per month of bank statements. Adam could hardly believe this to be true and thus became very angry at the bank.

She said okay, let me find out. She went inside and then she came and told me it would cost 8 euros per month of bank account statements. Now, three years is 36 months and 8 euros per month is something like 250 euros. I thought are you kidding me? 250 euros to get statements of my own account, it’s just pieces of paper. I felt disgusted, stupid, and I thought this is the worst bank in the world.

In addition, the bank clerk told Adam they could not print out the bank statements at the office, but would send them per post within a month or so. Adam already thought the fee for getting the bank statements to be unreasonable, and the declared processing time of a month only further irritated him.

And then she said it will take like one month to arrive, as well, we will post it to you, it will take one month and you have to pay 250 euros and I don’t know whom to pay the 250 euros to, I’ll have to find out. I said forget it, I don’t want it, I can’t pay 250 euros!
Adam never agreed to pay the bank for his bank statements of transactions. Luckily, the tax authorities of in his home country were satisfied with the previous year’s statements he could print out for free from his own Internet bank.

In the end, they [the tax authorities] didn’t ask for more. They were satisfied with whatever documents I sent, but what if they had asked for more? Then I would have had to spend 250 euros to get pieces of paper of information of my own account.

As can be seen from Adam’s Value chart, illustrated below in Figure 24, he became a little bit less angry at the bank after the visit to the bank office. However, he still thinks the bank does not care for him as a customer and feels hesitant to go to the physical bank office for help, as he thinks the bank’s operations are very inefficient. After having felt only worse and worse throughout the bank service episode, Adam’s feelings in relation to the bank has improved somewhat, but he still feels exasperated and has become cautious as he feels he cannot trust to bank to help him in case of need.

**Figure 24 Adam’s bank service story about high fees**

### 4.3.2 Summary of value-in-use of economic nature

In this section, I have presented two categories of value-in-use of economic nature: one positive and one negative. The categories of positive and negative value-in-use of economic nature were illustrated in the form of representative bank service stories. In the first bank service story, positive value-in-use of economic nature emerged when the informant discovered that his new credit card had lower fees than expected. Correspondingly, in the second bank story in this section, negative value-in-use emerged when the informant was faced with higher charges than expected for accessing previous years’ bank statements of transactions. Hence, common in the bank service stories related to value-in-use of economic nature is that the informants perceived the
bank’s fees, charges, or interest as favorable or unfavorable and consequently felt better or worse off.

In all bank service stories related to value-in-use of economic value, the banks offered solutions to the informants’ problems. The informants’ perceptions of the fees for these services, however, decided if positive or negative value-in-use would emerge. From the analysis of the bank service stories in the study, it became clear that reference prices were critical to how the informants perceived the prices of the bank services. The important role of internal reference prices in the formation of customers’ price perceptions is well recognized in the marketing literature (Monroe, 1990; Rajendran and Tellis, 1994; Niedrich et al., 2001). In the bank service stories, costs or fees for similar services offered by competitors, the informants’ own opinions regarding what a particular service should cost, and prices the informants had paid for similar services in the past were all factors that contributed to reference prices in the minds of the informants. If the service fees or charges of a bank service exceeded the informant’s own internal reference price, he/she felt worse off, and vice versa. Value-in-use of economic nature is thus largely subjective and depends upon what the customer thinks is a fair and reasonable price for a particular service.

In the bank service stories related to value-in-use of technical nature, it was twice as common for the informants to feel worse off from high fees as it was for informants to feel better off from low fees. Put differently, in the bank service stories in the study, negative value-in-use of economic nature was more likely to emerge from perceived high fees than positive value-in-use of economic nature from perceived low fees. However, a larger study would be needed to confirm whether disappointment with high fees is generally more common than delight over low fees. Next, I will provide an overall summary and conclusion of this empirical chapter.

4.4 Summary of empirical findings

In this chapter, I have presented the empirical findings about how retail bank customers perceive value-in-use. From the analysis of the informants’ positive and negative bank service stories, a total of 14 categories of positive and negative value-in-use were identified. The 14 categories of positive and negative value-in-use refer to ways in which the informants themselves understood how they came to feel better or worse off than before the service episode. The bank service stories in the study demonstrate how the informants interpreted features of the service process, the outcome of the service, or economic features of the service as the reasons for their feelings of being better or worse off. Hence, the 14 identified categories represent different aspects of bank services the informants of the study perceived as positive or negative value-in-use.

In service marketing theory, such aspects of services (i.e., features of the service process, the outcome of the service, and economic features of the service) are traditionally referred to as functional, technical, and economic quality of the service (Grönroos, 1984, 1988; Holmlund and Kock, 1996). For example, the friendliness of the bank clerks was a common reason for the informants’ feelings of being better off in the bank service stories and was thus an important category of positive value-in-use. But friendliness of the staff is also a known determinant of service quality in retail banking (Johnston, 1995; Ladhari, 2009) as well as other service industries (Parasuraman et al., 1985, 1988; Brady and Cronin, 2001). Thus, it became clear during the analysis of the bank service stories that the 14 categories of value-in-use also represent the informants’
perceptions of three generic dimensions of service quality. In other words, the informants of the study understood and interpreted value-in-use as service quality. The findings of the study thus show that the informants perceive positive (feeling better off) and negative (feeling worse off) value-in-use in terms of high and low functional, technical, and economic quality of the service.

As a result of the observation that the informants perceive value-in-use in terms of functional, technical, and economic quality of the service, the 14 categories of value-in-use were classified into three forms of value-in-use: value-in-use of functional nature, value-in-use of technical nature, and value-in-use of economic nature. Value-in-use of functional nature refers to features of the service process that made the informants feel better off or worse off, value-in-use of technical nature relates to an outcome of the service process that made the informants feel better off or worse off, and lastly, value-in-use of economic nature involves economic features of the service that made the informants feel better or worse off. The three forms of value-in-use summarize the different ways in which the informants understood or interpreted how they came to feel better or worse off during bank service episodes.

This chapter has presented each of these three forms of value-in-use and their respective categories in the form of representative bank service stories from the empirical study. Value-in-use of functional nature has five positive categories and five negative categories that can be summarized as follows: friendliness – unfriendliness, excellent service process – frustrating service process, professionalism – unprofessionalism, fast service – slow service, and flexibility – inflexibility. Value-in-use of technical nature and value-in-use of economic nature have one positive and one negative category each. The two categories of value-in-use of technical nature can be summarized as follows: problem solved – problem not solved. Furthermore, the two categories of value-in-use of economic nature are the following: low fees – high fees. Hence, the majority of the identified categories of value-in-use in this study are of functional nature.

As the service delivery process is more diverse and varied than the outcome of the service or the economic features of the service, it is a natural consequence for the categories of value-in-use of functional nature to exceed the numbers of the categories of value-in-use of technical or economic nature. It does not mean, however, that value-in-use of functional nature is more important than value-in-use of technical or economic nature, only that it is more multifaceted. As can be seen from the bank service stories, depending on the situation and individual, any of the three forms of value-in-use can be the main reason for the customer’s feeling of being better or worse off than before using the service. For example, without a solution to a customer’s problem, which represents value-in-use of technical nature, service failure is often inevitable, and with that, the customer will most likely feel worse off.

Regarding the frequency of occurrence of the different categories of value-in-use, the bank stories reveal that friendliness, excellent service processes, and professionalism are the main reasons for the informants’ feelings off being better off, while unfriendliness and high fees are the most common reasons for the informants’ feelings of being worse off. The frequent occurrence of the categories friendliness and unfriendliness in bank stories indicate that the attitude of bank clerks is the service feature most commonly reflected upon by retail bank customers. Hence, according to the findings of this study, how customers are treated by the staff of the bank seems to be the most common reason for the emergence of positive value-in-use as well as negative value-in-use in retail banking services.
Moreover, the opposite nature of the categories of positive and negative value-in-use illustrates how the informants perceived negative value-in-use as the opposite of positive value-in-use in terms of why they felt worse off than before using the service. As previously discussed, friendly bank clerks made many informants feel better off, while unfriendly clerks caused many informants to feel the opposite. In other words, positive value-in-use and negative value-in-use, respectively, arose from different interpretations of the same service feature (e.g., the attitude of the clerk). Negative value-in-use is a result of perceived inadequate service in the same way as positive value-in-use results from perceptions of good service. Positive and negative value-in-use can therefore be viewed as two sides of the same coin. Also, the more important a specific feature of the service was for an informant, the more likely it was to influence his/her feelings of being better or worse off. Consequently, the same service feature can contribute to the creation as well as the destruction of value-in-use, depending on its relative importance to the customer at that time as well as his/her evaluation of the particular feature of the service.

During the analysis of the bank service stories, it was also found that expectations played a key role in the formation of informants’ perceptions of value-in-use. More specifically, it was the informants’ levels of expectations compared to how the actual service episodes were experienced that largely formed their perceptions of being better or worse off and thus determined whether positive or negative value-in-use would emerge in the bank service stories. In the positive stories, the informants generally had low expectations prior to the service episode and in several cases even felt skeptical or anxious, but different aspects of the service surprised them positively and thus made the informants feel better off. In the negative bank service stories, the informants generally had higher expectations about the service, but different aspects of the service made them disappointed, irritated, and even angry sometimes. In other words, low expectations often preceded positive value-in-use while high expectations usually paved the way for negative value-in-use. Also, the informants’ lower expectations in the positive stories were often fuzzier and less explicit than the higher expectations in the negative stories. In the negative stories, it was common that the informants had a clear idea of how the service would unfold and then became disappointed when it turned out otherwise.

The expectations of the informants, however, were not static. Instead, as the events of the bank service episodes unfolded, the informants’ expectations also continued to adjust and change based on their accumulated experiences of the service process. As can be seen from the Value charts, the informants’ experiences accumulated throughout the service episodes, and consequently, their expectations developed accordingly. A continuous adaptation and adjustment of expectations explains why both the positive and negative Value charts tend to level out toward the end of the service episode. Positive experiences raised the informant’s expectations for the next event of the service episode and thus made it less likely that he/she would feel even better off. Similarly, negative experiences lowered the informant’s expectations for the next event of the service episode, and then even small improvements in the service somewhat improved his/her mood. As a consequence, the comparison between the informants’ expectations and experiences of the service was an ongoing process throughout the service episodes.

Furthermore, the bank service stories in this study also illustrate how value-in-use evolved positively or negatively over time as the informants’ perceptions of different aspects of the bank services changed. As previously discussed, the aspects of the services the informants interpreted as the reasons for their feeling of being better or
worse off were the features of the service process, the outcome of the service, or economic features of the service (i.e., functional, technical, or economic quality of the service). In other words, the findings of the study show how value-in-use evolved positively or negatively throughout the service episodes as the informants’ perceptions of functional, technical, or economic quality of the service changed. As illustrated by the Value charts, value-in-use evolved positively when the informants’ perceptions of the service quality improved, and correspondingly, value-in-use evolved negatively when the informants’ perceptions of the service quality deteriorated. The Value charts also illustrate how the informants continuously reassessed the quality of the service, most often between two to three times throughout a service episode.

The bank service stories thus show that the informants themselves perceive positively and negatively evolving value-in-use in the bank service episodes as positive and negative changes, respectively, in the functional, technical, or economic quality of the service. When the informants felt better off throughout the service episodes, they interpreted higher levels of service quality as the reason for their improvement in well-being. Similarly, when the informants felt worse off throughout the service episodes, they attributed their worsened mood to declines in service quality. The observation that the informants perceived evolving value-in-use as changes in service quality is also a logical consequence of the finding of this study that the informants perceived value-in-use in terms of functional, technical, and economic quality of the service. If customers perceive value-in-use as service quality, changes in perceived service quality will then logically be understood as changes in value-in-use. Next, the theoretical, methodological, and managerial implications of the findings of this study will be further discussed in the concluding chapter of this thesis.
5 DISCUSSION

In this final chapter of the thesis, I will discuss the contributions, implications, and limitations of the study. Suggestions for future research will also be made. The chapter begins with a discussion of the theoretical contributions of the study to service marketing literature. Next, the methodological contributions of the research study design are discussed. Thereafter follows a discussion of the managerial implications of the findings of the study. The limitations of the study are subsequently discussed. The chapter ends with a discussion of different avenues for future research.

5.1 Theoretical contributions of this study

This section of the chapter discusses the theoretical contributions of the study to the stream of value research conducted within SL. In line with SL, value-in-use was the approach to value taken by this study (Grönroos, 2011a). Value-in-use was further defined as the feeling of being better or worse off than before the use of the service (Grönroos, 2008). As value-in-use represents one of several approaches to value in marketing literature (Gummerus, 2013), the findings of this study also contribute to value research in general. Compared to traditional approaches to value (for an overview, see Chapter 2.1, “Traditional views on value”), value-in-use has received considerably less research attention. Moreover, with an exception for Echeverri and Skålén (2011), who studied value co-creation and co-destruction, none of the few existing empirical studies of value-in-use consider the negative side of value-in-use (cf. Heinonen and Strandvik, 2009; Gummerus and Philström, 2011; Lemke et al., 2011). Furthermore, none of the empirical studies of value-in-use capture and illustrate its evolving nature although, for example, Macdonald et al. (2011) acknowledge that value-in-use changes over time.

However, negative value-in-use and the evolving nature of value-in-use are both fundamental assumptions of SL (Grönroos and Gummerus, 2014) and thus need to be studied empirically. To further our understanding of value-in-use from a SL perspective, we arguably need more knowledge about how customers perceive positive and negative value-in-use as it evolves throughout service processes. Such knowledge is essential for further SL theorizing about value as well as for practical marketing insights of a service perspective on marketing theory.

The purpose of this research project was, therefore, to explore how customers perceive value-in-use. To accomplish the purpose of the study, four specific research questions were formulated:

RQ1: What are the ways in which customers perceive positive and negative value-in-use?

The findings of the study revealed 14 categories (seven positive and seven negative) of value-in-use which represent the ways in which the informants themselves understood or interpreted how they came to feel better or worse off during bank service episodes. The study also illustrates how the 14 categories of value-in-use represent different aspects of services which the service marketing literature traditionally refers to as functional, technical, and economic quality of the service. Hence, the findings of the study show that the informants perceived positive as well as negative value-in-use in terms of functional, technical, and economic quality of the service. As a consequence,
the 14 identified categories of value-in-use were further classified into three forms of value-in-use: value-in-use of functional nature, value-in-use of technical nature, and value-in-use of economic nature. The findings of the current study thus demonstrate that positive and negative value-in-use in service episodes can be characterized as being of functional, technical, and economic nature.

RQ2: What is the difference between customers’ perceptions of positive and negative value-in-use?

The empirical study identified seven categories of positive value-in-use and seven categories of negative value-in-use. The categories of positive and negative value-in-use proved to be the opposite of each other in terms of why the informants felt better or worse off during bank service episodes and can thus be summarized as follows: friendliness – unfriendliness, excellent service process – frustrating service process, professionalism – unprofessionalism, fast service – slow service, flexibility – inflexibility, problem solved – problem not solved, and low fees – high fees. Consequently, the bank service stories in the study illustrate how the informants perceive negative value-in-use as the opposite of positive value-in-use. The informants’ perceptions of positive and negative value-in-use concern the same features of the service, but reflect their delight or disappointment with those features. Therefore, customers’ perceptions of positive and negative value-in-use can be regarded as each other’s opposites with a continuum in between.

RQ3: How are customers’ perceptions of positive and negative value-in-use formed?

The analysis of the bank service stories in the study revealed that expectations played a key role in the formation of the informants’ perceptions of positive as well as negative value-in-use. Low expectations usually preceded informants’ feelings of being better off, and similarly, high expectations were often followed by feelings of being worse off than before the service episode. More specifically, the current study shows that a comparison between the informants’ levels of expectations and how they experienced the actual service episodes largely formed their perceptions of positive and negative value-in-use. The expectations of the informants often changed throughout the service episode as different events unfolded and their experiences of the service process accumulated. Hence, the comparison between the informants’ expectations and experiences of the service was an ongoing process that continued throughout the service episodes. As a result of the ongoing disconfirmation of expectations, the informants’ perceptions of value-in-use formed and re-formed over time.

RQ4: How do customers perceive positively and negatively evolving value-in-use?

The findings of the study show that the informants perceive positively and negatively evolving value-in-use as positive and negative changes in the functional, technical, or economic quality of the service. The bank service stories and their corresponding Value charts illustrate how the informants’ perceptions of value-in-use changed throughout the service episodes as their perceptions of the quality of the service changed. As the findings of the study show that service quality is the way in which the informants understand and interpret value-in-use in bank service episodes, it logically follows that they perceive changes in value-in-use as changes in service quality. When the informants’ perceptions of service quality improved or deteriorated throughout the service episodes, value-in-use evolved positively or negatively. In other words, value-in-use evolves positively or negatively in service episodes as customers’ perceptions of functional, technical, or economic quality of the service develop and change.
The findings of this study provide novel insights about customers’ perceptions of value-in-use to the mainly conceptual value discussion within SL. In contrast to previous studies, where value-in-use has been studied as a static outcome much in the same way as traditional approaches to value in marketing theory, this study explored value-in-use as a dynamic and processual experience. By illustrating how value-in-use is perceived by customers as it evolves positively or negatively throughout bank service episodes, this study sheds light on important issues that have not been addressed empirically in service marketing literature. In the remainder of this section, the theoretical implications of the findings of this study will be discussed in more detail.

Value-in-use of functional, technical, and economic nature

A main contribution of this study to value research and SL is the insight that value-in-use in service episodes, similar to service quality, can be characterized as being of functional, technical, and economic nature. The bank service stories illustrate how the informants perceived positive as well as negative value-in-use in terms of functional, technical, and economic quality of the service. More specifically, the informants understood positive value-in-use as high functional, technical, or economic quality. Similarly, the informants understood negative value-in-use as low functional, technical, or economic quality. Hence, value-in-use of functional nature represents functional quality and refers to features of the service process, value-in-use of technical nature represents technical quality and relates to the outcome of the service, and lastly, value-in-use of economic nature represents economic quality and involves economic features of the service. This characterization of value-in-use as being of functional, technical, and economic nature is thus based on three generic and well-established dimensions of service quality (Grönroos, 1984; Holmlund and Kock, 1996).

In traditional streams of value research, service quality has mainly been seen as a sub-dimension of value (e.g., Bolton and Drew, 1991; Oh, 1999; Parasuraman and Grewal, 2000; Tam, 2004). When service quality is viewed as a sub-dimension of value, it is often described as the benefit component or part in a trade-off between benefits and sacrifices (e.g., Liljander and Strandvik, 1995). Typical sacrifices in value models within this benefits/sacrifices approach involve, for example, price and waiting time. Sacrifices such as waiting time and price, however, are already accounted for in the functional and economic service quality dimensions of Grönroos (1984) and Holmlund and Kock (1996). Value models in other traditional streams of value research, such as the multidimensional and means-end approaches, do not give much attention to sacrifices made by the customer and instead focus on dimensions or levels of (positive) value (e.g., Woodruff, 1997; Sheth et al., 1991; Holbrook 1999). In the latter value models, when applied in service contexts, the service quality dimension tends to be conceptually reduced to include only the most fundamental service quality attributes and is thereby underemphasized (e.g., Roig et al., 2006; Sánchez-Fernández et al., 2009).

By underemphasizing the service quality dimension in the context of services, value researchers arguably try to avoid a conceptual overlap between the concepts. But, as the findings of this study show, there is no question that a significant conceptual overlap exists between service quality and value in service contexts. Even though service marketing literature has generally treated the two concepts as separate scholarly constructs, and suggested that value is a wider and more subjective measure of customers’ evaluations of services (Bolton and Drew, 1991; Gummerus, 2011), a few service researchers have recognized this overlap between the concepts. For example, Cronin et al. (2000) explained that “the value of a service product is largely defined by perceptions of quality” (p. 209). Moreover, Heinonen (2004) suggested that service
quality dimensions can be used to define and conceptualize value, and she used the functional and technical dimensions of Grönroos’ (1984) service quality model as a foundation for her customer perceived value model. Similarly, based on a study in the hotel industry, Eksell (2013) noted that customers seem to experience service quality and value in the same way during service encounters.

The current study, however, is the first to explore how customers themselves understand and interpret value, defined as value-in-use, in service environments. As the findings of this study demonstrate, value-in-use in service episodes is perceived by customers in terms of three generic dimensions of service quality: functional, technical, and economic quality. And those three dimensions of service quality represent the entire experience of value-in-use for customers in service episodes. In other words, service quality is not merely a sub-dimension of value-in-use, but rather the way in which customers operationalize value-in-use in service episodes. The current study, therefore, extends the knowledge of the relationship between service quality and value by illustrating how the concepts represent the same phenomenon in the minds of service customers. Even if service marketing theory traditionally has divided service quality and value into separate scholarly constructs, the findings of this study indicate that a distinction between the concepts will have little or no relevance in service management practice.

A possible reason for this conceptual overlap is that the concepts of service quality and value were largely developed in different streams of marketing literature, namely, the former in service marketing research (e.g., Grönroos, 1984) and the latter in goods-dominated consumer research (e.g., Dodds and Monroe, 1985). While the value concept was introduced by the consumer research literature for the reason that product quality on its own was a too narrow concept to explain customers’ buying behavior, service quality was developed in the service marketing literature as a way of conceptualizing and explaining the entire service experience (Gummesson, 1993; Korkman, 2006; Grönroos, 2007). In service contexts, therefore, a comprehensive service quality framework often captures as much of the service experience as any value model. When the concept of value was later introduced into the service marketing literature, it resulted in the above discussed conceptual redundancy.

However, although this conceptual overlap between service quality and value has been given some recognition in the service marketing literature (e.g., Heinonen, 2004; Eksell, 2013), no studies have fully explored its consequences from the perspective of service customers. The findings of this study demonstrate how value-in-use in service episodes is understood and interpreted by customers as functional, technical, and economic quality of the service. The current study thus contributes to service marketing theory by illustrating how the empirical phenomenon of service quality and value as value-in-use in service episodes are the same; only the terms used and the embedded theoretical traditions differ. This finding should not come as a surprise as it is not uncommon that different theoretical models within a scientific discipline represent the same empirical phenomenon (Coombs et al., 1970).

The insight that value-in-use and service quality represent the same phenomenon in the minds of the informants emerged during the analytic process of interpreting the meaning of the 14 identified categories of value-in-use from the empirical study. As a result of the analysis, it was found that all the identified categories of perceived positive and negative value-in-use were functional, technical, and economic dimensions of service quality as described in bank marketing literature (Blanchard and Galloway, 1994; Johnston, 1995, 1997; McDougall and Levesque, 1995; Holmlund and Kock,
1996; Levesque and McDougall, 1996; Aldlaigan and Buttle, 2002; Ladhari, 2009) and general service marketing theory (Grönroos, 1984, 1988; Parasuraman et al., 1985, 1988; Cronin and Taylor, 1992; Brady and Cronin, 2001). It should be noted, however, that the findings of the empirical study regarding value-in-use and service quality are limited to service episodes. In other words, customers do not necessarily understand and interpret value-in-use in terms of service quality in other consumption contexts, as for example, when using physical products/goods. The question of how customers perceive value-in-use outside service contexts is, however, beyond the scope of this study, but remains an interesting topic for further research.

As a result of the discovery that customers perceive value-in-use in service episodes as functional, technical, and economic quality of the service, this study characterizes value-in-use as being of functional, technical, and economic nature. Value-in-use of functional nature refers to features of the service process that made the informants feel better or worse off than before the use of the service. The identified categories of value-in-use of functional nature of this study involve features such as friendliness and professionalism of the staff, flexibility of the bank, and smoothness and speed of the service process. All these features have been discussed in one form or another by service quality researchers (e.g., Grönroos, 1988; Johnston, 1995; Cronin et al., 2000). In fact, such features of the service process (i.e., functional quality) have received more attention in service quality research than outcomes of services (i.e., technical quality) (e.g., Parasuraman et al., 1985, 1988). A reason for the focus on functional quality is that technical quality can often be rather similar among different service providers in the same industry. Service firms, therefore, often compete on the basis of the functional quality impact of the service process (Grönroos, 2007).

In line with previous service quality research, this study also illustrates how value-in-use of functional nature is more subjective, diverse, and multifaceted than value-in-use of technical or economic nature. As a consequence, we can assume that much of a service firm’s success depends on its ability to co-create value-in-use of functional nature with its customers during interactions. As the most common reason for the informants’ feelings of being better/worse off was the friendliness/unfriendliness of the bank clerks, the attitude of the service staff seems to be a key factor for successful co-creation of value-in-use. Interestingly, recent research in retail banking and other service industries has found similar features of the service process as those identified in the current study to be crucial for customer experience quality (Klaus and Maklan, 2013; Klaus et al., 2013). From a SL perspective, this is not surprising as positive and negative value-in-use emerge through positive and negative experiences, respectively (Grönroos and Voima, 2013). We can therefore expect that all features of the service process that affect the quality of customers’ service experiences also influence customers’ perceptions of value-in-use. The findings of this study thus confirm the importance of the experience of a service for the emergence of positive and negative value-in-use.

Moreover, value-in-use of technical nature refers to outcomes of the service process that made the informants feel better or worse off than before the use of the service. The two identified categories of value-in-use of technical nature can be summarized as a solution, or lack of a solution, to the customer’s problem. For example, Erica’s story illustrates how she felt much better off as a result of the Verified by VISA solution to her problems with VISA Electron payments online. The identified categories of value-in-use of technical nature thus follow marketing scholars’ earlier definitions of technical quality as what the customer is left with after the service (Grönroos, 1984; Rust and Oliver, 1994). As discussed above, service marketing research has focused
more on the features of the service process (functional quality) than the outcome or result of the service (technical quality). A reason for this is that, as the bank service stories in the study illustrate, the service process tends to trigger more positive as well as negative feelings among customers than the often standardized outcome of the service.

There is, however, a consensus in the service marketing literature that technical quality also significantly affects customers’ perceptions of overall service quality, especially if it is not up to standard (Brady and Cronin, 2001). If no solution to a customer’s problem is provided, he/she will most likely become dissatisfied with the service and thus feel worse off. In other words, even if customers do not actively reflect upon the technical quality of the service as long as it is up to standard, they will most likely react negatively if it is not. Fortunately, in most cases, banks and other service providers offer solutions to their customers’ problems, although not always exactly in the ways customers would prefer. This is probably why value-in-use of technical nature was the least mentioned form of value-in-use by the informants of the study. As the current study shows, technical quality is necessary, but not always sufficient in itself, for positive value-in-use to arise. Without it, however, negative value-in-use will most likely emerge. Hence, this study extends previous knowledge by showing that technical quality is fundamental not only for perceived service quality, but also for customers’ perceptions of value-in-use.

Furthermore, value-in-use of economic nature refers to economic features of the service that made the informants feel better or worse off than before using the service. In this study, the two categories of value-in-use of economic nature relate to high and low fees, charges, or interest. In the bank service stories in the study, positive or negative value-in-use of economic nature typically arose when the actual price was higher or lower than the informants’ internal reference prices. Previous service marketing research has showed that perceived price is important for service customers (Tung et al., 1997; Voss et al., 1998; Varki and Colgate, 2001; Avlonitis and Indounas, 2006). Also, recent value research demonstrates the importance of price for the emergence of positive value-in-use (Heinonen and Strandvik, 2009; Gummerus and Philström, 2011; Lemke et al., 2011). The current study contributes to the value research by illustrating how price also influences the emergence of negative value-in-use. In fact, high prices were the second most common reason (after unfriendly bank clerks) for the informants’ feelings of being worse off. Customers’ perceptions of high service fees thus make them feel worse off in the same way as perceptions of low fees make them feel better off. These findings are in line with previous bank marketing research that has shown price to be a major concern for bank customers (Holmlund and Kock, 1996; Nordman, 2004; Roig et al., 2006; Santonen, 2007).

The finding of this study that customers perceive value-in-use in service episodes as functional, technical, and economic quality of the service is an important contribution to contemporary service marketing in general and value research in particular. This study extends our knowledge of value-in-use by illustrating how customers’ perceptions of service quality and value-in-use in service episodes represent the same empirical phenomenon. Previous service marketing research has shown that perceived service quality levels strongly influence behavioral intentions such as loyalty, willingness to pay, propensity to switch service provider, complaint behavior, and word-of-mouth (Zeithaml et al., 1996). As the current study demonstrates that customers perceive value-in-use as service quality, it also suggests that positive and negative perceived value-in-use will trigger the same behavioral intentions as for high and low levels of perceived service quality. These insights about how value-in-use is perceived and its
consequences are important for future value research and further SL theorizing. Next, the opposite nature of positive and negative value-in-use will be discussed.

**Negative value-in-use as the opposite of positive value-in-use**

In the majority of previous research on value in marketing literature, independent of research stream, value has been conceptualized as something positive only (e.g., Zeithaml, 1988; Sheth et al., 1991; Woodruff, 1997; Holbrook, 1999; Flint et al., 2002). Similarly, value as value-in-use has been conceptualized as a positive-only phenomenon by SDL (Vargo and Lusch, 2004; Vargo et al., 2008). Plé and Cáceres (2010) explain SDL’s conceptualization of value-in-use as an “inherently optimistic and favourable perspective on the outcome of value-related processes” (p. 431). For example, Vargo and Lusch (2008) explain that value-in-use has been created when a customer’s “well-being has somehow been improved” (p. 150). However, the authors do not discuss the possibility that a customer’s well-being decreases as a result of, for example, service failure. By conceptualizing value-in-use as positive, SDL consequently follows a long tradition of value research in marketing theory. The logic behind positive value is simple – value either exists or does not exist, value is either created or not created – and implies value can at worst be zero.

But from a SL perspective, value-in-use can also evolve negatively as service processes sometimes take negative turns (Dong et al., 2008; Grönroos and Ravald, 2011). The destruction of value, however, has received very limited attention within the contemporary service marketing discussion (Plé and Cáceres, 2010). In their study of co-creation and co-destruction of value, Echeverri and Skålén (2011) found that the same set of practices at the customer-provider interface had the potential to create as well as destroy value. More specifically, if the conceptions of customers and providers regarding procedures, understandings, and engagements in the service encounters were incongruent, value was co-destroyed. On the other hand, if their conceptions were congruent regarding a procedure such as, for example, a greeting, value was co-created.

Similarly, the current study found that the same set of recurring service features had the potential to make customers feel better off as well as worse off and thus were the reasons for the emergence of positive as well as negative value-in-use. From the bank service stories, we can see how the categories of negative value-in-use are the opposites of the categories of positive value-in-use. In other words, the current study illustrates how customers perceive negative value-in-use as the opposite of positive value-in-use. For example, a common category of positive value-in-use was friendliness (of the clerks), and correspondingly, unfriendliness (of the clerks) was the most common category of negative value-in-use. Consequently, the current study contributes to value research and the SL discussion by exploring not only positive value-in-use, but also negative value-in-use, and how they relate to each other.

The finding that customers perceive negative value-in-use as the opposite of positive value-in-use is in line with Heinonen (2004) and Heinonen and Strandvik (2009), who argue that most service features possess both value-increasing and value-decreasing elements and thus can be perceived by customers as either positive or negative. In the same way, previous research about service encounters and service quality has shown that the same set of service features can make customers satisfied as well as dissatisfied with the service (e.g., Bitner et al., 1990; Johnston, 1995; Grover and Fisk, 1997). The bank service stories of this study about high and low service fees represent a typical example of this dual nature of service features. In Adam’s story, the fee the bank would charge for his bank statements of transactions of previous years was a main reason for
his feelings of being worse off. But in Michael's story, the main reason for his feelings of being better off was, on the contrary, the low fees associated with his new credit card. In other words, a service feature such as fees can be a source of negative value-in-use as well as positive value-in-use, depending on whether they are perceived as high or low by the individual customer. This observation further supports the characterization of value-in-use as individually and contextually perceived and determined by the customer (Grönroos, 2011a).

Even though this study identified a set of recurring opposite categories of positive and negative value-in-use, it does not imply that a certain type of service feature (e.g., fast service) will automatically result in customers’ feelings of being better off. From a SL perspective, value-in-use is always individually and contextually perceived and determined by the customer (Grönroos and Voima, 2013). Therefore, two customers can experience exactly the same service and perceive value-in-use differently, and one customer can perceive value-in-use of the same service differently at different times. For example, fast service might cause a customer to feel better off if he/she is about to catch a flight and the speed of the service is important to him/her, while friendliness of the staff might be the most important feature of the service at another time when the customer has more time. In other words, it is not only the customer’s evaluation of a service feature (e.g., speed of service) that affects whether he/she will feel better or worse off; it is also the relative importance of the service feature for the customer at that particular time.

Hence, this current study also contributes to value research by illustrating how the support of the service provider must match the needs and wants of the customer at that time for positive value-in-use to arise. If such a match does not take place, negative value-in-use will likely be the result. Similar thoughts have been suggested by Heinonen et al. (2010), who argue that a structural fit between the service and the customer’s life is vital for creation of value-in-use. The bank service stories of this study illustrate how a gap between the actual support of the bank and the support customers feel they need to conveniently move on with their everyday lives results in feelings of being worse off. For example, Amy’s story illustrates how her everyday life became more difficult because of the bank’s refusal to renew her VISA Electron card. The findings of this study consequently extend the argumentation of Heinonen et al. (2010) to include destruction of (potential) positive value-in-use and thus the emergence of negative value-in-use. In the next section, consequences of gaps between expected and actual service and thus the role of expectations in the formation of perceptions of value-in-use will be discussed in more detail.

The influence of expectations on perceptions of value-in-use

In the SL, SDL, and CDL approaches to the recent service perspective on marketing theory, value is defined as value-in-use, and it is emphasized that value-in-use is always individually and contextually perceived and determined by the customer on the basis of his/her use experience (Vargo and Lusch, 2004, 2008; Grönroos, 2008, 2011a). However, despite the central role of value-in-use in SL, SDL, and CDL, no discussion exists in the literature about how perceptions of positive and negative value-in-use are formed during the use of products or services. Hence, this study contributes to the contemporary service marketing discussion and value research by showing that a comparison between the informants’ levels of expectations and how they experienced the actual service episode largely formed their perceptions of value-in-use. Expectations can be defined as beliefs about the attributes or performance of a product or service at some point in the future (Spreng et al., 1996). In the bank service stories in
the study, informants with low expectations of the bank service generally felt better off than informants with high expectations, who usually felt worse off after the service episode. The findings of this study thus indicate that positive value-in-use is associated with low expectations, while negative value-in-use often results from high expectations of the service.

The role of expectations in the formation of perceptions of concepts closely related to value, such as service quality and satisfaction, has been extensively discussed in the marketing literature for over 30 years (Brady et al., 2002; Flint et al., 2011). At the center of this discussion is the theory of disconfirmation, which posits that perceptions of quality and satisfaction result from how well the customers’ expectations match the actual experiences of the product or service (Oliver, 1981; Grönroos, 1982). In service marketing research, the disconfirmation paradigm is widely accepted as the basic mechanism behind the formation of perceptions of service quality (Ojasalo, 2001; Björlin Liden et al., 2003; Coye, 2004; Grönroos, 2007). As there has been no suggestion of a possible role of expectations in neither the traditional value models or in value-in-use, the current study contributes to value research by illustrating that disconfirmation of expectations is also the basic mechanism behind the formation of perceptions of value-in-use. The finding of the study that formation of perceptions of value-in-use can be understood through the disconfirmation paradigm is logical as the study also shows that the informants perceive value-in-use in terms of service quality.

Previous service marketing research has revealed that customers’ expectations are complex and have many different sources (Zeithaml et al., 1993). Most commonly, however, past experiences of the service or similar services form a basis for customers’ expectations of future service performance (Folkes, 1994; Johnson and Mathews, 1997; Robledo, 2001). But factors such as word-of-mouth, corporate image, marketing communication (Grönroos, 1982, 1984), the price of the service (Teboul, 1991), and the customer’s needs and wants (Parasuraman et al., 1985; Zeithaml et al., 1990) can also influence the expectations of a service. In the current study, it was most common for the informants to base their expectations of the service on previous bank service experiences. A typical example of this can be found in Matthew’s bank service story. Based on several visits to banks, Matthew had a clear idea of how a mortgage negotiation process should happen. As he discovered that the bank subject to his negative story did not show the flexibility of earlier banks, he became disappointed and felt worse off than before the service episode. Hence, the current study also contributes to value research by illustrating how a customer’s previous accumulated service experiences influence expectations and thus play an important role in whether he/she will experience positive or negative value-in-use from using a service.

Moreover, customers’ expectations are not always clear and explicit. For example, Ojasalo (1999) has shown that customers often have implicit or even fuzzy expectations. In the positive bank service stories, the expectations of the informants were not only lower but also fuzzier than in the negative stories. In the negative stories, the informants typically had high and explicit expectations of how the service episode would unfold. As a consequence, informants with low and fuzzy expectations often became positively surprised, while informants with high and explicit expectations often became disappointed when the expectations were not met. Therefore, this study illustrates not only that positive value-in-use is associated with lower expectations and negative value-in-use with higher expectations, but also that lower expectations often are fuzzier and less explicit than higher expectations. In the service marketing literature, fuzzy expectations are generally seen as a problem, while explicit expectations are viewed as desirable (Ojasalo, 2001; Robledo, 2001; Grönroos, 2007).
The current study, however, indicates that customers’ levels of expectations may be more important for whether positive or negative value-in-use will emerge than if the expectations are fuzzy or explicit.

Furthermore, the bank service stories in this study also illustrate that expectations are not static and exist only prior to the service. The informants’ expectations continuously changed and developed throughout the service episodes as experiences accumulated. Every event of the service process influenced and readjusted the expectations for the next event, and so forth. In line with previous service marketing literature (Grönroos, 1993; Coye, 2004), the findings of this study thus suggest that expectations continuously adjust and change throughout the service process as positive or negative experiences accumulate. As a consequence, the comparison between customers’ level of expectations and their experiences of the actual service is an ongoing process that continuously forms the customers’ perceptions of value-in-use throughout the service episodes. Hence, the current study contributes to value research not only by illustrating that disconfirmation of expectations is the basic mechanism behind the formation of perceptions of value-in-use, but also by showing that this comparison between expectations and experiences is an ongoing process that results in developing and changing perceptions of value-in-use.

Finally, even though this study shows that expectations clearly influence perceptions of value-in-use through a disconfirmation process, measurements of value-in-use as a comparison between expected and experienced service may involve certain validity problems. More specifically, service quality research has shown that expectations are difficult to incorporate into measurement models as they change throughout the service process as a result of accumulated experiences (Grönroos, 2007). In other words, if measured after the service, the expectations are biased by the service experience. As prior expectations are anyway inherent in the evaluation of the service, many service marketing researchers have argued for measuring the service experience only (Cronin and Taylor, 1992, 1994; Teas, 1993, 1994; Liljander, 1995; Brady et al., 2002). However, to conceptualize perceived service quality as a comparison between expectations and experiences still makes sense theoretically (Grönroos, 2007), and several empirical studies have documented how expectations influence customers’ evaluation of services (e.g., Donthu and Yoo, 1998; Ojasalo, 1999, 2001; Robledo, 2001; Björlin Liden et al., 2003; Coye, 2004). Similarly, although expectations not necessarily need to be included in practical measurements of value-in-use, this study contributes to value research by showing how expectations theoretically play an important role in the formation of perceptions of value-in-use. Next, positively and negatively evolving value-in-use will be discussed.

Positively and negatively evolving value-in-use

A central tenet of SL is that value-in-use evolves positively as well as negatively over time throughout the customer’s value-creating process. The customer’s value-creating process consists of a joint customer-provider sphere and the customer’s sphere. The service provider also has its own sphere, in which the provider develops and compiles the resources needed to support customers’ everyday lives and thus facilitates the creation of value-in-use. Together, these three value spheres constitute the total value generation process that ultimately leads to value for the customer (Grönroos and Gummerus, 2014). Unfavorable phases of the customer’s value-creating process result in negative value-in-use while favorable phases of the process lead to positive value-in-use. Sometimes, value-in-use evolves only positively or negatively, and at other times, the same value-creating process involves both favorable and unfavorable phases.
The evolving nature of value-in-use, however, has not been studied empirically. This study, therefore, contributes to value research and SL by demonstrating that customers perceive positively and negatively evolving value-in-use in service episodes as positive and negative changes in functional, technical, or economic quality of the service. In other words, value-in-use evolves positively and negatively throughout service episodes as customers’ perceptions of the quality of the service develop and change. When customers perceive an improvement in service quality, they start to feel better off, and correspondingly, when customers perceive a decline in service quality, they begin to feel worse off. Hence, this study shows how value-in-use evolves positively as customers perceive improvements in service quality and how value-in-use evolves negatively as customers perceive declines in service quality. The current study was delimited to the study of value-in-use in service episodes, which take place in the joint customer-provider sphere of the customer’s value-creating process. Figure 25 illustrates how value-in-use evolves throughout the joint customer-provider sphere as customers’ perceptions of functional, technical, or economic quality of the service develop and change.

Figure 25 Evolving value-in-use (adapted from Grönroos and Gummerus, 2014, p. 218)

The joint customer-provider sphere, where service episodes take place, is characterized by direct customer-firm interactions and is thus a platform for co-creation of value-in-use (Grönroos and Voima, 2013). The current study, therefore, also contributes to SL by illustrating how the service provider’s co-creating activities, i.e., the aspects of the provider’s service in this joint process, are understood by customers as functional, technical, and economic quality of the service and continuously reassessed throughout the service episode. Customers’ changing perceptions of this service quality make them feel better or worse off and thus result in positively or negatively evolving value-in-use. These findings are in line with Fyrberg and Jüriado (2009), who emphasize the quality of customer-firm interactions as fundamental for creation of value-in-use. Similarly, Ballantyne and Vary (2006) describe interaction as a “generator of service experience and value-in-use” (p. 336). Also Grönroos (2008) emphasizes the role of interactions for value-in-use and explain how they give the service provider an opportunity to co-
create value-in-use with its customers. Thereby, this study further underlines the importance of interactions for the creation of value-in-use. More specifically, this study illustrates how service features directly related to the quality of customer-firm interactions, and thus the co-creation of value-in-use, determine whether customers feel better or worse off during service episodes.

Even though this study focused on service episodes, it became clear from many of the bank service stories that informants continued to feel better or worse off for shorter or longer periods of time after the actual service episodes had ended. In other words, value-in-use continued to evolve independently throughout the customer sphere as the informants continued to reflect upon the functional, technical, and economic quality of the service. Recent service marketing research suggests that value-in-use can evolve for long periods of time after the service episode has ended, for example, in the form of memories of a vacation (Helkkula et al., 2012a; Heinonen et al., 2013). The current study confirms this suggestion as it became clear from the empirical study that informants’ memories of positive or negative service episodes continued to make them feel better or worse off, although the intensity of the feelings often decreased with time. However, more specific details regarding how value-in-use continues to evolve throughout the customer’s own sphere independent of direct customer-firm interactions are beyond the scope of this study, but an important area for future research.

Moreover, by illustrating how value-in-use evolves positively and negatively throughout service episodes, this study confirms the suggestion of SL that value-in-use is a dynamic, processual, and fluctuating experience over time (Grönroos, 2011a; Grönroos and Voima, 2013). In other words, the current study demonstrates that value-in-use is not only an outcome of value-creating processes as suggested by previous literature (e.g., Woodruff and Gardial, 1996; Vargo and Lusch, 2004), but also that it is an experiential process in itself. Even though the idea of value-in-use as a constantly changing phenomenon was already presented by Woodruff and Gardial (1996), and the authors emphasized the dynamic nature of value-in-use, they still only considered value-in-use to be an outcome (that could change over time), not a processual experience. Similarly, Flint et al. (2011) recently suggested that customers’ perceptions of value are dynamic and are sometimes in constant flux. But despite awareness in the service marketing literature about the dynamic nature of value-in-use, no empirical study that illustrates how value-in-use evolves over time has been presented until now. As the current study shows, value-in-use evolves positively or negatively in service episodes as customers’ perceptions of service quality develop and change.

Interestingly, previous service marketing research suggests that service quality in itself is a dynamic concept and evolves throughout the service process (Liljander and Strandvik, 1995; Holmlund, 1997; Ojasalo, 1999). Grönroos (2007) explains that customers’ quality perceptions develop and undergo changes in a dynamic fashion even during a single service encounter. This study not only confirms that perceptions of service quality evolve throughout service episodes, and thus that service quality is an inherently dynamic concept, but also extends this knowledge by illustrating how customers understand and interpret positively and negatively evolving value-in-use as positive and negative changes in service quality throughout service episodes. As this study shows, customers perceive value-in-use in service episodes as service quality, and the two concepts thus represent the same phenomenon in the minds of the customers. Hence, the current study also demonstrates that dynamic service quality and evolving value-in-use in service episodes are essentially the same empirical phenomenon. Consequently, this study contributes to value research and service marketing literature.
by illustrating how service quality and value-in-use evolve together as a single phenomenon throughout service episodes.

Furthermore, Gummerus (2011) and Ballantyne and Varey (2006) suggest that customers continuously determine value-in-use throughout value-creating processes. The findings of this study confirm this suggestion as well as increase our knowledge about how value-in-use is determined over time. The current study illustrates how value-in-use is continuously determined throughout the joint customer-firm sphere of the customer's value-creating process as perceived service quality. For example, if the customer perceives the functional, technical, or economic quality of the service to improve during a service episode, the customer will start to feel better off, and positive value-in-use thus evolves. As value-in-use has been determined when the customer feels better or worse off, and customers interpret service quality attributes as the reasons for their feelings of being better or worse off, customers thus determine value-in-use by assessing service quality. In other words, determining value-in-use in service episodes is the same as determining service quality. From the bank service stories in the study, we can see how value-in-use evolves positively or negatively. Determination of evolving value-in-use in service episodes is consequently the same fundamental process as continuous determination of dynamic service quality in service episodes or ongoing customer relationships (cf. Holmlund, 1997).

The discovery of this study that value-in-use evolves positively or negatively throughout service episodes as customers' perceptions of service quality develop and change is an important contribution to value research and SL. The SL discussion of evolving value-in-use has mainly been conceptual and no empirical studies of evolving value-in-use have been published. The present empirical study thereby enhances our understanding of the evolving nature of value-in-use and how it is perceived by customers. It was described how customers themselves perceive positively and negatively evolving value-in-use in service episodes as positive and negative changes in functional, technical, or economic quality of the service. As functional quality represents a variety of features of the service process, it is the form of service quality most frequently assessed during service episodes and has been the main focus of previous service quality research (e.g., Parasuraman et al., 1985, 1988). Similarly, the current study shows how value-in-use of functional nature is the form of value-in-use customers most frequently reflect upon during service episodes. Hence, this study confirms previous service quality research as well as contributes to contemporary value research by illustrating how important features of the service process are for customers' well-being. In the next section, the methodological contributions of this study will be presented.

5.2 Methodological contributions of the study

This section will discuss the methodological contributions of this study to service marketing research in general and value research in particular. To achieve the purpose of this study, I had to create a research design capable of capturing customers' perceptions of positive and negative value-in-use as it evolves throughout service episodes. Based on previous variants of the CIT, I consequently developed the Value Chart Technique (VCT). The VCT is a narrative-based CIT approach that utilizes a graphical tool called the Value chart to track evolving value-in-use. As discussed in Section 3.2, “The Value Chart Technique (VCT)”, the VCT is a mix, adaptation, and development of several existing CIT variants. Its unique set of features creates a research design particularly suited for studying value-in-use as a dynamic phenomenon
and hence differentiates it from previous CIT approaches. The VCT, therefore, can also be useful for other service researchers trying to understand different aspects of value-in-use and how it evolves over time.

More specifically, the VCT has demonstrated an ability to capture the evolving nature of negative as well as positive value-in-use. The research design of previous studies on value-in-use (e.g., Heinonen and Strandvik, 2009; Gummerus and Philström, 2011; Lemke et al., 2011; Macdonald et al., 2011) focused only on positive value-in-use and a snapshot view of customers’ perceptions of value-in-use. As the research design of the current study captures customers’ perceptions of positive and negative value-in-use equally well, it opens up possibilities to further explore and understand this dual nature of value-in-use. Because of its inherent ability to capture and produce rich first hand descriptions of customers’ positive or negative experiences (Bitner et al., 1990; Koelemeijer, 1994; Wels-Lips et al., 1998), the traditional CIT method was an important foundation for the development of the VCT and the reason for its ability to also capture negative value-in-use.

The CIT method in itself, however, was not enough to capture positively and negatively evolving value-in-use. Narrative interviews were therefore another important component in the design of the VCT. Narrative interviews allow the informants to tell stories of their experiences in their own words (Eriksson and Kovalainen, 2008). As value-in-use was defined as the feeling of being better or worse off than before using the service (Grönroos, 2008), it became natural to ask the informants to share their stories about positive and negative bank service episodes. The combination of the CIT and narrative interviews encouraged the informants to recall and share all events of the service episodes relevant for their feelings of being better or worse off. Hence, the VCT allowed for the study of value-in-use as a dynamic phenomenon evolving throughout service episodes. By developing the VCT method, the current study builds on previous dynamic CIT approaches (e.g., Olsen, 1992; Nyman et al., 2011).

The Value chart was another important element of the VCT framework and a methodological contribution in itself. The Value chart allowed for the recording of not only what happened throughout the service episodes, but also how the informants’ feelings of being better or worse off developed over time. Previous service marketing studies have used similar graphical tools or instruments to track changes in the feelings and emotions of customers (e.g., Michalski, 2004; Nordman, 2004; Nyman et al., 2011). Graphical instruments generally make it easier for informants to communicate the feelings and emotions associated with certain experiences (Scherer, 2005). The Value chart used in this study is the first graphical instrument developed solely for the purpose of tracking positive and negative value-in-use throughout service episodes. It was created specifically to graphically illustrate how positive and negative value-in-use evolves over time. As the informants drew the Value charts themselves, it further strengthened their stories from their own points of view. It also decreased the risk for their stories to be misinterpreted by the researcher (Nordman, 2004).

Even though the Value chart was developed and fine-tuned for the study of customers’ perceptions of value-in-use throughout service episodes, the relevance of this graphical instrument might not be limited to the study of value-in-use. As positive and negative value-in-use emerge through positive and negative experiences related to consumption (Grönroos and Voima, 2013), the Value chart can also be used for the study of customer experiences. Klaus and Maklan (2013) conceptualize a customer experience as the customers’ perceptions of the service before, during, and after the purchase of the service. Such a conceptualization of customer experiences aligns very well with the
before-during-after structure of the Value chart. Moreover, as the current study illustrates how the informants perceive positively and negatively evolving value-in-use as positive and negative changes in functional, technical, and economic quality of the service, the Value chart might also be useful for studies of dynamic service quality. The VCT can therefore be adopted for the study of customer experiences as well as dynamic service quality and is thus a methodological contribution not only to value research, but also to service research in general.

Finally, the VCT developed in this study combines and utilizes the strengths of the traditional CIT method, narratives, and graphical data collection instruments to accurately capture and depict customers' perceptions of positive and negative value-in-use as it evolves throughout service episodes. The VCT therefore contributes to value research by its adaptation and modification of existing CIT variants to create a research design suitable for studying positively and negatively evolving value-in-use. As discussed above, service researchers not studying value-in-use might also benefit from adopting the research design of this study. The ability of the VCT to capture the customers' perspective on events in their own words and the possibility for them to illustrate the unfolding of their experiences and associated feelings in the Value chart make a flexible and useful research method for service marketing research.

5.3 Managerial implications of the study

This section presents the managerial implications of this study. The context for the empirical study was retail banking, and the data consisted of customers' stories of bank service episodes. However, as the research has a SL approach, the findings of the empirical study regarding customers' perceptions of value-in-use have important implications for managers of all service firms. Nevertheless, it should be acknowledged that the relative importance of the different findings varies depending on the empirical context. The findings related to the four research questions of this study not only have theoretical contributions to value research, and thus relevance for a service perspective on marketing theory, but can also help service firms understand and manage customers' perceptions of value-in-use. Consequently, the rest of this section will discuss the managerial implications derived from the findings of the study.

Value-in-use of functional, technical, and economic nature

The findings of this study suggest that customers perceive value-in-use in service episodes in terms of functional, technical, or economic quality of the service. In other words, service quality is the way in which customer understand or interpret value-in-use. From the perspective of customers, value-in-use in service episodes and service quality are thus the same empirical phenomenon. Consequently, value-in-use can be characterized as being of functional, technical, and economic nature. As previously discussed in Section 5.1 on theoretical contributions of this study, value-in-use of functional nature refers to positive features of the service process, value-in-use of technical nature relates to the outcome of the service, and value-in-use of economic nature involves economic features of the service. The discovery that customers perceive value-in-use in service episodes as three generic dimensions of service quality was an important theoretical contribution to service marketing literature and value research. Next, I will discuss the implications of this finding on managerial practice.

The bank service stories in the empirical study show that perceived shortcomings of the features of the service process are a common reason for customers to feel worse off
than before using the service (e.g., unfriendly bank clerks). Similarly, positive value-in-use often emerged as a result of a positive experience with the features of service process (e.g., friendly bank clerks). Value-in-use of functional nature is subjective, diverse, and multifaceted. Consequently, value-in-use of functional nature is more difficult to standardize and measure objectively than value-in-use of technical or economic nature. Therefore, value-in-use of functional nature is more challenging for service managers to facilitate than value-in-use of technical or economic nature. To facilitate the creation of positive value-in-use of functional nature, service managers need to acknowledge that it is crucial how they support customers’ everyday processes. A solution to a problem is not always enough for a customer to feel better off than before the service. The solution also has to be provided in a way that the customer appreciates (cf. Grönroos, 1984, 1988); otherwise, there is a risk that negative value-in-use will emerge.

However, as also could be seen from the bank service stories, if no solution to a customer’s problem is provided, the customer will most probably feel worse off than before the service. Technical quality of the service is therefore critical, but not always enough in itself, for positive value-in-use to arise. To facilitate creation of value-in-use, service managers should therefore always make sure to not only provide support in terms of solutions, but they should also pay attention to the ways in which the support is provided to customers. As negative value-in-use of technical nature represents a lack of solutions to customers’ problems, it can often create more severe negative consequences in their everyday lives than negative value-in-use of functional or economic nature. Value-in-use of technical nature can therefore have a significant effect on the well-being of customers and should thus be closely monitored by service providers.

Lastly, the findings of this study indicate that economic quality is also important for customers’ perceptions of value-in-use. The facilitation of creation of value-in-use of economic nature involves competitive pricing in the eyes of the customers. The reference prices in the minds of the customers play an important role for their feelings of being better or worse off. As the bank service stories of this study illustrate, if a customer considers the service fee to be higher than justified, he/she will feel worse off and vice versa. From the perspective of the service manager, creation of value-in-use of economic nature can thus be facilitated by managing the price perceptions of the customers. Ideally, the customer should consider the price as good in relation to what he/she gets. A pricing strategy suitable for service firms wishing to enhance value-in-use of economic nature is value-based pricing. Value-based pricing means that the price of a service, in the eyes of the customer, corresponds to the perceived value of that service (Hinterhuber, 2004, 2008). A successful value-based pricing strategy requires the service manager to both assess the value of the service for the customer and communicate it to the customer.

Negative value-in-use as the opposite of positive value-in-use

This study explored how customers perceive positive value-in-use as well as negative value-in-use in retail banking services. Interestingly, the findings show how the categories of negative value-in-use of functional, technical, and economic nature are the opposites of the categories of positive value-in-use of functional, technical, and economic nature. Hence, the study demonstrates how positive and negative value-in-use can be viewed as two sides of the same coin. For service managers, there are several implications of the finding that negative value-in-use is the opposite of positive value-
in-use in terms of why the informants of this study felt worse off throughout the bank service episodes.

First, service managers need to be aware of that most service features can be value-increasing as well as value-decreasing. For example, fees can make a customer feel better off if they are lower than his/her internal reference price. Even an unpopular service feature such as queues can make a customer feel good if they are shorter and more pleasant than he/she is used to. In other words, it is important to remember that value-in-use is always individually and contextually perceived and determined by each customer (Grönroos, 2011a). However, from a managerial perspective, this does not mean value-in-use always emerges randomly and cannot be managed. Even though value-in-use is individually and contextually perceived and determined by each customers, the findings of this study also show how the same service setting (in this case, retail banking) produces a limited and reoccurring (although individual) set of opposite reasons (categories) for customers’ feelings of being better or worse off. This finding of the study is positive for service managers as it means that by identifying and managing the most important service features, they not only facilitate positive value-in-use, but also avoid negative value-in-use. The insight that it is the same features of the service that have the potential to create as well as destroy value-in-use can be used to better manage customers’ perceptions of value-in-use in different service contexts.

Second, the findings of this study show how both the customer’s evaluation of service features and the relative importance of those service features for the customer at that time will influence whether positive or negative value-in-use arises. More specifically, a customer’s needs and wants at a particular time decide what kind of service features are important for him/her (e.g., fast service). But the customer’s evaluation of the service features (e.g., speed of service) will determine whether he/she will feel better or worse off than before the service use. As a customer's needs and wants as well as his/her reference point for evaluating a service often changes, challenges arise for service managers. This is an important observation as it explains much of why value-in-use does not emerge similarly for customers from the same service or why the same customer might perceive value-in-use differently at different occasions. For value-in-use to be created, there has to be a fit between the service and the customer. Consequently, service managers need to seek ways to provide the right service to the right customer. For example, with the advent of Big Data, managers’ opportunities to understand individual customers, and hence tailor their services to them, have increased dramatically (McAfee and Brynjolfsson, 2012).

Finally, the often thin line between positive value-in-use and negative value-in-use illustrated in this study emphasizes the importance of active promise management. Promise management is the service provider’s process of enabling and making promises about potential value-in-use as well as keeping promises to meet the expectations created by promises made (Grönroos, 2009). The customer always decides to what extent a promise about potential value-in-use has been kept or not. The many bank service stories of this study show the potential of an active and direct approach to promise keeping during service episodes. From a SL perspective, during direct interactions, the service provider has a chance to influence the creation of value-in-use. As the findings of this study illustrates, the lack of an active and engaged service provider often results in negative value-in-use. In such cases, customers feel that the service provider has not kept its promises. For positive value-in-use to arise, service managers therefore need to carefully manage both promise making (not overpromise) and promise keeping (support the customer as promised). Promise management is thus a closely related management of expectations, as will be discussed next.
The influence of expectations on perceptions of value-in-use

The findings of this study show how customers’ expectations of a service play a key role in the formation of value-in-use perceptions. In general, positive value-in-use was perceived in the bank service stories where the service experience exceeded the informants’ expectations. Similarly, negative value-in-use was usually perceived in the bank service stories where the informants’ expectations regarding the service were not met. Previous service marketing research shows that customers’ expectations of a service can differ substantially from what the service provider thinks customers expect from the service (Parasuraman et al., 1985; Folkes, 1994; Ojasalo, 2001). As expectations clearly influence the formation of customers’ perceptions of value-in-use, management of expectations thus becomes an integral part of the firm’s activities to facilitate the creation of value-in-use. In the remainder of this section, I will outline different steps service managers need to take to successfully manage their customers’ expectations, and thus facilitate positive value-in-use.

First, service managers need to know what kind of expectations its customers have of the service. We know from previous service marketing research that customers’ expectations sometimes can be fuzzy, implicit, or even unrealistic (Ojasalo, 2001). If a service provider does not know the nature or level of its customers’ expectations, it will be impossible to find out why expectations were not met. In the case of customers feeling worse off than before using the service, the expectations may simply be too high and thus impossible for the service firm to meet. However, the customers’ expectations can also be fully realistic, but the service performance inadequate. To know the difference, a service manager needs to understand his/her customers’ expectations. Information regarding expectations can be acquired, for example, through market research, customer specific data gathering (Coye, 2004), or specific expectations questionnaires (Robledo, 2001). Also customer feedback and interaction with customers constitute an important source of information regarding customers’ expectations. Therefore, all employees who interact with customers need to be attentive when expectations of customers are not met by the service provider.

Second, before service managers can address and correct any problematic expectations of its customers, they also need to understand the sources of these expectations. Common sources of expectations of services are past experiences of the service or similar services, word-of-mouth, corporate image, marketing communication, price, and the customer’s needs and wants (Grönroos, 1982, 1984; Teboul, 1991; Zeithaml et al., 1993; Folkes, 1994; Johnson and Mathews, 1997). The findings of this study indicate that past experiences are the most common source of expectations of bank services and are thus critical for the formation of value-in-use perceptions. However, every service manager needs to investigate which of these sources are most relevant for their particular customers. Customer feedback surveys can often unveil the sources of expectations by, for example, asking how the customer came to know about the service (Robledo, 2001). Another way of identifying the sources of customers’ expectations can be to monitor word-of-mouth as well as customer-to-customer discussions online. Today, many customers share their experiences of products and services online, and such reviews often serve as input for other customers’ expectations. Also, service providers need to scrutinize their own marketing communication for cues that trigger certain expectations.

Third, when a service provider understands the nature and sources of its customers’ expectations, the firm can start to address and correct problematic ones. This is, however, not a simple and straightforward practice. The entire service organization and
its employees need to understand in what ways customers’ expectations should be managed. Every single service encounter by a customer serves as a source of his/her future expectations (Björn Lidén and Edvardsson, 2003). In addition to service encounters, the service provider can also influence customers’ future expectations through marketing communication. As marketing communication normally flows through several parallel channels, it is important to properly integrate all communication that gives cues about what customers can expect from the service. For positive value-in-use to arise, it is important for the service providers to not overpromise. Expectations management is thus an integral part of promise management (Grönroos, 2009). Ideally, service firms should try to create expectations among its customers that are positive but realistic and thus possible to fulfill (Ojasalo, 2001; Björn Lidén and Edvardsson, 2003; Coye, 2004).

Moreover, as every event of the service episode influences not only value-in-use, but also the customers’ expectations for the next event, some challenges for expectations management should be acknowledged. Grönroos (2009) emphasizes the importance of keeping promises. When the expectations of the customer change throughout the service process, and thus also the customer’s idea of the content of the promise, it becomes challenging for the service provider to keep promises. Promise and expectations management thus becomes a continuous and dynamic effort throughout the service process that concerns all employees of the service provider who interact with customers. Service marketing literature refers to such employees as part-time marketers (Gummesson, 1991). From a SL perspective, the part-time marketers therefore play a key role in the co-creation (or co-destruction) of value-in-use as they often interact with, and listen and respond to, the customers and their needs. Consequently, to successfully manage customers’ expectations, all part-time marketers need to be attentive to customers’ possibly changing ideas of promises made throughout the entire service process.

Finally, it is also important to recognize that different customers groups and market segments may have different expectations of a service. For example, recent marketing research has shown that past experiences continue to influence customers’ image of a company throughout his/her life (Rindell, 2013). Older customers with long-standing relationships with a service provider will therefore probably expect the service to perform as it has in the past, while younger customers with little or no experience of the service to a larger extent will base their expectations on marketing communication and word-of-mouth. If the service provider has changed or developed the service, expectations of old and new customers may thus diverge. Also, Donthu and Yoo (1998) have shown that cultural orientation has a strong influence on service expectations. The cultural factor of expectations is especially important for service firms expanding internationally. But culture can have an impact on expectations even in domestic markets if the customers have different cultural orientations, which can be the case in many multicultural societies. Consequently, service managers should account for a variety of expectations among its customers.

**Positively and negatively evolving value-in-use**

The finding of this study that value-in-use evolves positively or negatively throughout service episodes as customers’ perceptions of functional, technical, and economic quality of the service develop and change has several important implications for service managers. A key managerial implication is that all sayings, doings, and policies etc. of the service provider are continuously perceived and assessed by customers. In other words, the customers evaluate the service not only afterward, but also continuously
throughout the service process. The bank service stories in this study illustrate how the feelings of the customers regarding the service fluctuate as a result of the co-creating activities of the service provider. If the service provider pays attention to early signs of dissatisfaction, it might be very possible to turn the situation around and co-create positive value-in-use. Service managers therefore need to continuously pay close attention to customers’ well-being throughout the service episode. By acknowledging that value-in-use is not only an outcome of value-creating processes, but also a dynamic and processual experience in itself (Grönroos, 2011a), service managers can co-create value-in-use with its customers more successfully.

Furthermore, as the quality of customer-firm interaction is crucial for the co-creation of value-in-use (Fyrberg and Jüriado, 2009), management of functional quality (Grönroos, 1984) during interactions becomes critical for service firms. As the bank service stories in this study shows, customers’ perceptions of value-in-use fluctuate continuously as a result of how they experience the interaction with the service provider. Söderlund and Rosengren (2008) have shown that even simple things such as whether the service workers are smiling or not will influence customers’ satisfaction with the service. Service managers thus need to successfully manage the features of the service process throughout the entire service episode for value-in-use to evolve positively. During a service episode, a customer may go through several encounters with different employees and maybe even interact with different departments of the firm. It is therefore important that each of these encounters are successfully managed as a whole by the service provider. If the customer experiences varying levels of service quality during a service episode, perceptions of value-in-use will fluctuate accordingly and will thus be unpredictable and difficult to manage for the service provider. Consequently, to successfully manage evolving value-in-use, service managers should work toward a reasonably high and even level of quality of customer-firm interactions throughout the entire service process.

Lastly, because customers perceive positively and negatively evolving value-in-use in service episodes as positive and negative changes in functional, technical, or economic quality of the service, service managers should recognize the importance of continuous quality management as a way to facilitate positively evolving value-in-use. If the customer perceives any declines in the functional, technical, or economic quality of the service, he/she will inevitably start to feel worse off, and value-in-use thus evolves negatively. As customers’ perceptions of the service quality can change several times during a service episode, service providers consequently have to avoid any negative changes in perceived service quality to facilitate positively evolving value-in-use. Again, the important role of part-time marketers in this process should be emphasized (Gummesson, 1991). To successfully manage customers’ perceptions of value-in-use as it evolves throughout service processes, a SL approach to marketing that extends beyond a single function one-department process of making promises is arguably needed. Such an SL approach involves an organization-wide promise management process (Grönroos, 2009) where all relevant departments and employees are fine-tuned to the needs and wants of the customers and their states of well-being.

5.4 Limitations of the study

All research studies have certain limitations. In this section, I will discuss a number of important limitations of the current study. Some of the limitations of the study are due to intentional theoretical and empirical delimitations of the research design. Other
limitations relate to the qualitative approach of the study. In the rest of this section, the most important limitations of the study will consequently be presented.

First, a limitation of this study is that customers’ perceptions of value-in-use were studied only throughout service episodes. As value-in-use can evolve over long periods of time (Grönroos and Voima, 2013; Heinonen et al., 2013), there are reasons for studying value-in-use as it evolves throughout entire customer relationships. By delimiting the focus of this study to how customers perceive value-in-use in service episodes, the study might have missed several interesting aspects of value-in-use regarding how it is perceived by customers over longer periods of time. According to Holmlund (1997), service episodes only constitute parts of an overall customer relationship. A focus on how the informants of the study perceived value-in-use throughout their bank relationships could therefore have provided a more complete picture of how value-in-use evolves over time. In such a case, the focus of the bank service stories of the empirical study should have been on entire bank relationships instead of service episodes.

Second, to create a manageable and focused research design, the meaning of service use in this study was delimited to include only the physical use of bank services. According to SL, however, value-in-use can also emerge as a result of mental use and possessions (Grönroos and Ravald, 2011). The exclusion of mental use and possessions as forms of service use might have caused this study to overlook several interesting aspects of customers’ perceptions of value-in-use and should thus be recognized as a limitation of the study. Even though much of the positive or negative value-in-use seems to emerge for customers as a result, physical service use, mental use, and possessions might result in other ways for customers to feel better or worse off than those identified and described in this study. In other words, mental use and possession might result in different forms of value-in-use for the customer than physical service use, but because of its delimitations, this study could not provide any insights about such value-in-use.

Third, another important limitation of this study stems from its VCT method. The VCT is based on the CIT method. As with all CIT studies, this study might also suffer from the problem of recall bias of the informants. Recall bias means that, because of time having passed as well as the limitations we have as humans to store and remember information, informants may fail to convey accurate descriptions of their experiences (Michel, 2001). For the same reasons, the informants might also start to reinterpret their experiences during the interviews (Gremler, 2004). As it is difficult to control for the accuracy of the informants’ bank service stories, it should be acknowledged that this study might contain stories that do not fully correlate with the service episodes as they actually happened. Consequently, there might also be a discrepancy between an informant’s perceptions of value-in-use at the time and his/her later accounts of how he/she perceived value-in-use throughout the service episode. The risk of misrepresentations of the experiences of the informants comes with many forms of qualitative research, but should still be recognized as a limitation of this study.

Lastly, the relatively small sample of the empirical study limits the possibilities to generalize the findings of the study. Generalization of the findings arguably requires a quantitative measurement approach. Even though the objective of this study was to deepen our knowledge about customers’ perceptions of value-in-use rather than produce statistically significant results, the small sample size needs to be acknowledged as a limitation of the study. A larger sample might have revealed, for example, additional categories of value-in-use of functional, technical, and economic nature. The findings of the study illustrate how the informants perceived value-in-use in terms of
service quality. Still, the service quality literature emphasizes many service features that did not show up in this study (e.g., Johnston, 1995, 1997). A reason for these service features not showing up in the current study is possibly the small number of informants. On the other hand, it was never an aim of the study to provide a complete list of ways in which customers can perceive value-in-use. Instead, the study explored customers’ perceptions of value-in-use in a specific context with a relatively small number of informants to increase our knowledge of value-in-use from a SL perspective.

The limitations of the study discussed in this section provide interesting opportunities for future research. From a SL perspective, it would be especially important to address the limited scope of this study in terms of service use as well as the limitations of service episodes as platforms for evolving value-in-use. In the next section, these research opportunities, together with other avenues for future research, will be presented in more detail.

5.5 Suggestions for future research

In this final section, I will suggest avenues for future research. Future research ideas are concerned with theoretical, methodological, and empirical issues related to the findings of this study. Theoretical issues mainly refer to issues relevant for future research on value-in-use and further SL theorizing. Methodological issues involve opportunities to extend the present VCT method as well as further validate the findings of the study with different methodological approaches. Lastly, empirical issues relate to the possibilities to extend this research about value-in-use into contexts other than retail banking.

Reconceptualizing service quality for service logic

The findings of this study show that customers perceive positive as well as negative value-in-use in terms of functional, technical, and economic quality of the service. In traditional service marketing literature, service is equated to services (Grönroos, 2007). From a service perspective, however, service is rather defined as a provider’s support to a customer’s everyday processes in a way that facilitates his/her creation of value-in-use, to use the expression of SL (Grönroos and Gummerus, 2014) and not limited to services per se. An opportunity therefore exists to reconceptualize service quality according to the premises of SL. Such a reconceptualization would involve altering the meaning of service quality from a comparison between expected and experienced service(s) (Grönroos, 1984; Parasuraman et al., 1985) to a comparison between a customer’s expectations of support from the service provider and the customer’s experiences of that support. As the findings of this study illustrate, this support can be functional (e.g., friendly staff), technical (e.g., solution to a problem), or economic (e.g., affordable fees). The reconceptualization of service quality for SL is an interesting area for future service marketing research and has the potential to explain many of the yet unclear aspects of value determination.

Exploration of value-in-use in the customer sphere

As service episodes take place in the joint customer-provider sphere of the customer’s value-creating process, perceptions of value-in-use in the customer sphere were thus not explored in the current study. However, the findings of this study clearly indicated that value-in-use continued to evolve positively or negatively after service episodes into the customer’s own sphere as the informants continued to reflect upon the service
experience. Future research should therefore explore the nature of value-in-use in the customer sphere of the customer’s value-creating process. For example, are the mechanisms behind perceptions of value-in-use the same in the customer sphere as in the joint customer-provider sphere? To what extent do customers continue to reflect upon the functional, technical, and economic quality of the service in the customer sphere? What aspects beyond service quality influence perceptions of value-in-use in the customer sphere? Such aspects could, for example, be of a social nature as suggested by recent service marketing research (Edvardsson et al., 2011; Helkkula et al., 2012a).

**Value-in-use from mental use and possessions**

Related to the customer sphere of the customer’s value-creating process are the mental use and possessions as ways to perceive value-in-use. Mental use can involve everything from the memories of a family vacation to dreaming of a new car. Similarly, value-in-use can arise from the possession of a classic sports car even if you never drive it. This study was delimited to physical service use. The inclusion of mental use and possessions involves an increased complexity to the study of value-in-use. However, studies of mental use and/or possessions as ways of perceiving value-in-use can contribute to value research with interesting insights about value-in-use in the customer sphere. In the context of retail banking, such studies could contribute to the service literature by exploring how value-in-use emerges through the possessions of savings accounts, mutual funds, insurances, and an array of different intangible and “passively owned” financial services or products. For example, Medberg and Heinonen (2014) have shown how value for retail bank customers can emerge from the mere existence of a long-term customer-bank relationship. This line of research needs to be continued both in bank marketing and other service industries to further understand the nature of value-in-use.

**The customer as the creator of value-in-use**

The focus of this study was on retail bank customers’ perceptions of value-in-use in bank service episodes. Service episodes take place in the joint customer-provider sphere of the customer’s value-creating process. The study shows how the informants attributed their feelings of being better or worse off to different aspects of the service, and thus perceived value-in-use in service episodes as functional, technical, or economic quality of the service. But the bank service stories in the study also illustrate how the informants initiated and coordinated the service episodes as a way of getting the support and resources needed to achieve different objectives in their everyday lives. In other words, the informants orchestrated and managed their own value-creating processes and thus drove the creation of value-in-use. This observation is in line with SL, which argues that customers are in charge of the creation of value-in-use and are hence creators of value-in-use (Grönroos, 2008; Grönroos and Gummerus, 2014). Future studies need to further explore the customer’s role as a creator of value-in-use. A particularly interesting avenue for future research would be to further investigate the relationship between customers’ creation of value-in-use and their perceptions of value-in-use.

**The relative importance of value-in-use of functional, technical, and economic nature**

This study illustrates how value-in-use can be characterized as being of functional, technical, and economic nature. An interesting avenue for future research is the relative importance of these different forms of value-in-use. Being a qualitative exploratory
study with a small sample, this study only identified and described value-in-use of functional, technical, and economic nature. Consequently, there are several questions for future research to answer regarding their relative importance. For example, is value-in-use of functional nature more important for some customers while others are more concerned with value-in-use of technical or economic nature? Previous service marketing research has indicated that different features of the service are important for different customers (Heinonen, 2004). At the same time, SL implies that perceptions of value-in-use are always situation-dependent and therefore can also differ for one individual from time to time (Grönroos and Voima, 2013). Hence, this question needs further attention from service researchers. Another question that deserves future research attention is the relative importance of positive versus negative value-in-use. The findings of this study identified positive as well as negative value-in-use of functional, technical, and economic nature, but the study never investigated if it is more important for customers to feel better off than it is to not feel worse off.

**Interplay between value-in-use of functional, technical, and economic nature**

In this study, the focus of the analysis was on the main reason for an informant’s feelings of being better or worse off than before the service episode. In the majority of bank service stories of the empirical study, there was only one main reason responsible for the informants’ positive or negative feelings. This particular reason was then related to a category of either value-in-use of functional, technical, or economic nature. In practice, however, the categories of value-in-use of functional, technical, and economic nature are not mutually exclusive in any way and can therefore occur during the same service process. Future research should thus explore their interplay and how it contributes to customers’ perceptions of positive and negative value-in-use. Such future service research should explore how multiple reasons throughout service processes influence customers’ feelings of being better or worse off. Most likely, these reasons can occur either simultaneously or sequentially during service use. It would, for example, be interesting to explore how different positive or negative reasons might reinforce or counterbalance each other in terms of influence on customers’ perceptions of value-in-use.

**Value-in-use evolving over longer periods of time**

Another interesting avenue for future research would be to extend this study from service episodes to include entire customer relationships. While a service episode usually ranges from minutes to weeks, a customer relationship may go on for years or even decades. Therefore, a longitudinal study tracking value-in-use throughout a long-term customer relationship would be particularly interesting. With some minor adjustments, the VCT method developed in this study could be utilized for such a research study. The findings of such a study would hopefully illustrate how value-in-use evolves over longer periods of time and reveal if there are any differences in the evolving nature of value-in-use in the long term compared to shorter time periods. Also, a study of value-in-use as it evolves over longer periods of time may reveal different or additional aspects of customers’ perceptions of value-in-use than those identified and described in this study. The retail banking context would be a suitable context for such a study, as customer-bank relationships usually last for many decades.

**Value-in-use resulting from interactions with multiple service providers**

As this study focused on customers’ perceptions of value-in-use in service episodes, only value-in-use emerging from the interactions with one service provider at a time
was considered. In practice, however, a customer’s feelings of being better or worse off might result from the direct or indirect interactions with multiple service providers. For example, the treatment of a health condition might require the simultaneous or sequential intervention or service of multiple health service providers. Consequently, service researchers also need to study customers’ perceptions of value-in-use resulting from interactions with multiple service providers. A customer might perceive value-in-use either separately for each of the providers or as the overall experience of all the interactions. For example, a patient might interact with several health care providers that work closely together within a health care network. Moreover, how value-in-use is perceived when multiple service providers are involved might also be individual- or context-dependent. Therefore, future service research needs to explore how value-in-use is created and perceived as a result of service provision from multiple providers. The Value chart can be used in such studies, as a tool to track customers’ feelings regarding each individual service provider as well as for their overall feelings of being better or worse off than before the process as a whole.

**Development of a quantitative value-in-use measurement scale**

To explore how customers perceive value-in-use in service episodes, a qualitative approach was arguably needed. However, the identified framework of positive and negative value-in-use of functional, technical, and economic nature needs further validation. A way to further validate the findings of this study could be through quantitative means. A quantitative research approach would allow for generalization of the findings. The challenge of a quantitative approach mainly concerns the individual and dynamic nature of perceptions of value-in-use. Nevertheless, as the findings of this study indicate, the number of reasons for why people feel better or worse off throughout service episodes seems to be rather limited to a particular service context. The main problem might therefore be to create a quantitative measurement approach that allows for the dynamic nature of value-in-use and thus registers how it changes throughout the service episode. An existing approach to build on and further develop for quantitative measurements of value-in-use is the EXQ scale for assessing the quality of service experiences (Maklan and Klaus, 2011). The important feature of the EXQ scale is that it accounts for customers’ longitudinal perspective when assessing service experiences. Consequently, the EXQ scale considers customers’ perceptions of all the indirect and direct interactions with the service provider before, during, and after the service episode (Klaus et al., 2013). As value-in-use emerge through experiences related to consumption (Grönroos and Voima, 2013), the EXQ scale would be a natural basis for the development of a value-in-use measurement scale.

**Value-in-use of functional, technical, and economic nature in other service contexts**

The context of this study was retail banking and the informants of the empirical study were consequently retail bank customers. The discovery of positive and negative value-in-use of functional, technical, and economic nature emerged from the informants’ stories of positive and negative bank service episodes. To further validate the relevance of positive and negative value-in-use of functional, technical, and economic nature, future research also needs to study customers’ perceptions of value-in-use also in other service contexts as well. From previous service marketing research, we know that functional and technical quality is highly relevant for customers in most service contexts (Grönroos, 2007). Similarly, economic quality, or price, is generally important for service customers (Tung et al., 1997; Avlonitis and Indounas, 2006). Value-in-use of functional, technical, and economic nature can therefore be expected to be relevant in most service contexts. However, this possible relevance still needs to be further
confirmed by future research studies. Studies in other service industries might also reveal additional forms of value-in-use.

**Value-in-use of functional, technical, and economic nature in B-2-B contexts**

Even though this study was conducted in the B-2-C context of retail banking, value-in-use is also relevant in B-2-B contexts (Grönroos, 2011b). Future research should therefore investigate to what extent the findings of this study apply to B-2-B contexts. Such research would be important for future value-in-use theorizing. It would be particularly interesting to explore whether also industrial buyers’ perceptions of value-in-use represent the same empirical phenomenon as their perceptions of service quality. Holmlund (2001) has shown how B-2-B relationship quality can be understood in terms of functional, technical, economic, and social quality. The possibility therefore exists that value-in-use in B-2-B contexts are perceived by the buyers as functional, technical, economic, and social quality of the business relationship. In the service episodes of the bank service stories in the current study, the informants perceived value-in-use only in terms of functional, technical, and economic. But it is likely that social aspects of business relationships such as interpersonal issues and buyer-seller bonding are important for value-in-use to emerge in B-2-B contexts. Hence, the connection between relationship quality and value-in-use in B-2-B contexts needs further research attention.

**Value-in-use outside service contexts**

The current study was conducted in the context of retail banking with a focus on service episodes. In this particular service context, the findings of the study demonstrate how value-in-use is understood and interpreted by customers as functional, technical, and economic quality of the service. Consequently, this study illustrates how the empirical phenomenon of value-in-use in service episodes and service quality are the same in the minds of service customers. These findings, however, do not necessarily mean that customers perceive value-in-use in terms of service quality in all consumption contexts. It is possible that customers understand and interpret value-in-use differently when they, for example, use physical products/goods. As service quality was developed in the service marketing literature as a way of conceptualizing and explaining service experiences (Gummesson, 1993; Korkman, 2006; Grönroos, 2007), much of its explanatory power is limited to service contexts. Hence, the concept of service quality captures service experiences much better than the experience of consuming physical products/goods. Therefore, the question of how customers perceive value-in-use outside service contexts is still open and warrants further studies.
REFERENCES


Andra om studielån

- Positiv överraskning
- Ståll barnkläder, hon bydde sig om mig
- Jag blev glad när hon uppmuntrade mina drömmar och gav bra idéer
- Glad, jag tänkte att det finns ståll barnkläder trots allt och kände mig lite mer värdefull (i motsats till kopplad och fattig student)

- Kändes ganska bra, bättre bemötande än befann

- Helt ok, men kändes lite orädd
APPENDIX 2 INTERVIEW GUIDE

Date:
Time:
Place:
Gender:
Age:
Occupation:

----------------------------------------------------------------------------------------------------------------------------

General information

Thank you very much for participating in this study. The interview will take approximately 60 minutes. All informants will be anonymous in the final thesis. Your personal information will not be published or used for any other purpose.

I would also like to ask for permission to tape record the interview for later verbatim transcription? Verbatim transcription makes the process of analyzing the interviews easier.

Do you have any questions before we start the interview?

Step 1 – A negative bank service story

Most people have had one or several negative bank service experiences. Many of these negative experiences of bank services can be described as irritating, difficult, tiresome, unpleasant, or disappointing. Negative bank service experiences can be expressed in many ways.

I would like you to try to remember such a negative bank service experience that you have experienced yourself, and tell me the entire story. Try to remember as much details as possible, the more detailed the story is, the easier it is for me to understand what happened. I am interested in the entire service episode, from the beginning until the end. (Also, explain the Value chart and how the informant should draw it as a complement to the oral story)

➔ Go to questions

Questions

1) How did the service episode start?
   - What was the reason for it?
   - What did you think prior to the service episode?
   - How did you feel prior to the service episode?
   - Please, elaborate!

2) What exactly happened during the service episode?
   - What did you think when this happened?
   - How did you feel when this happened?
   - What did you do?
   - How did the bank act?
   - Please, elaborate!
3) How did the service episode end?
   - What did you think in the end of the service episode?
   - How did you feel in the end of the service episode?
   - What was the outcome of the service episode?
   - What did you think after the service episode?
   - How did you feel afterwards? Better off/Worse off
   - Did the service episode create any consequences? Short-term/Long-term?
   - Did your image of the bank change? In what way?

4) I found XX to be very interesting, maybe you could tell me more about...

5) (For me: verify that I have understood everything correctly)

**Step 2 – A positive bank service story**

We have now discussed negative bank service experiences, but most people have also had one or several positive bank service experiences. A positive bank service experience is any experience you have had as a bank customer where you have felt, for example, positively surprised, happy, or very pleased with the service.

In the second step of this interview, I wish that you would try to remember such a positive bank service experience and share this story in as much detail as you can. Similarly to the negative stories, I am interested in the entire service episode, from the beginning until the end. (Also draw a Value chart for this story)

➔ Go back to questions

**Step 3 – Additional bank service stories**

If you have experienced any additional positive or negative bank service episode, feel free to share also that story if you want to.

➔ Go back to questions

Any other opinions or experiences you would like to share?

**Interview notes**
<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Age</th>
<th>Interview length</th>
<th>Stories</th>
<th>Service</th>
<th>Key theme</th>
<th>Category</th>
<th>T/F/E dimension</th>
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</thead>
<tbody>
<tr>
<td>Adam</td>
<td>Male</td>
<td>33</td>
<td>55 minutes</td>
<td>Negative</td>
<td>Request for bank statements of transactions</td>
<td>High fees for accessing more than last years' transaction statements</td>
<td>High fees</td>
<td>Economic</td>
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<td>Albert</td>
<td>Male</td>
<td>28</td>
<td>65 minutes</td>
<td>Positive</td>
<td>International bank transfer</td>
<td>Knowledgeable and energetic bank clerk</td>
<td>Professionalism</td>
<td>Functional</td>
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<td>Alex</td>
<td>Male</td>
<td>26</td>
<td>45 minutes</td>
<td>Positive</td>
<td>Opening a bank account</td>
<td>Friendly and helpful bank clerk</td>
<td>Friendliness</td>
<td>Functional</td>
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<td></td>
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<td>Blunt and irritated bank clerk</td>
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<td>28</td>
<td>60 minutes</td>
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<td>Renewal of debit card</td>
<td>Friendly and helpful bank clerk</td>
<td>Friendliness</td>
<td>Functional</td>
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<td>Renewal of debit card</td>
<td>Problem not solved</td>
<td>Problem not solved</td>
<td>Technical</td>
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<td>60 minutes</td>
<td>Positive</td>
<td>International money transfer</td>
<td>Friendly and helpful bank clerk</td>
<td>Friendliness</td>
<td>Functional</td>
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<td>Opening a bank account</td>
<td>Unfriendly and unhelpful bank clerk</td>
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<tr>
<td>Bridget</td>
<td>Female</td>
<td>57</td>
<td>40 minutes</td>
<td>Positive</td>
<td>Selling a financial product</td>
<td>Knowledgeable financial advisor</td>
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<td>Financial advising Investment management</td>
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<td>Incompetent money manager</td>
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<td>Positive</td>
<td>Application for mortgage</td>
<td>Competent clerk in charge of mortgage negotiation process</td>
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<td>Functional</td>
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<td>Application for mortgage</td>
<td>Unprofessional mortgage negotiation process</td>
<td>Unprofessionalism</td>
<td>Functional</td>
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<td>Elizabeth</td>
<td>Female</td>
<td>76</td>
<td>45 minutes</td>
<td>Negative</td>
<td>Request to activate electronic billing</td>
<td>Long queuing time at bank office</td>
<td>Slow service</td>
<td>Functional</td>
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<tr>
<td>Name</td>
<td>Gender</td>
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<td>Erica</td>
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<td>35</td>
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<td>Positive</td>
<td>Request to enable online payment service</td>
<td>Bank clerk presented Verified by Visa solution</td>
<td>Problem solved</td>
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<td>Erik</td>
<td>Male</td>
<td>65</td>
<td>70 minutes</td>
<td>Negative</td>
<td>Closure of bank account</td>
<td>Disrespectful bank clerk</td>
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<td>Closure of bank account</td>
<td>Long and complicated process to close account</td>
<td>Frustrating service process</td>
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<td>Felix</td>
<td>Male</td>
<td>27</td>
<td>55 minutes</td>
<td>Positive</td>
<td>Request for information about service fees</td>
<td>Quick and informative response</td>
<td>Fast service</td>
<td>Functional</td>
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<td>Request for lowered service fee</td>
<td>Full fee charged despite indication that it would be reduced</td>
<td>High fees</td>
<td>Economic</td>
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<td>Inquiry about a bank service</td>
<td>Too expensive service fees</td>
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<td>Gabrielle</td>
<td>Female</td>
<td>60</td>
<td>75 minutes</td>
<td>Positive</td>
<td>Request for new internet bank codes</td>
<td>Received new internet bank codes immediately at the bank office</td>
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<td>Functional</td>
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<tr>
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<td>International payment at bank office</td>
<td>Long queuing time at bank office</td>
<td>Slow service</td>
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<td>John</td>
<td>Male</td>
<td>38</td>
<td>90 minutes</td>
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<td>Request for financial advise</td>
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<td>Josephine</td>
<td>Female</td>
<td>34</td>
<td>50 minutes</td>
<td>Positive</td>
<td>Application for student loan</td>
<td>Friendly and encouraging bank clerk</td>
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<td>Functional</td>
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<td>Request to keep current repayment plan for student loan</td>
<td>Failure to keep current repayment plan</td>
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<td>Technical</td>
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<td>Lillian</td>
<td>Female</td>
<td>69</td>
<td>60 minutes</td>
<td>Positive</td>
<td>Application for mortgage</td>
<td>Nice mortgage negotiation process</td>
<td>Excellent service process</td>
<td>Functional</td>
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<tr>
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<td>Margaret</td>
<td>Female</td>
<td>70</td>
<td>45 minutes</td>
<td>Positive</td>
<td>Customization of direct payment system</td>
<td>Direct debit system customized according to special needs (eye problem)</td>
<td>Problem solved</td>
<td>Technical</td>
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<td>Positive</td>
<td>Currency exchange</td>
<td>Local bank office managed to get foreign currency</td>
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<td>Technical</td>
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<td>Positive</td>
<td>Money transfer when abroad</td>
<td>Quick transfer of needed money to local branch abroad</td>
<td>Fast service</td>
<td>Functional</td>
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<td>Request for taxation statements</td>
<td>Slow and snooty response to traditional mail</td>
<td>Slow service</td>
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<td>Mark</td>
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<td>70 minutes</td>
<td>Positive</td>
<td>Application for mortgage</td>
<td>Nice and easy mortgage negotiation process</td>
<td>Excellent service</td>
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<td>Application for mortgage</td>
<td>Bank not willing to negotiate a mortgage</td>
<td>Process</td>
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<td></td>
<td></td>
<td>Inflexibility</td>
<td>Functional</td>
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<td>Mary</td>
<td>Female</td>
<td>34</td>
<td>50 minutes</td>
<td>Positive</td>
<td>Closure of bank account</td>
<td>No charge despite 8 £ debt on the account</td>
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<td>Economic</td>
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<td>ATM withdrawal</td>
<td>Could not withdraw any money from ATM</td>
<td>Problem not solved</td>
<td>Technical</td>
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<td>Matthew</td>
<td>Male</td>
<td>32</td>
<td>80 minutes</td>
<td>Positive</td>
<td>Application for mortgage</td>
<td>Bank willing to negotiate a mortgage</td>
<td>Flexibility</td>
<td>Functional</td>
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<td>Bank not willing to negotiate a mortgage</td>
<td>Inflexibility</td>
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<td>Withdrawal of money at bank office</td>
<td>Initial problems to withdraw money at bank office</td>
<td>Inflexibility</td>
<td>Functional</td>
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<td>Michael</td>
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<td>39</td>
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<td>Positive</td>
<td>Credit card application</td>
<td>Got a new credit card without any annual fee</td>
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<td>Economic</td>
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<td>Patrick</td>
<td>Male</td>
<td>32</td>
<td>45 minutes</td>
<td>Positive</td>
<td>Online loan application</td>
<td>Easy application process and instant decision</td>
<td>Excellent service</td>
<td>Functional</td>
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<td>Online closure of bank account</td>
<td>Long and complicated process to close account</td>
<td>Process</td>
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<td>Frustrating service</td>
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<td>Peter</td>
<td>Male</td>
<td>30</td>
<td>60 minutes</td>
<td>Positive</td>
<td>Bill payment online</td>
<td>Wonderful online bank</td>
<td>Excellent service process</td>
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<td>Bank charged for ATM statements of account</td>
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<td></td>
<td></td>
<td>Negative</td>
<td>Request for new online bank login codes</td>
<td>Bank charged for new online bank login codes</td>
<td>High fees</td>
<td>Economic</td>
</tr>
<tr>
<td>Philip</td>
<td>Male</td>
<td>80</td>
<td>45 minutes</td>
<td>Positive</td>
<td>Change of bank account</td>
<td>Flexible and helpful bank clerk</td>
<td>Flexibility</td>
<td>Functional</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Negative</td>
<td>Request for bank statements of transactions</td>
<td>Bank wanted to charge 5 C per monthly statement</td>
<td>High fees</td>
<td>Economic</td>
</tr>
<tr>
<td>Thomas</td>
<td>Male</td>
<td>49</td>
<td>120 minutes</td>
<td>Positive</td>
<td>Mortgage negotiation</td>
<td>Low interest on mortgage</td>
<td>Low fees</td>
<td>Economic</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Negative</td>
<td>Application for mortgage</td>
<td>Unfriendly and aggressive bank clerk</td>
<td>Unfriendliness</td>
<td>Functional</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Negative</td>
<td>Application for mortgage</td>
<td>Unfriendly and uninterested bank clerk</td>
<td>Unfriendliness</td>
<td>Functional</td>
</tr>
<tr>
<td>Wilhelm</td>
<td>Male</td>
<td>65</td>
<td>120 minutes</td>
<td>Positive</td>
<td>Application for mortgage</td>
<td>Easy mortgage negotiation process</td>
<td>Excellent service process</td>
<td>Functional</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Negative</td>
<td>Application for car loan</td>
<td>Frustrating mortgage negotiation process</td>
<td>Frustrating service process</td>
<td>Functional</td>
</tr>
</tbody>
</table>
APPENDIX 4  FREQUENCY OF OCCURRENCE OF CATEGORIES OF VALUE-IN-USE

| Dimensions of value-in-use/categories | Number of stories*
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value-in-use of functional nature</strong></td>
<td></td>
</tr>
<tr>
<td>Friendliness</td>
<td>5</td>
</tr>
<tr>
<td>Unfriendliness</td>
<td>7</td>
</tr>
<tr>
<td>Excellent service process</td>
<td>5</td>
</tr>
<tr>
<td>Frustrating service process</td>
<td>3</td>
</tr>
<tr>
<td>Professionalism</td>
<td>5</td>
</tr>
<tr>
<td>Unprofessionalism</td>
<td>2</td>
</tr>
<tr>
<td>Fast service</td>
<td>3</td>
</tr>
<tr>
<td>Slow service</td>
<td>3</td>
</tr>
<tr>
<td>Flexibility</td>
<td>2</td>
</tr>
<tr>
<td>Inflexibility</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38</strong></td>
</tr>
<tr>
<td><strong>Value-in-use of technical nature</strong></td>
<td></td>
</tr>
<tr>
<td>Problem solved</td>
<td>3</td>
</tr>
<tr>
<td>Problem not solved</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
</tr>
<tr>
<td><strong>Value-in-use of economic nature</strong></td>
<td></td>
</tr>
<tr>
<td>Low fees</td>
<td>3</td>
</tr>
<tr>
<td>High fees</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>53</strong></td>
</tr>
</tbody>
</table>

* In this study, a category of value-in-use represents the main reason for an informant’s feelings of being better or worse off than before using the service. Therefore, each bank service story only represents one category of value-in-use.


273. DHANAY MARÍA CADILLO CHANDLER: The Role of Patents in Latin American Development: 'models of protection' of pharmaceutical patents and access to medicines in Brazil, Chile and Venezuela. Helsinki 2014.


In recent years, value has become a central topic of marketing research and business practice and is now considered to be a foundation of all effective marketing activity. Value, however, is also one of the most debated and challenging concepts in contemporary marketing theory. The elusive nature of value has contributed to the difficulty for marketing researchers to define the concept. Several streams of value research exist within marketing literature, contributing to the fluid conceptualizations of value. The definition of value adopted by the recent service perspective on marketing theory is value as value-in-use. A fundamental principle of value-in-use is that value is always created and determined during use of products and services.

But what is value-in-use, really? This thesis set out to explore what it means for customers in service contexts. Surprisingly little attention has been given in prior service marketing research to the question of how customers understand and interpret value-in-use. Such knowledge is essential for future research about value-in-use as well as for generating customer-centric marketing insights based on a service perspective on marketing theory: the aim of this study was to address this gap and further our understanding of value-in-use from the service customer’s point of view.

To achieve the purpose of the thesis, the Value Chart Technique (VCT) was created. The VCT is a research method that captures customers’ perceptions of positive and negative value-in-use throughout service episodes. The method utilizes a graphical tool called the Value chart to track how value-in-use evolves. The VCT’s unique set of features makes it particularly suited for studying value-in-use as a dynamic phenomenon. For the empirical study, 26 informants were recruited, and they shared a total of 53 positive and negative bank service stories, which were analyzed using the VCT.

The findings of the study show not only how value-in-use evolves positively and negatively over time, but also that customers understand and interpret value-in-use in service episodes as features of the service process, the outcome of the service, and economic features of the service, i.e., functional, technical, and economic service quality. Hence, this thesis contributes to service marketing theory by demonstrating that service quality and value-in-use in service episodes represent the same empirical phenomenon, despite their different theoretical traditions. As the findings indicate that service quality is the way in which customers understand and interpret value-in-use in service contexts, service managers are recommended to focus on continuous quality management as a way to facilitate the creation of value-in-use.