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# Customer participation in financial services : Dynamics and evolution

Meral Ozcan

► **To cite this version:**

Meral Ozcan. Customer participation in financial services : Dynamics and evolution. Business administration. Université Paris Saclay (COMUE), 2017. English. NNT : 2017SACLS350 . tel-01709288

**HAL Id: tel-01709288**

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# CUSTOMER PARTICIPATION IN FINANCIAL SERVICES: DYNAMICS AND EVOLUTION

Thèse de doctorat de l'Université Paris-Saclay  
préparée à L'Université Paris Sud

Ecole doctorale no 578 Sciences de l'homme et de la société  
(SHS)  
Sciences de Gestion

Thèse présentée et soutenue à Ville de Sceaux, le 6 Octobre 2017, par

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## ACKNOWLEDGEMENTS

One can choose to go back toward safety or forward toward growth. Growth must be chosen again and again, fear must be overcome again and again.

Abraham Maslow

The process of writing a thesis was rewarding for me. It was mostly like an inner journey during which I was trying to understand my-self and the world and to grow. This was also a process of learning, thinking, imagining and creating and growth. It was not very easy but it was rewarding.

Now, I am at the final stage of my thesis and here are a few words to express my gratitude and my thankfulness.

First of all, I am very grateful for this process and I feel excited and relieved at the end of my doctoral research.

I want to thank many people because many people contributed to this process and to my doctoral thesis. I am grateful for their support, understanding and kindness. The first person I want to express my sincere gratitude is my advisor Mme Professor Florence Durieux. This was a great experience with her. She was very understanding, supportive and kind during all this process. She gave me many opportunities to excel my- self and to be a different person. I am truly thankful to her for our conversations, her comments and her constructive feedbacks. I would like to sincerely thank her for her confidence in me.

I also would like to extend my gratitude to the members of my dissertation jury: Mme Professor Isabelle Prim- Allaz, Monsieur Professor Christophe Benavent and Madame Professor Sophie Morin-Delerm for their time, evaluation and valuable comments.

My doctoral journey was also an international one. I am lucky for having many friends from my personal, business, and academic backgrounds, and I am grateful to all of them for understanding and supporting me for my new life and for listening to me and motivating me to keep going. Their support, their friendship and their sense of humor were amazing and important to me.

I have had the pleasure of working at the University and being surrounded by inspiring people. I wish to thank these inspiring people of RITM laboratory for the warm environment and for their kindness. This was an unforgettable experience being with them.

I would also like to extend my appreciation to my family. My warmest word of thanks goes to my mother Huriye Özcan. I could not have finished my thesis without her. She was always there and she was very supportive since the beginning of this period. I am also thankful to Karageyim family, especially my parents-in law Mehmet Karageyim and Binnaz Karageyim. They have never ceased to have faith in me and to support me. I would like to thank my husband Alparslan Karageyim for his patience, affection and generosity. He is the secret hero of this thesis and of my life. He encouraged me all the time even in very difficult periods. I am grateful to his intellectual and emotional support and his faith in me and to his vision. I was lucky because he was by my side during this journey. I want to thank also my children Ömer, Aylin and Mira Karageyim for giving me their love and their understanding. Their presence motivated me a lot for choosing another path in life and for pursuing academic career.

Finally, I want to extend my gratitude to my father Nabi Özcan for his legacy. Even though he is not here with us today I know he shares my excitement and he is proud of me.

## Synthèse

Nous nous sommes intéressés aux dynamiques managériales de la co-production parce que la plupart des études liées à la coproduction concernent les produits. Nous pensons que les services financiers méritent une attention particulière en raison de leurs spécificités. De plus, la littérature actuelle sur la coproduction manque des investigations empiriques dans les services financiers.

Nous savons que la participation des clients existe depuis une très longue période en particulier dans le marketing des services. Le but est de mener une recherche dans le contexte financier pour pouvoir comprendre les dynamiques de la co-production dans ce contexte. Nous avons commencé par proposer des définitions pour pouvoir comprendre et analyser les concepts que nous mobilisons. Nous savons que plusieurs définitions existent mais nous utilisons les définitions suivantes pour cette recherche. La participation des clients a été définie comme la mesure dans laquelle le client est impliqué dans la production et le dévouement du service (Dabholkar, 1990). La coproduction est également définie comme engageant les clients en tant que participants actifs dans le travail de l'organisation (Lengnick Hall et al, 2000).

Nous avons identifié quatre courants importants qui expliquent chronologiquement la participation du consommateur au développement de nouveaux produits/services : Marketing des services, l'approche managériale, la participation basée sur l'innovation, l'approche qui critique la participation du consommateur, (l'exploitation du consommateur). Ce travail comprend une analyse détaillée des pratiques managériales des communautés virtuelles dans le secteur bancaire. Les communautés virtuelles étaient aussi essentielles parce que c'était une façon populaire de la participation du consommateur plutôt intellectuel et innovant. D'après une étude détaillée de littérature les communautés en ligne

qui ont du succès ont beaucoup de caractéristiques communes : entretien des interactions, la production des éléments, des idées innovantes, une culture de communauté autogérée.

La question de recherche centrale est:

"Comment et pourquoi les banques engagent-elles leurs clients dans un processus de co-production?" Nous avons identifié quatre dimensions au début de la recherche pour pouvoir comprendre et analyser les dynamiques managériales des communautés virtuelles et la participation du consommateur dans le contexte financier. Les dimensions étaient l'objectif, le processus, les résultats et les problèmes de la participation du consommateur. La recherche qualitative en tant que méthode de recherche a été caractérisée par ses aspects situationnels, interprétatifs (Stake 2010, Denzin et Lincoln 2013) et aspects personalistes et expérimentaux (Stake 2010). Le côté interprétatif de la recherche qualitative a été souligné par plusieurs chercheurs (Sykes 1999, Stake 2005).

Nous avons réalisé une conception de recherche des études de cas multiples afin de répondre à cette question dans un contexte financier. La flexibilité du design et la possibilité de faire évoluer le questionnement au cours du processus de recherche nous ont également paru intéressantes. Au cours de l'étude de nouvelles questions ont émergé et nous avons élargi le cadre défini par la revue de la littérature. Les communautés virtuelles sont devenues une partie de notre étude lorsque nous avons réalisé qu'elles étaient importantes pour tout processus de co-production.

Nous avons décidé d'étudier cinq différentes institutions financières Européennes. Comme indiqué dans Eisenhardt (1989), notre recherche repose sur l'échantillonnage théorique plutôt que sur l'échantillonnage statistique. Nous avons réalisé des entretiens dans deux pays afin de collecter les données.

Bien que les communautés semblent être très rares dans l'industrie financière par rapport à d'autres secteurs, nous avons identifié différents types de communautés chacune ayant des fonctions et des objectifs différents : communautés de recherche, communautés d'innovation, communauté de coopération ouverte avec des activités. Ces trois types de communauté ont des processus différents. La deuxième découverte est liée à l'évolution de ces communautés avec le temps. Certaines communautés (ING et Cetelem) ont évolué; Nous voyons une transformation de ces communautés selon les besoins et les priorités des institutions financières.

Lorsque nous analysons les motivations de ces cinq institutions financières, nous voyons que les motivations les plus importantes et communes sont l'innovation, la coproduction et l'étude de marché. Par contre, nous voyons également une évolution des motifs pour les communautés ouvertes. Un contact plus étroit et une nouvelle relation avec les consommateurs et l'émergence d'objectifs importants pour les entreprises deviennent plus importants dans cette troisième communauté.

D'après nos observations, le problème principal porte sur la gestion en elle-même de la communauté, qu'elle soit fermée ou ouverte. Il est difficile de gérer une communauté ouverte où n'importe qui peut venir et publier des idées et des critiques négatives. Les problèmes techniques, bureaucratiques et budgétaires existent aussi. Cette recherche indique aussi des résultats intéressants comme l'information du marché, le développement de nouveaux produits et des services et l'émergence d'une nouvelle relation avec le client.

Notre recherche fournit également plusieurs implications pratiques pour les gestionnaires et les spécialistes du marketing dans le secteur financier. Tout d'abord, l'encouragement et le soutien de la direction, une approche transparente et centrée sur le client, le temps et l'engagement des ressources internes nécessaires sont essentiels pour une

communauté efficace et durable dans un contexte financier. La compréhension et le respect de la dynamique communautaire sont également importants, même dans les collectivités fermées et temporaires, conçues pour l'étude de marché. Nos résultats indiquent que l'écoute des clients et la prise en compte de leurs propositions peuvent être très efficaces pour une gestion communautaire réussie.

Les gestionnaires qui veulent gérer une communauté ouverte dans une institution financière devraient envisager d'avoir une gestion proactive de la communauté. Un objectif clair et bien défini, un concept intéressant et attrayant et un style de relation ouvert peuvent également faciliter la gestion des communautés ouvertes, pousser les membres à partager davantage et





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## 1 INTRODUCTION

This work investigates the dynamics of customer participation in financial context. Co-production and customer participation are not new in marketing. They are both a part of services marketing for a better and complete service. These two concepts have recently received more attention from the business world because collaboration with consumers and developing customer understanding became a strategic necessity. A large number of firms competing in very different industries are interested in co-production with consumers because of high competition, fast moving markets, developing technologies. This increasing interest is also related to the expectations of informed and connected consumers (Prahalad and Ramasvamy 2004) who are more demanding and constantly in relation with brands and companies. Recently, a growing number of companies are delegating some activities to communities in order to engage consumers to generate better products and services. Besides new products and new services, this new approach seems to be very beneficial for market research and for generating insights. Ramasvamy and Prahalad (2000, 2004) call this new approach as “shifting of competencies” toward a network of customer communities and to global talent outside the firm (Chesbrough 2003, 2007).

I want to give here different and successful cooperation examples from different industries. Nike + (Nike plus) is a digital platform, created and launched in 2006. It began with a partnership with Apple and consists of a smart sensor on the shoe communicating with I-pod and iPhone. There is also an interesting website [www.nikeplus.com](http://www.nikeplus.com), where you can upload data from your running experience and you can share this data with other runners. Nike + managers created an interesting system combining music and running with Google. A runner may easily engage with this system and with other runners and may share his or her data. Nike + became so popular and became a community in a few years. What does Nike + do for a runner? It may prepare a runner and may give insights to become better and to increase his or her performance. Nike + may

introduce a runner to other runners, to coaches or to a group of runner for certain activities, may give information about new courses, may inspire, may engage and may encourage runners to take part in a social network of runners.

Nike + is not only an interesting system for runners, it is also an efficient system for Nike. Nike + generates insights and rich conversations with community members that are very important source of information for the company. According to Ramasvamy and Gouillart (2010) Nike + is a live laboratory and a great example of co-creative engagement platform that is useful for several purposes. Nike may get direct input from consumers, may have deeper relationships with the community and may reduce the cost of marketing through positive word of mouth. In other words Nike creates potential buyers and advocates for shoes, clothing with this system.

Another example is about Starbucks and their innovative website [www.mystarbucksidea.com](http://www.mystarbucksidea.com), launched in 2008 in order to renew and restore customer experience and a new relationship with customers. Mystarbucksidea.com is also an innovative digital platform where all clients make comments, share their ideas and “co-shape” the future of Starbucks. Starbucks built a community with this website and they could collect very interesting and constructive ideas on a variety of subjects: product ideas, experience ideas, involvement, social responsibility, food menu, Starbucks card etc.

What did they do with all these constructive ideas? What do Nike and Starbucks have in common?

First, this ongoing conversation with consumers does not only change their product line or offerings, it also transforms the company. Co-production with consumers generates insights and deep knowledge about market, trends, consumers’ decisions and expectations, their lifestyles and this deep knowledge can easily redirects the company towards a new way. Starbucks created a new website in 2008 with the name of Starbucks shared planet and with three areas of focus: ethical sourcing, environmental stewardship and community involvement. This new website brings

them transparency about ethical issues and corporate social responsibility.

Second, these co-production activities give companies a new vision, a new management style reconstructing all the processes and involving different partners. With this in mind, I decided to investigate co-production in financial context and wanted to understand “How and why do banks engage their clients in co-production?”

### **Why studying customer participation in financial context?**

Financial institutions have been chosen as the scope of this work because of two reasons (retail banks and other financial institutions serving retail customers are in the scope of this thesis):

The first one is my personal and professional interest in financial services because of my professional background in this area. I worked fifteen years in banking and I personally believe that an efficient co-production in finance should have a careful and different design from other industries.

The second one is the scarcity of empirical studies in this area. Although services play a dominant role in developed countries' economies, research on service co-production is relatively rare. In addition to my personal choice, studying customer participation in financial context seems to be interesting because of scientific and global economic reasons and distinctive characteristics of the industry it-self. I want to begin with the lack of empirical investigations in this area. Most research focuses on underlying factors of customer participation but unfortunately very few researches are about the management of customer participation and its important processes. Marketing scholars tried to define and describe main components of an efficient co-

production activity and most of the researches focus on customer related issues like customer motivation and redefinition of roles for clients and employees (Chan, Yim and Lam 2010), recognition of communities, cooperation with them (Leroy 2008), stages of co-production activity and his or her cognitive or emotional abilities (Etgar 2008), and key client customer's role and responsibilities (Bettencourt et 2003) or stakeholders (Billings and Gouillart 2013) and service recovery (Dong, Evans and Zou 2008). The second group of research emphasizes characteristics of task (role clarity, motivation and having necessary skills, knowledge and the importance of interaction. Nevertheless, cooperation with consumers and co-production through communities seems to be relatively rare in financial industry.

In addition, financial services deserve more special interest due to its own peculiarities. The existence of interrelationships between state, financial industry and the consumer, the complexity and intangibility of financial products and services may be discouraging and difficult for an effective co-production activity. Complexity and intangibility of the products are at the core of these difficulties. Although customer participation has been existed since a very long period of time, it may not be easy to obtain efficient results in terms of innovation due to difficulties of financial services and products. I believe that co-production in goods can be easier because of tangibility of products however financial products are mostly intangible and complex. Financial services may require a certain level of expertise or personal interest to co-produce or cooperate. In addition clients may prefer to identify them-selves with goods in order to co-produce and contribute intellectually, this is quite understandable. Unfortunately financial services are not easy to identify with.

Finally, financial industry is undergoing a global crisis and has been threatened by a weak global economy, digitization and new regulations that may have direct impact on profitability (McKinsey survey 2016). In addition there is a transfer of power from banks to customers in banking industry. Today's customer is more powerful because he or she does have more choices



of institutions, services, products or channels. Banks seem to need a fundamental transformation in order to overcome these global and customer-related problems and to deliver what customer wants. Reorientation and renewal may be best options for a better retail banking strategy and co-production may provide banks with customer insights and several alternatives.

Since this work aims at understanding co-production activity in financial institutions, a special emphasis has been given to financial services and financial context. Before going into details of current financial markets I want to underline the importance of context in qualitative studies (Stake 2010 Wetten 1989). Wetten (1989) emphasizes the importance and the role of context for understanding events and for making sense of them. Wetten (1989) suggests that:

“We understand what is going on by appreciating where and when it is happening.”

Therefore I believe that a description of current financial situation can be helpful for appreciating the role of customer participation in financial world. This section is composed of four parts: services, financial industry, and evolution of financial sector, clients and finance

### **1.1 Services**

Services marketing, a sub category of marketing that is inherently relational (Grönroos 2007) and is mostly based on the management of close contact with customers (Grönroos 1980) uses different strategies than goods marketing because of its special characteristics. Traditional services marketing strategies involve management of customer-service provider interaction (Grönroos 1980, 2007) relationship customization, personal attention of staff (Berry and Grasham 1986, Berry 1984), employee involvement in services (Schneider and Bowen 1984), the importance of dyadic interactions between service provider and customer (Solomon et al 1985) and service encounter (Bitner, Booms, Tetreault 1990). Different organizational strategies for increasing quality (Grönroos 1983, Zeithaml, Berry, Parasuraman 1988) and efficiency (Bateson 1992) have been proposed by several marketing scholars for market competition and customer loyalty. Services industry used several mechanisms in order to manage customer participation (Lovelock

and Young 1979). Kelly, Donnelly and Skinner (1990), underlined the importance of developing new mechanisms in order to understand and manage these customers, the aim was to ensure their performance in order to facilitate service encounter.

### **Services: performances, processes, relationships, interactions**

I want to begin with the definition of services before going into the details of financial services. There are differences in the definition of services among marketing scholars. Zeithaml, Parasuraman and Berry (1985) call services as performances rather than objects, Grönroos (2007) names services as processes. However we should emphasize one important aspect of services, they are mostly intangible and as stated by Grönroos (2007) they may be processes or activities but they are not things.

Grönroos emphasizes “relational” aspect of services (2007). According to him services are inherently relational. He also suggests that relationships are given a central place in the development of marketing models and concepts to be used in service context and marketing of services are based on relationships.

Solomon et al (1985) underline the importance of activities and processes in service marketing. Although various disagreements on the definition of services exist, the following definition is proposed in 1990's (Grönroos 2007):

*“A service is a process consisting of a series of more or less intangible activities that normally but not necessarily always, takes place in interactions between customer and service employees and/or physical resources or goods and/or systems of the service provider which are provided as solutions to customer problems.”*

### **1.2 Definition and classification of financial services**

I will begin with the definition of financial services. After a clear definition we will look at financial services characteristics and how they are classified.

Financial services can be described mostly as services because they are different from

physical goods. Lovelock suggests that service sector is too diverse to make useful managerial generalizations (1985) and his argument seems to be true for financial services too. Financial services broadly differ from other services in terms of regulations, complexity and relationship management. Although financial products and services are very similar in most countries, there are also distinct cultural, operational, country-based or regulation-related differences between countries. My purpose in this session is to explain financial services characteristics, differences and constraints in order to make a better research in this area. I will try to answer one important question related to financial services: how are they different?

Ennew and Waite describe (2013) about financial services as follows:

“Financial services are directed specifically at people’s intangible assets (their money/wealth). The term is often used broadly to cover a whole range of banking services, insurance (both life and general), stock trading, asset management, credit cards, foreign exchange, trade finance, venture capital and so on.”

Contrary to several types of services a “contractual relationship” exists between the customer and the bank (Ennew and Waite 2013).

Financial services vary according to type, duration and complexity of products: there exist short-term transactions like money transfer or long term transactions like mortgages and pensions. Although financial products are generally perceived as complex and complicated, a savings account is a relatively simple product compared to mutual funds or swaps (that are highly complex). In addition most of financial products have long-term maturity. Financial services cover a various types of services targeting different customers.

The details of geography of supply provided by Ennew and Waite (2013) explain products of different financial institutions.

Table 1

## Geography

Banking	Retail banks Commercial banks Investment banks
Savings and loans	Building societies (UK) Credit Unions National Savings
Insurance	Life Insurers General Insurers Composite Insurers Health Insurers Lloyds Syndicates
Investment companies	Mutual Funds/Unit Trust Companies Investment Trusts Pensions providers Stockbrockers
Credit and Liquidity	Credit card Issuers Secured loan Providers Unsecured Loan Providers

Geography of supply adopted from Ennew and Waite (2013)

Besides some common features financial services share with service industry, they have their own characteristics and peculiarities. Intangibility, inseparability of the production and

consumption, immateriality, heterogeneity and perishability (Zeithaml et al 1985) and closeness of buyer sellers' interactions (Grönroos 1980) are common characteristics and difficulties of services industry. Financial services are also called "high contact services" and they are defined by high degree of coupling, interdependence and information richness (Auh et al (2008). There are different classifications for services and I believe that financial services can be better understood when they are classified in three different ways.

Lovelock provided (1983) five different classification schemes for services:

1. The nature of the service act (whether it involves tangible or intangible actions) and the recipient of the service
2. The nature of the relationship with the service provider (formal or informal) and whether the service is delivered continuously or on discrete basis
3. The degree of standardization or customization in the core service and the extent to which staff exercise personal judgment in service delivery
4. The capacity to meet demand (with or without difficulty) and the degree to which demand fluctuates
5. The number of outlets and the nature of interaction between customer and service provider.

I have decided to use two of these five services classification schemes prepared by Lovelock (1983) because they seem to be more compatible with financial services. The main purpose here is to analyze and to position financial services in service industry. This classification seems to be useful in order to better locate financial services and to underline some differences between financial services and goods in terms of marketing strategies. The second and the fifth schemes will be used here and I will add a third axe because main differences are related to three points: the nature of service act, the nature of interaction between customer and service provider and finally the nature of process.

Table 2 prepared by Lovelock shows a classification based on the nature of service act and underlines the intangible nature of financial services. Although it is always possible to make several different classification based on other characteristics of financial services, the intangibility seems to be the basic characteristic of them. Generally financial marketers try to overcome the difficulties caused by intangibility with several different approaches and with financial advisory.

Table 2 Understanding the nature of the service act

Who or what is the direct recipient of the service?

	People	Things
<b>Tangible Actions</b>	Services directed at people's bodies	Services directed at goods and other physical possessions
	health care transportation beauty saloons exercise clinics restaurants hair cutting	freight transportation industrial equipment repair and maintenance janitorial services laundry and dry cleaning landscaping / lawn care veterinary care
<b>Intangible Actions</b>	Services directed at people's minds	Services directed at intangible assets
	education broadcasting information services theaters museums	banking legal services accounting securities insurance

Source: Lovelock (1983)

This classification underlines the nature of intangibility of financial services and identifies the target. The second classification scheme underlines the nature of relationship with the customer. The “membership” concept is still expanding and is still popular among other industries. On the other hand, this classification seems to be logical because of the “membership” “relationship” and “loyalty” concepts. Lovelock emphasizes the continuity of membership relationships and its advantages for both parties (such as pricing, priorities and customer loyalty). We can easily say that banks usually use marketing strategies based on loyalty programs and card

membership in order to gain competitive advantage and increase their profitability.

Table 3 Type of relationship between the service organization and its customers

Type of relationship between the service organization and its customers

	<b>"Membership" relationship</b>	<b>No formal relationship</b>
<b>Continuous delivery of service</b>	banking telephone subscription college enrollement insurance American Automobile association	radio station police protection lighthouse public highway
<b>Discrete Transactions</b>	"Membership" relationship	No formal relationship
	long-distance phone calls theater series subscription commuter ticket or transit pass	car rental mail service pay phone public transportation restaurant

Source: Lovelock 1985

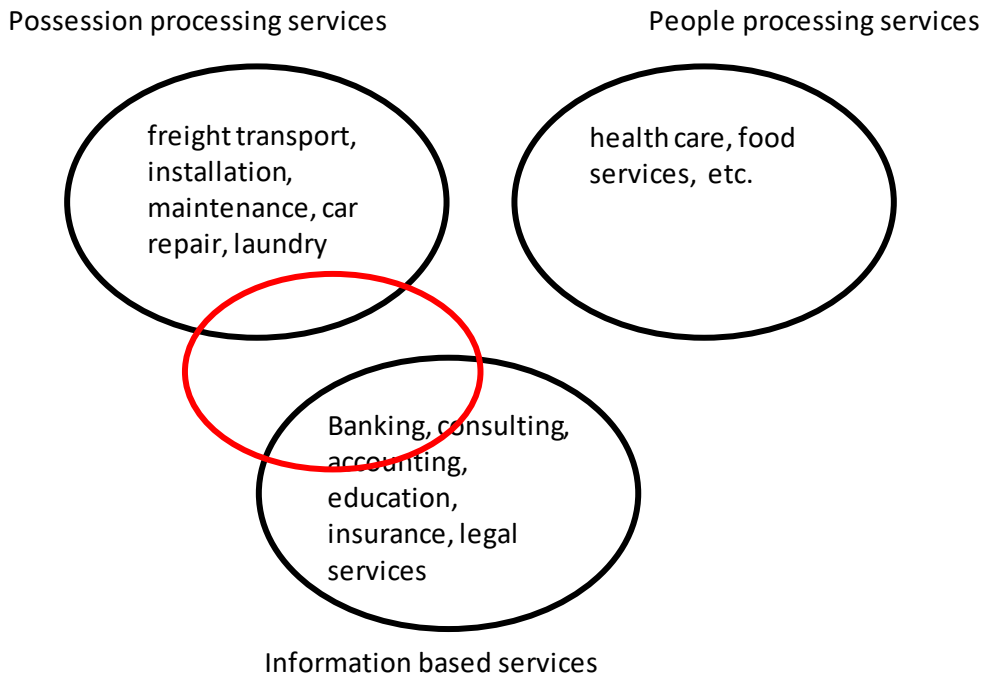
More recent work on service classification is provided also by Lovelock and Yip (1996), distinguishing between three types of services:

1. People processing services (defined as tangible actions to customers in person).
2. Possession processing services. They are defined as tangible actions to physical objects to improve their value to customers. Customers may not be involved in the production process but the objects have to be a part of the production process.
3. Information based services.

These services depend on collecting, manipulating, interpreting customer data to create value.

Financial services are generally directed towards people's assets and possessions. We think that financial services should be a part of the second and third classification in this scheme.

Table 4 Classification of financial services



Inspired by Lovelock and Yip (1996)

Marketing literature used several categorizations for financial services. I believe that most comprehensive categorizations can be summarized as follows:

- Financial services can be described as high contact services (Auh et al 2007) directed towards peoples' intangible assets , emphasizing membership relationship with the customer (Lovelock 1983).
- Financial services can also be classified as information based services because of the nature of the transaction and possession processing services because they are also related with customers' possessions (Lovelock and Yip 1996).

These classifications reveals one important thing: financial services are different and should be treated differently while formulating a marketing strategy. Ennew and Waite (2013) also underline the necessity of using different marketing tactics for financial services. Finally I want to underline



one another aspect of financial services. These services are generally related to long-term relationships with customers covering different life-stages.

### **1.3 Basic characteristics of financial services**

Financial services are a sub category of services industry; therefore the generic characteristics differentiating services from goods are valid for financial services also: intangibility, heterogeneity, (variability), perishability of output and simultaneity of production and consumption (Lovelock and Yip 1996). However I believe that the focus should be on different characteristics of financial services that may affect co-production activity. A detailed literature review and industry analysis provided me with three important characteristics. Financial services industry differs from other industries in terms of rules and regulations, complexity of financial products and the relationship between advisor and client.

#### **1.3.1 Financial industry, rules and regulations**

Regulation of financial services is also explained by Ennew and Waite (2013) by the need to safeguard the interests of stakeholders and efficiency of markets in this industry.

Although developing countries do have young and highly competitive banks, most financial institutions are very old in all over Europe and in United States. In addition financial industry does have a pivotal role for an efficient economic growth in countries.

Dynamics of this industry are different from goods industry or other services. Besides economic development and government welfare context, consumers' life-time needs, risk management and economic conditions play an important role for the product development. Finally we should add that financial institutions especially retail banks are closely related with some specific concepts such as "trust", "confidence", "relationship" and "loyalty".

### **1.3.2 Complexity of financial products and services**

Besides a highly competitive environment marketing literature underlines also differences and complexity of financial products and services. We should add that financial products are far more complex than other products or goods.

As stated before, understanding financial services may require special interest, numeracy and conceptual thinking (Ennew and Waite (2013). Eisingerich and Bell (2006) underline complexity of products and services. Long term maturity of some products, high uncertainty and intangibility may increase the complexity of financial products. Most of the relationship between financial services provider and the customer is long term (we may say that most of financial products have a long term maturity).

Because of the internal dynamics of the industry and complexity of products marketing of financial services do have different dynamics. In an attempt to remain competitive, financial marketers use several strategies to increase loyalty and profitability of customers (cross-selling to existing customers, up-selling, direct selling, Thwaites and Lee (1994). Customer loyalty has been a considerable interest to marketing scholars and bankers because it is possible to increase sales to existing customers over the life time of their relationships by increasing loyalty (Berry (1994), Meadows and Dibb (1998, 2004).

Currently they focus mostly on innovation (Thwaites et al 1994) and on the quality of customer service. According to Hinshaw findings, “financial marketers face many challenges in their quest to identify, educate, motivate, acquire and keep right customers”. We totally agree with him on the difficulties of finding, motivating and keeping right customers in this competitive business environment.

Some key strategic issues financial marketers face today can be summarized as follows:

- Short term and long term profitability (they are very much related to innovation)
- customer loyalty (Eisingerich and Bell 2006)

- Customer acquisition and retention (Hinshaw 2005)
- Managing customers' expectations and customer satisfaction

Hinshaw (2005) summarizes key initiatives important to improve marketing and branding effectiveness in financial institutions: better internal communication between stakeholders, more accurate customers opinion (experience and needs information), better competitive positioning data including how consumers feel about competition, more consistent brand information, better understanding of consumers' touch points, more consistent brand messaging, solid analytics, more accurate customer value data, better understanding of customer relationship cycle, better customer profitability data.

### **1.3.3 Customer-advisor relationship**

One important dimension in financial services is the importance of people. In services marketing, customer-service provider interaction does have a very critical importance in terms of continuity of the relationship and sales opportunities (Grönroos 1982, Solomon et al 1985, Langeard and Carman 1980, Auh et al 2007). Grönroos call the interaction concept as the "key construct" in services (2011). There is a huge body of literature in services marketing about the importance of the contact, relationship or interaction between buyer and seller. We agree with them and we suggest that this interaction is more critical in financial services or in high contact services (Auh et al 2007). Although technological developments in banking and alternative delivery channels decrease the dependency of the client on the branch, client-advisor relationship is still important when purchasing risky and complicated services (Howcroft, Hewer, Durkin (2003).

The importance of customer advisor relationship in financial context has been explained by Ennew and Waite (2013) by "the asymmetry of information and knowledge". They claim that financial service providers know much better financial markets, products and services than their customers. In addition to complexity of products, the lack of familiarity and inexperience of

consumers and this asymmetry of information heightens the potential of misbuying. This asymmetry of information underlines the necessity of financial advice in this industry because the lack of interest and or familiarity with financial products and knowledge imbalance increase dependence of consumer on financial advisor.

As stated before, this interaction is more critical because of the nature of financial services and products. First of all, most of financial products are sophisticated. Most of them are not tangible, they are highly complex and specification is very high and rapid in this area complex with very long maturity. They are not easy to understand and evaluate. They do not have package, neither a smell nor a color. Second, most clients do lack technical knowledge to evaluate and decide about most of these products. A majority of customers need their advisor's orientation or explanation before sale. Third the risk concept and long term maturity of these products increases the level of uncertainty for clients in banking (Eisingerich and Bell 2006). These characteristics of financial products and economic uncertainty cause consumer dependence on financial advisory. In other words, the combination of product complexity and intangibility seem to emphasize the importance of relationship with the advisor and the service provider.

As stated in Eisingerich and Bell (2006) these two factors, complexity of products and unsophistication of clients play very important role for the high level of uncertainty in relational context. Consequently we suggest that client-financial advisor relationship is more critical because of these issues. Client-advisor relationship in financial services is defined by more confidence, interdependence (Auh et 2007), and high contact and long-term. Advisor's client-oriented approach, expertise and even his or her sense of humor affect the advisor-client relationship.

We believe that customer –bank relationship or customer-advisor relationship is a very different, long-term, confidential and important relationship and we believe that we have to analyze financial services industry in terms of customers and their interpretation of this relationship.

We think that these characteristics of the relationship separate financial services from other

services business.

Table 5 illustrates and categorizes main differences of financial sector with references.

Table 5 Basic characteristics of financial business

	Basic characteristics	References
sector or industry	Highly regulated industry The bank image is very important High contact services Important actor in country's economy	(Auh et al 2008)
Complexity of financial products	Complexity of products and services (uncertainty is high) Long term maturity of products Most of the products require advisory and face to face interaction Very competitive market with sophisticated competitors Short-term and long term profitability are very critical for the industry	Eisengerich and Bell 2006 Eisengerich and Bell 2006 Howcroft, Hewer and Durkin 2003  Hinshaw 2005
Client advisor relationships	The importance of long-term relationship in services and its social nature Clients are mostly unsophisticated  Customers are often part of the production and delivery process. This is the unique aspect of services. The importance of dyadic interaction between advisors and customers Difficulties to manage customer preferences The importance of interaction for resale Membership relationship "High contact services"	Czepiel 1990 Eisengerich and Bell (2006)  Kelley, Donnelly and Skinner 1985, Grönroos 1983 Grönroos (1983), Solomon et al (1985) Hinshaw 2005 Grönroos (1983) Lovelock (1985) Auh et al (2007)

When we examine in detail financial services we see that they can be classified as high contact services emphasizing membership relationship directed to customers' intangible assets. In addition to classification of financial services, these three characteristics underline basic differences between goods and them. And we believe that they may affect customer participation positively and negatively. As a result, an efficient customer participation strategy should consider all these characteristics and difficulties of financial services.

#### **1.4 Evolution of financial industry**

Today's financial industry can be defined by high costs and stable returns, fierce competition, complex and sophisticated products and increasing financial awareness of customers. Technological advancements are also critical because they provide customers with the opportunity to switch banks easily and this causes decreasing loyalty. Digitalization, strong cost control, adopting innovative operative models and simplification (the use of new channels) are some of measures financial institutions take in order to overcome these difficulties. Financial sophistication is growing and financial services are expanding in today's business world. In addition banks and other financial institutions had to develop their marketing skills to maintain their market share and profitability because of high competition. We can say that the 2008 crisis has intensified the need for banks and for other financial institutions to adapt their business model to market needs. We can say that we are in a new economic equilibrium defined by economic uncertainty, more demanding customer and technological advancements.

Financial institutions belong to a more regulated and closely governed industry. Financial services industry are highly regulated and closely inspected by state authorities. This close relationship with authorities affects also financial products and marketing of these offerings. Financial institutions are generally state-controlled and state-managed in most countries. Ennew and Waite underline (2007) the existence of interrelationships between state, the financial industry and the consumer.

"The new, more demanding, connected and empowered (Ramasvamy 2000, 2004) consumer seem to be comfortable with the growing competition in financial markets. As stated in several market reports ([www.mckinsey.com](http://www.mckinsey.com)) the customer loyalty is decreasing in financial institutions. Owing to technological developments, mobile banking and new mobile applications customers can prefer more sophisticated and innovative financial partner. This freedom of choice and the growing competition push forcefully banks to respond to changes and to adapt as soon as

possible.

Currently financial services are expanding and banks are creating and developing new channels and new services owing to technological developments. Branches are no longer the only channel to deliver financial services (Thwaites and Lee 1994). The use of on-line banking (Lovelock 1985) mobile banking, ATM s, tablet and smartphone applications with other electronic channels are becoming popular because of their convenience and flexibility. These rapid technological developments and new channels are changing and transforming classical banking.

Consequently, banks are changing; banks are transforming them-selves into more efficient organizations in order to overcome these problems. Their priorities are changing, and they focus more on digitalization, personalization, the removal of traditional sector boundaries for efficient operations. Innovative operating models have been in the scope of banks for a long time (light branches, simplified governance, digitalization, customer self-service operations and simplified product range). Currently they are developing new strategies based on a consistent customer experience across all channels.

### **1.5 Consumer and Financial services**

In this highly competitive environment, consumer financial decision making has also been of considerable interest to marketing researchers also. According to literature review there are two major categories of factors that can affect consumer financial decision. The first category is related to the consumer. Consumer's past experiences, long term priorities, consumer's financial literacy (Petersen, Kushwaha, Kumar 2015), his or her degree of numeracy, conceptual thinking and his or her personal interest in financial topics (Ennew and Waite 2013) may affect consumer financial decision making. Secondly, factors related to financial institutions influence consumers' decision making in financial matters. Trust (Ennew, Kharouf and Sekhon 2010), service quality and financial items (Dewlin, Ennew, Mirza 1995), price and convenience (Howcroft, Hewer and Durkin

2003) are important factors affecting consumers' bank selection criteria. Besides branding (Aish, Ennew and McKehnie 2003), customer- advisor relationship (Eisingerich and Bell 2006), his or her expertise, client oriented approach and even his or her sense of humor (Bergerson, Roy and Fallu (2008) are other important factors influencing consumers' financial decisions.

I believe that an efficient bank strategy must consider all these market related or consumer related phenomena and managers should elaborate different tactics. Co-production may be an efficient innovative model in order to increase performance in this highly competitive and transforming environment. Three critical reasons for an efficient customer participation activity in financial world are identified at the end of marketing literature review.

1. Competitive market environment pushing for innovative solutions
2. Increasing demands of customers and necessity for a closer and deeper relationship with them in order to respond to these demands
3. Technological advancements enabling new models and strategies

The aim of this study is to analyze and investigate co-production activity its reasons, methods, problems and outcomes in financial context. The focus of this study is co-production in retail banking industry. The main purpose here is to understand "how and why do banks engage their clients in co-production?" Online and physical communities are a part of this research because they are very important way of practicing co production in most industries.

The contribution of this study to the existing literature is the investigation of managerial perspectives of financial co-production. We used case study research as a method, a qualitative exploratory research that enables us to explore these managerial dynamics and the evolution of co-production in financial context. Findings of this study could be useful for managers also.



This thesis is divided into six sections. The second section examines marketing literature related to co-production with online communities. The third section describes and explains in detail the methodology used for this research. In the fourth section our five cases are presented separately. Cross case analysis constitutes the fifth section. And finally findings of the study are discussed “Discussion” section.

<b>CHAPTER 1: Introduction</b>	
Section 1	Services
Section 2	Definition and classification of financial services
Section 3	Basic characteristics of financial services
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<b>CHAPTER 2: Literature review and conceptual framework</b>	
Section 1	Definition of customer participation
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<b>Section 1</b>	<b>Case studies</b>
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<b>CHAPTER 5: Cross Case Analysis</b>	
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Section 1	Discussion and Managerial Implications
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## 2 LITERATURE REVIEW

In the previous chapter I concentrated on the analysis of financial services and the growing importance of customer participation in marketing. A detailed literature review showed that financial services are different from goods and other services in various ways and should be treated differently while formulating a marketing strategy. The same must be true for co-

production in this context. Customer participation in financial context may need another configuration and design because of the differences and characteristics of this industry.

The second chapter is dedicated to the literature review about co-production.

Marketing literature provides sufficient information about the role of co-creation in the new marketing world. Although there are some disagreements on definitions of terms and their usages this debate about co-creation, co-production or customer participation focuses largely on change in the market (Prahalad and Ramasvamy 2000, 2004, Cova and Dallı 2009, Zwick et al 2011) and especially on consumer's roles.

A detailed literature review revealed that co-production has existed in marketing since a very long time and I have realized that there are at least four different and interesting approaches analyzing customer participation and its evolution in marketing literature. A chronological analysis is important in order to understand historical roots of co-production, its evolution and function in business world. Therefore theoretical framework of this PhD thesis will be organized as follows:

- I. History of co-creation thought and analysis of customer participation
  - Factors encouraging co-creation
- II. Four foundational research streams of co-creation
  - The services marketing approach and the origins of customer participation
  - The managerial approach
  - The co-production based innovation approach
  - The critical approach
- III. Virtual Communities
- IV. Conceptual Framework

## **2.1 Definition of customer participation**

What is customer participation?

This work is dedicated to investigate the management of customer participation activity in financial services; therefore the definition of customer participation and co-production is essential. Although several definitions exist in marketing literature, there is not a clear distinction between value co-creation and co-production or customer participation in marketing literature. In order to analyze these concepts I need to begin with different definitions mentioned in the marketing literature.

The discussion about co-creation in this thesis will evolve around three main issues: the emergence of a new marketing paradigm and a new era, the evolution of the customer role in the market and the reactions of the market and companies. In addition customer participation and co-production may be used in this work interchangeably since they have approximately same meaning.

Customer participation has been defined as "the degree to which the customer is involved in producing and delivering the service" (Dabholkar 1990, p. 484). Another definition comes from Meuter and Bitner (1998). They distinguish among three types of service production based on customer participation:

Firm production, joint production and customer production

"Firm production is a situation, in which the product is produced, entirely by the firm and its employees, with no participation by the customer. Joint production is a situation in which both the customer and the firm's contact employees interact and participate in the production. Customer

production is a situation in which the product is produced entirely by the customer, with no participation by the firm or its employees.” (Meuter and Bitner 1998)

Vargo and Lusch (2004) defined customer as the co-producer. This statement has been changed in their work dated 2008 as “The customer is always a co-creator of value”. We believe we have to define briefly what value creation is in this section. We have to make this distinction because this distinction has been made clear by marketing scholars (Vargo and Lusch 2004, 2008, 2008, Grönroos 2011, 2013).

Vargo and Lusch (2008) suggest that Service Dominant Logic is mainly related to collaborative nature of value creation, rather than production. Lusch et al (2008) describe co-production as a component of co-creation of value and as the participation in the development of core offering it-self.

Value creation has been defined by Grönroos (2011, 2013) as a process through which the customer becomes better off in some respect or which increases the customer’s well-being. This process has been defined as the customer’s creation of value in use. I agree with Grönroos (2011, 2013) about the definition and processes of value creation and I also accept that value creation is not an all-encompassing process; value is created in the user’s accumulated experiences with resources, processes (Grönroos 2011, 2013). Value co-creation is only possible through interaction, a dialogical process (Grönroos 2011, 2013). However the role of customer in this value co-creation process may be an important activity in terms of efficiency and productivity (Lovelock and Young 1979).

On the other hand, Lengnick –Hall et al (2000) define co-production as “engaging customers as active participants in the organization’s work”. We adopt this definition and we believe that co-production can be defined also as a form of business strategy which emphasizes the generation and ongoing realization of mutual firm-customer value. Several types of

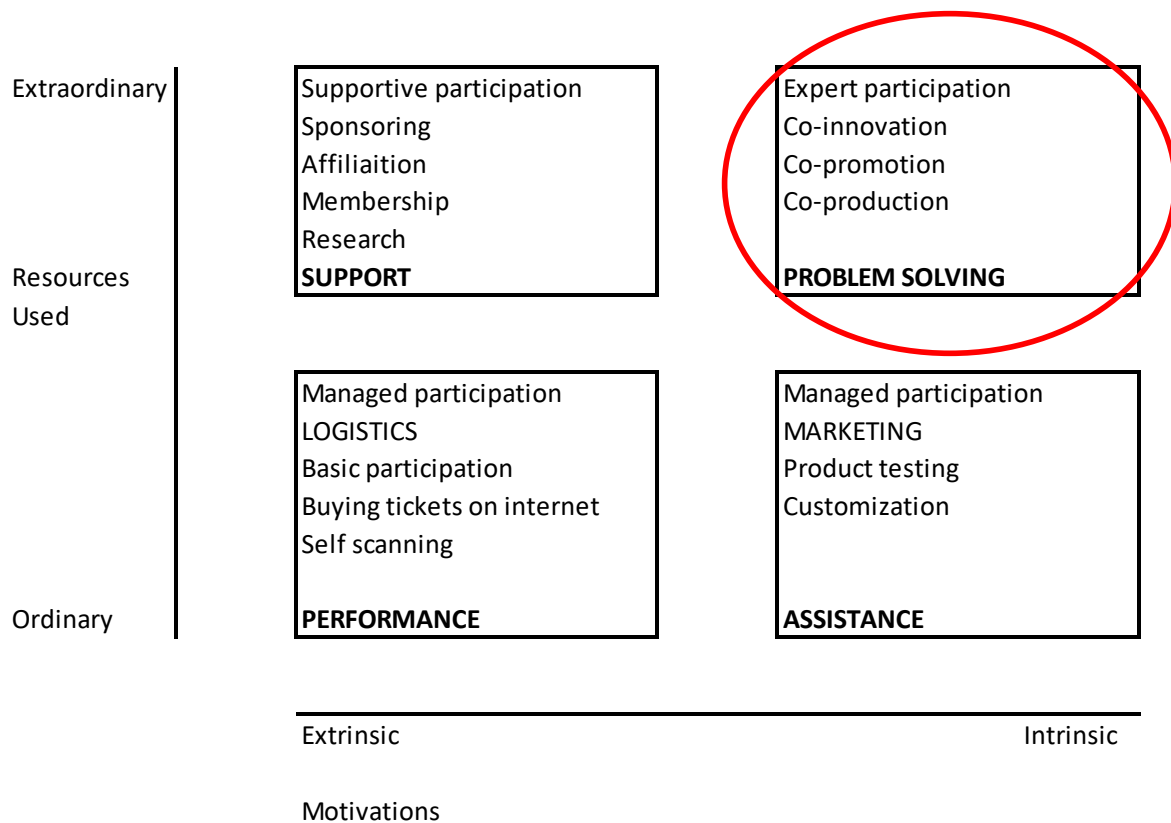
cooperation exist with several public, governmental and private institutions (Etgar 2008) in order to co-produce.

According to Etgar (2008) co-production encompasses all cooperation formats between consumers and production partners and may take place within the production process which precedes the usage stage. Co-production implies that consumers participate in the performance of the various activities performed in one or more of these stages.

Co-creation is also defined as the practice of developing systems, products or services through collaboration with customers, managers, employees and other company stakeholders according to Ramasvamy and Guillard (2010).

The participation of the consumer is not new for marketing literature and for marketers either. Several types of co-production or customer participation co-exist in the market and we focus on mostly intellectual co-production, intellectual contribution of the customer. Cadenat, Bonnemaizon, Benoit Moreau and Renaudain propose (2013) a customer participation matrix explaining four major types of participation. Their matrix with two dimensions (customer's resources and customer's motivation) includes four different types of customer participation co-existing in business life.

Figure 1 Four major types of customer participation



These four types exist in different industries, each representing different advantages. My focus is mostly on the “expert participation” that is also related with the consumer’s intellectual and creative contribution for developing new products and services and for innovation. The “expert” participation means deep cooperation with customers and it is more preferred actually because marketing managers want to tap outside creativity for more innovative solutions. This may also be related to cost-cutting (Auh et al. 2008), efficiency and productivity (Ramasvamy and Guillard 2010) and is considered more beneficial in a competitive environment.

I am interested in the expert participation because I know that this type of participation is not limited to cost-cutting, efficiency and productivity. During the last two decades more and more universities, research companies or local authorities try to reach customers because they seek new and innovative solutions to different problems. Customers are becoming more and more a partner for scientific or technical problems, for collaborative thinking or for efficient campaigns. I want to understand their impact in financial context.

This section begins with a historical analysis of co-production activity and customer participation in marketing literature. This analysis is important in terms of two issues. First of all I could see the transformation of markets, marketing and economies in this new era (Vargo and Lusch 2004, 2006). Secondly, analysis provided with necessary clues for understanding the evolution of customer participation. Customer participation is conceptualized as a change in marketing activity and I could reformulate my research question.

To begin with, important factors contributing to the rise of this new marketing phenomenon are cited below. These new conditions pushed marketing scholars to analyze and understand this new era:

- Technological advancements in communication (Prahalad and Ramasvamy 2000, 2004, Cova and Dall'Aglio 2009, Etgar 2008, Wikström 1996)
- New market conditions (Normann and Ramirez 1993), search for efficiency (Prahalad and Ramasvamy 2000), necessity of speed (Meyers, Burgess and Daniel 2012), Vargo and Lusch (2008)
- Fast and flexible production facilities (Wikström 1996)
- Globalization (Meyers, Burgess and Daniel 2012)
- Competitive environments (Normann and Ramirez 1993)
- The rise of the new consumer (Prahalad and Ramasvamy 2000, 2004, Meyers et al 2012), consumer competency (Zwick et al 2008)
- The emergence of new companies and organizations (Ramirez 1999) adopting more customer centric approach and willing to work with several economic partners (Prahalad and Ramasvamy 2000, 2004)
- A redefinition of business style and customer orientation (Normann and Ramirez 1993 a, 1993 b)



- Economic preconditions proposed by Etgar (2008). Etgar suggests that the degree of economic development of a country plays also a critical role for the development of co-production.

Some psychological factors related to consumer's motivation for co-production activities also exist. However these factors will not be mentioned in this research since my focus is totally on managerial dynamics of a co-production activity in financial context and its evolution.

Table 6 Customer motivations and company benefits for customer co-production

CO-CREATION	
CUSTOMER MOTIVATIONS	COMPANY BENEFITS
<p><b>ECONOMIC MOTIVATIONS</b></p> <p>lower price (Kelley et al 1990)</p> <p>greater convenience</p> <p>faster service (Kelley et al 1990)</p> <p>financial rewards (Etgar 2006)</p> <p>customization (Etgar 2006)</p> <p>additional opportunities to make choices (Auh et al 2008)</p>	<p>increased competitiveness (Cova and Dalli 2009)</p> <p>competitive effectiveness (Bendapudi and Leone 2003)</p> <p>increased productivity (Mills 1983)</p> <p>greater productivity (Ramasvamy and Gouillart 2010)</p> <p>creativity (Ramasvamy and Gouillart 2010)</p> <p>lower costs (Ramasvamy and Gouillart 2010)</p> <p>acquiring new market research techniques</p>
<p><b>PSYCHOLOGICAL MOTIVATIONS</b></p> <p>loving the activity it-self or special emotional link (Cavallone and Cassia 2012)</p> <p>a sense of autonomy (Etgar 2008)</p> <p>co-production increases choices</p> <p>need for self-expression and uniqueness (Etgar 2008)</p> <p>enjoyment (Yim, Chan and Lam 2012, Cova and Dalli 2009)</p> <p>satisfaction (Cova and Dalli 2009)</p>	<p>Fresh perspective and better products (Cavallone and Cassia 2012)</p> <p>Customization (Auh et al 2007, Etgar 2008)</p>
<p><b>SOCIAL MOTIVATIONS</b></p> <p>communication and dialogue with other partners (Seraj 2012)</p> <p>being a part of community</p> <p>social interaction (Cova and Dalli 2009)</p> <p>social recognition (Cova and Dalli 2009)</p>	

Marketing scholars who want to explain co-production and customer participation describe this activity as an opportunity to create efficiency and more value (Prahalad and Ramasvamy 2000, 2004) and concentrate mainly on differentiation and efficiencies (Ramasvamy 2009, Bendapudi and Leone 2003) collaboration and communications (Gustaffson, Kristensson and Vittel 2012) and continuous dialogue (Prahalad and Ramasvamy 2004), the personalization of customer experience and end user experiences (Etgar 2008).

Co-production is also largely accepted by business world in the last decade as an

opportunity to differentiate companies from market and to create more productivity. Marketing scholars support also this idea with co-creation opportunities concept. Payne, Storbacka and Frow (2008) describe co-creation opportunities as strategic options for creating more value with customers and they also define three types of opportunities for companies: opportunities related to technological breakthroughs, opportunities provided by changes in industry logics, opportunities provided by changes in customer preferences and life styles.

The importance of engagement platforms (Ramasvamy and Gouillart 2010) should also be underlined in order to fully understand customer participation mechanisms. Engagement platforms can be defined different opportunities or platforms where customers meet and exchange their ideas. Live meetings, websites, physical stores, physical and digital products, mobile devices, call centers, private or public community spaces are given as examples by Ramasvamy and Gouillart 2010. Most common engagement platforms appears to be virtual communities lately and they will be defined and described in detail later.

I believe in these concepts proposed by marketing scholars above and I think that this activity redefines the relationship between the market and the customer.

## **2.2 Historical analysis**

Value co-creation, co-production and customer participation concepts are not new for the 21 century capitalism. According to Cova, Dalli and Zwick (2011) co-creation is a part of all forms of capitalist and non-capitalist economies because of close relationship between production and consumption. However these concepts became important with the rise of services marketing and service dominant logic (Vargo and Lusch 2004, 2006) and the change in the focus of economic exchange. Vargo and Lusch (2006) describe service dominant logic as a departure from the traditional goods-dominant logic that marketing inherited from economics one century ago. This

era has been described as a new marketing paradigm by Vargo and Lusch (2004).

The emergence of a new marketing era, the evolution of the customer role in the market and reactions of companies and marketers will be analyzed in this section. The analysis is based on time periods. Our analysis of the history of value creation, co-creation or co-production consists of four different critical stages revealing the transformation of customers and companies.

- 1900's-1970's
- 1970's until 1980
- 1980's until 1990
- 1990's until 2000 (the turn of the century)
- 2000's until today.

The analysis of the table below reveals clearly two important themes according to me. First of all it is possible to see a smooth transition towards a new logic. In addition we see a change in the customers' role definition. Marketing scholars began to evaluate customers as the supplier of time, labor and information and as a partner for value co-production. The consumer role is no longer limited to transactions and the expansion of traditional roles with dramatic changes in market conditions encourages co-production (Wikström 1996). The dominant position of the company is also challenged by marketing scholars (Wikström 1996, Prahalad and Ramasvamy 2000, 2004); both company and consumer become active players.

Table 7 History of co-production

	1900-1970	1970-1980	1980-1990	1990-2000	2000-
<b>main strategy</b>	traditional company company centric view  high hierarchy  customers perceived as passive audiences	company centric view  self service industry on rise	company centric view is still dominant but there is some change.	customer-centric approach	customer-centric approach
<b>customer role</b>	passive audience	participatory role partial employee	participatory role partial employee	participatory role partial employee	active customer creative customer partner
<b>main actors in market</b>	company	company	consumer and company	consumer company	company consumers stakeholders employees virtual communities
<b>main co-production activities</b>	none	self-service activities	self-service activities	Self-service activities, innovation, lead user experiences (Eric Von Hippel 1986)	co-creation co-production
<b>target</b>	profit	cost management productivity	cost management productivity customer satisfaction	cost management productivity	competition creativity differentiation
<b>main theme</b>	mass marketing	Mass marketing	services marketing relationship marketing  mass marketing	relationship marketing one to one marketing	customer participation  crowd sourcing co-production co-creation

1970: First of all services marketing literature has recognized the role of customer as co-producer since 1970's (Lovelock and Young 1979, Mills 1982 etc.) because of productivity and efficiency issues. Customers are considered as partial employees who can participate in services operations. The analysis of this era of co-production and customer participation between 1970's and 1990's reveals a strong focus on company, productivity and efficiency. Customer participation for goods began later in 1980's for some industries (Wikström 1996).

1970's is an important time period for a new marketing approach based on relationships and interactions between buyers and sellers (Grönroos 2007). With this alternative view customer became a relationship partner and exchanges of goods and transactions became less important in marketing thought. The emergence of services marketing as a sub discipline in 1980's (Vargo, Lusch and Morgan 2006) can be accepted as an important step for the emergence of service logic.

1980's

In 1980's we see a fragmentation of marketing thought (Vargo and Lusch 2004) several research streams in marketing began to emerge: market orientation, relationship marketing, quality management, services marketing etc. You can see details in the table above.

In the late 1970s and early 1980s, academicians were very much interested in low-cost, rapid self-service stores and self-service applications. Involving customers and industrialization of services were seen as a way of improving profitability (Lewitt 1976). The structuring of service operations and the role of client were analyzed in detail compared the goods sector (Mills and Moberg 1982).

It is possible to see, however, a slow shift starting in the mid-1980s: the participation of the customers begins to gain more importance and customer participation is perceived as an important factor to increase quality. Mills and Morris (1986) see the customers as partial employees.

The concept of "customers as partial employees" brings the notion of managing these customers and some scholars worked on the results and applications of this kind of management (Schneider and Bowen 1984, Kelley et 1990). The role of customer in service encounters and the impact of employees are investigated in detail.

1990's

A transition towards value co-production in business and marketing activities began also in this time period. Recent marketing literature began to emphasize more some concepts such as value creation, co-creation (Normann and Ramirez 1993 a, 1993 b) because of the environmental changes and new market conditions. A new concept of value creation, a value co-production is proposed by Ramirez (1999) and interactive nature of this process is emphasized. Customers in this alternative view of co-production create value. This new thinking about value co-production

raised also new issues and marketing scholars began to question traditional concepts of industrial era such as organizational structures, assembly lines and managerial arrangements (Ramirez 1999). New concepts, new rules, new economic actors began to emerge. From 1990 onwards, new themes are emerging: customer participation became important in terms of customer satisfaction and creativity. John Czepiel (1990) suggests that customer's participation may lead to greater customer's satisfaction.

From 1990 until the turn of the century scholars were mostly concerned about the role of the consumer and employees. Consumer participation and the co-creation became popular among scholars and companies in 2000's with new academic works and consultants' orientation:

Ramirez (1999) in his work analyzing historical roots of value creation concepts challenges the industrial value creation concept that defines "customer" as value destroying. Instead he proposes a value co-production framework where value creation is synchronic, interactive, co-invented and combined. In Ramirez' value co-production framework the customer does have a distinct role as a co-creator of value. Every economic actor and stakeholders are included in this value co production process. Engagement, dialogue and interaction are important concepts of his value co-production framework including several actors and stakeholders.

2000's

At the beginning of the new century a paradigm shift is forcefully emphasized by marketing scholars (Prahalad and Ramasvamy 2000, 2004, Vargo and Lusch 2004, 2006, 2008). Finally, Vargo and Lusch in their work dated 2004; try to describe a new marketing paradigm, a shift from goods dominant logic to service dominant logic. They define this new paradigm as a continuum in the marketing thought which began in 1980's and including several research streams such as services marketing, relationship marketing, market orientation, quality management, value and supply chain management, resource management, network analysis. According to their service dominant

logic we have entered a services economy (Vargo and Lusch 2008) which means a new era.

According to Vargo, Lusch and Morgan this new paradigm is also characterized by the divergence from good-dominate logic (2006) and the adoption of service marketing perspectives. Dominant characteristics of this new paradigm and the service marketing perspective can be summarized as follows (Vargo, Lusch and Morgan 2006):

- Processes and relationships
- Intangible resources like human knowledge and skills and competencies as critical resources
- Interaction of the parties is critical value creation,
- Customers are considered as creative resources to be collaborated with.

### **2.3 Four Theoretical Approaches**

After analyzing historical roots of these concepts we see a transition from traditional marketing towards a new type of marketing adopting a service perspective and focusing on relationships, interaction, processes. This transition also led by fundamental changes in the role of customer, the role of enterprise and the market.

Marketing literature provide sufficient information about the role of co-creation and customer participation and their place in the new marketing paradigm. However several research streams exist with different theoretical background, concerning consumers' active role in the markets: consumption experience, co-production in the service encounter, consumer resistance, service dominant logic of marketing, collaborative innovation, consumer empowerment, consumer agency, consumer tribes (Cova and Dallı 2009).

These four approaches (services marketing approach, managerial approach, innovation approach and critical approach) have different understandings of consumer role and customer participation



they share some common points. In addition detailed literature review revealed that a chronological order exists. As indicated in historical analysis, first customer participation begins with services marketing and it continues with innovative approach and managerial approach. Critical approach emerged also in 2000's.

Table 8 Basic common aspects of these four approaches

The evolution of consumer and his or her role in market
A transition to a new era (more customer focused)
The definition of this period as a new stage focused on cooperation, interaction and relationships
Strong impact of technological advances and internet on customer participation
A new Company-consumer interaction, redefinition of relationships

The table below illustrates the detailed analysis of these four theoretical perspectives concerning co-production and customer participation. The analysis has been made in terms of customer role, company's role and the marketing approach.

Table 9 Analysis based on similarities and differences of these four approaches of co-production

	Managerial approach	Critical approach	Innovative approach	Service Marketing
<b>Role of customer</b>	An active, informed, connected customer is at the center. (Pralhad and Ramasvamy 2000, 2004)	Active and constructive consumer (Cova and Dallı 2009)	Customer-innovator (Eric Von Hippel 2006)	Active customer because of inherent characteristics of services (Kelley, Donnelly and Skinner 1990)
	The consumer must determine value and participate in creating it through co-production (Pralhad and Ramasvamy 2004)	The active role consumers play in the market is encouraged by marketers in order to draw consumers into the production (Zwick et al 2010)	Active role of consumers (Eric Von Hippel 2006) and virtual communities and crowds (Boudreau and Lakhani 2009, 2013)	An active role defined by the service provider or the company
<b>Role of company or service provider</b>	A focus on deep interactions between consumer and company (Vargo and Lusch 2004, Prahalad and Ramasvamy 2004, Payne et al 2008)	Exploitation of customer concept proposed by Cova and Dallı 2009	Innovation partner (Boudreau and Lakhani 2013) Consumers can be innovators, developers and marketers	Customer's role is mostly based on relationships and interactions (Gimroos 2007)
	The company can only make value propositions (Vargo and Lusch 2004)	Working consumer concept by Cova and Dallı 2009	Company consumer collaboration is much more apparent in this approach (Eric Von Hippel 2006)	Partial employee or participatory role (Lovelock and Young 1979)
	A special emphasis on interactions (Payne et al 2008, Vargo and Lusch 2004, Prahalad and Ramasvamy 2004 and virtual communities (Pralhad and Ramasvamy 2004)	Companies use different techniques that foster contingency, experimentation and playfulness among consumers (Zwick, Bonsu and Darmody 2010)	A flexible and cooperative approach in order to engage consumers to innovation (Eric Von Hippel 2006)	The service provider is also the party that defines the role of consumer (Mills 1983, Lovelock and Young 1979)
<b>The market</b>	The company does have an active and complementary role in this process (Wikström)	Foucault's governmentality concept (Zwick et al 2010, Cova and Dallı 2009) used by marketers in order to control consumers is criticized.	A flexible and cooperative approach in order to engage consumers to innovation (Eric Von Hippel 2006)	Different techniques to implement by managers in order to institute cultural changes and to draw consumers into production process: increasing customer ability and task clarity (Auh et al 2008)
	Marketing is a continuous series of social and economic processes (Vargo and Lusch 2004, 2006)	A co-creation economy or a new capitalist style is discussed by Zwick et al (2010), Ritzer and Jurgensson (2010)	Change and adaptation to this radical shift is critical for the market and manufacturers.	Traditional services marketing strategies mostly based on customer participation (Lovelock and Young 1979)
	Redefinition of marketing role (Vargo and Lusch 2004, Payne et al 2008)			-Role clarity, capabilities and motivation (Bettencourt et al 2002) -Communication (Auh et al 2008)

### **2.3.1 The co-creation as the result of services marketing and service logic**

The first approach is much related to historical roots of co-production and customer participation in Services Marketing because of its inherent characteristics. Customer participation and co-production are an important part of service marketing business because customers are often part of the production and delivery process, they are required to contribute information or effort before the service (Kelley, Donnelly and Skinner 1990).

This approach embraces mostly direct contribution of customer and aims at productivity and efficiency in the first place. In other words economic implications of customer participation are more apparent. Bendapudi and Leone (2003) describe this participation as a win-win situation since it frees up labor and costs for both parties. Auh et al (2008) claim cost management and customization as critical benefits of co-production. Customer's contribution is the basis for services marketing and this approach since this contribution may provide a better service or customized product. However, companies and service providers do have an important and active role in the management of this activity. Marketing scholars have also provided different mechanisms mostly based on consumer-company relationships and management of these interactions in order to increase cooperation, collaboration and efficiency (Bettencourt et al 2003, Lovelock and Young 1979 Mills etc.).

We want to analyze critical topics of services marketing before describing this approach and historical roots of co-creation.

#### **Services Marketing**

We need to understand the place of customer and the importance of customer participation in services marketing in order to see development of this activity. A closer look to early services marketing literature and to the place of customer in this approach reveals two important issues:

First, interactions are of critical importance for services. Successful interactions and

continuous exchanges are important for a successful marketing (Grönroos 2007). Grönroos (2007) also suggests that the management of interactions between service provider and customer is a necessity for the implementation of successful marketing and for the development of realistic marketing models.

Services marketing literature suggest that the presence and the cooperation of customer are critical for the success of services (Kelley, Donnelly and Skinner 1990, Grönroos 1983). Services marketer encourage this cooperation for the following reasons:

1. increasing productivity and efficiency (Lovelock and Young 1979, Mills 1982)
2. loyalty
3. customization and cost-cutting (Auh et 2008), success of services
4. Intellectual contribution of customer for more innovation and creativity.

Second, early services marketing had mostly company and productivity based strategies and involved management of customers as partial employees in order to increase efficiency (Lovelock and Young 1979, Mills, Chase and Marguiles 1983, Mills and Morris 1986)

Secondly their strategies of customer participation generally involve physical or easy participation types.

Services marketing literature has recognized the participatory role of customers in service industry and called customers as “participants” (Lovelock and Young 1979) or “partial employees” (Kelley et al 1990) in order to underline their position in this business and try to formulate mechanisms for managing these customers. The early literature focuses on the impact of co-production on cost-reduction (Mills 1983, Lovelock and Young 1979) and productivity. The concept of “customers as partial employees” which emerged in marketing in 1980’s revealed also the necessity of management of these customers for better efficiency. Marketing scholars worked

on the results and applications of this kind of management (Schneider and Bowen 1984, Kelley et 1990). The role of customer in service encounters and the impact of employees are investigated in detail.

Besides productivity and efficiency customer participation in service activity is important in terms of better service outputs and customization (Auh et al 2007).

In the late 1970s and early 1980s, academicians were very much interested in low-cost, rapid self-service stores. Involving customers and industrialization of services were seen as a way of improving profitability (Lewitt 1976). The structuring of service operations and the role of client were analyzed in detail compared the goods sector (Mills and Moberg 1982).

We observe, however, a slow shift starting in the mid-1980s: the participation of the customers begins to gain more importance and customer participation is perceived as an important factor to increase quality and customer satisfaction (Czepiel 1990, Goodwin 1988).

Long term strategies in services marketing for customer loyalty resulted from this slow shift. We have to admit also that there is an evolution of customer participation or co-production in services marketing.

Companies and customers do have separate roles in this approach and generally this is the company that decides on the co-production rules.

### **2.3.1.1 *Characteristics of services***

How are services different from goods?

1. First, customers are often part of the production and service delivery process (Kelley, Donnelly and Skinner 1990). Besides simultaneity of production and consumption Kelley et

- al. (1990) underline the effort or information provided by the customer before the service activity. This particular aspect of services increases the importance of relationship between the service provider and the customer.
2. Intangibility of services (Berry 1980, Bateson 1977), (Grönroos 2007) this aspect of services according to Bateson is the critical aspect of goods-services distinction.
  3. Inseparability of production and consumption which means simultaneous production and consumption for most of the services. Bateson (1977) underline the involvement of other consumers in production related to this aspect. Kelley et al. (1990) describe the effort of consumers for the success of the services
  4. The processual nature of services (Grönroos 2007, Bateson 1985).
  5. Zeithaml et al. (1985) cite heterogeneity as the fourth problem and mention about high variability among services industries. This high variability pushed marketing scholars to classify services according to certain characteristics and industry dynamics. Services are very different from goods in many aspects and one another difficulty is defining and evaluating service quality according to Parasuraman et al (1985).

We believe that financial services share these problems with other business industries and they do have their own dynamics also.

6. One important difference is the role of customer during the services processes. Grönroos defines this role (2007, 2011) and the participation of customer as a co-producer in the service production.

Lovelock and Young also (1979) emphasize labor intensive and time-bound aspects of the services. Most of these difficulties do still exist despite technological advances and emergence of new channels due to these technological advances in financial industries. Marketing scholars have provided several analysis and measures in order to overcome these problems. Kelley, Donnelly and Skinner (1990) proposed developing mechanisms for managing customers in service delivery

process. Berry and Gresham (1986) proposes relationship retailing based on personal interaction, service and selling. Lovelock and Young (1979) suggest involving customers more in production process and changing procedures at point of delivery in order to overcome low productivity and efficiency.

A detailed analysis of suggestions proposed by marketing scholars reveals that most of these measures focus on the relationship between service provider and the customer.

As underlined by marketing literature, this approach recognizes the participatory role of customer in services as the basis of service activity. This role, mainly defined and described by the service provider or by the company is critically important for an effective marketing strategy and satisfactory service. The customer is active in this service perspective but his or her involvement is critical for the whole business.

We believe that this role of customer which results from the inherent characteristics of services provides also a framework for an efficient co-creation or co-production activity. Grönroos (2007) suggests that the customer is not passive receiver of the service, he or she should be a part of it, and that is because the management of interaction between the service provider and the customer is the basis of an effective marketing model.

The management of the interaction is also critical in this approach. Similar to managerial perspective this approach developed also managerial methods and technics for a better service activity. Bettencourt (2002) describe the importance of role clarity, motivation and ability for a better client performance. Auh et al also 2008 underline customer ability and communication for improving task clarity. Management of advisor or service provider client interaction is much more complicated for a better co-production because of services characteristics. Marketing scholars suggest mostly creative technics such as improving communication styles (Auh et al 2008), increasing role clarity and motivation (Bettencourt et al 2002); instituting a cultural change (Auh et al 2008) to encourage co-production in service industry.

### **2.3.2 The managerial approach**

#### **A Holistic perspective**

This approach can be summarized by its strong focus on customer's role, abilities, interactions (Prahalad and Ramasvamy 2000, 2004) intangibles, capabilities and resources (Vargo and Lusch 2004, 2006, Lusch and Vargo 2006). This approach emphasizes the role of the customer and transformation of markets and marketing at the first place.

We think that this holistic perspective is mostly managerial. We call it managerial because of its strong emphasis on management or marketing activities. Co-production is represented as an effective strategy for increasing productivity, efficiency by this perspective (Prahalad and Ramasvamy 2000, 2004, Hoyer et al 2010). Payne, Storbacka and Frow (2008) explains co-creation opportunities (technological breakthroughs, changes in industry logics and changes in customer preferences) as the strategic options for creating value with customers. Ramasvamy and Guillardart (2010) underline strategic opportunities of co-creation and propose to engage all stakeholders in order to design new processes and experiences.

In addition, this approach makes a clear distinction between traditional system and the new one defining particularities of "new marketing" and "new company". As Vargo and Lusch (2004, 2008, 2008) and Prahalad and Ramasvamy (2000, 2004) pointed out marketing and business should be customer oriented and relational. Companies should adapt to this new era in order to be more efficient and productive.

It must be emphasized that the service logic proposed by Vargo and Lusch (2004, 2006, 2006, and 2008) and co-creation paradigm represented by Prahalad and Ramasvamy (2000, 2004) are two important pillars of this approach.



Vargo and Lusch (2006) describe service dominant logic as a departure from traditional, foundational goods-dominant logic of exchange that marketing inherited from industrial era. Another drive for this departure from traditional conditions is the change in exchange tools and resources: a shift from tangibles to intangibles, a shift from operant resources to operand resources. According to Vargo and Lusch (2004, 2006) the focus has shifted from tangibles toward intangibles and operant resources, specialized skills, information, knowledge, interactivity, connectivity and ongoing relationships and processes became most important themes of this new era. They also define services as the primary unit of exchange and goods as distribution mechanism for services. According to them, the service dominant logic has the potential to replace the goods centered paradigm.

According to this view, the active, informed and connected customer (Prahalad and Ramasvamy 2004) is at the center of this co-creation process. He or she is a co-producer of services (Vargo and Lusch 2004, a co-creator of value 2008). Contrary to traditional marketing rules and priorities this new system does not place the **customer** at the end of value chain system (Prahalad and Ramasvamy 2000); instead he or she has the power of influencing the entire value creating system. In addition to customer's active role Prahalad and Ramasvamy (2004) describe the five powers of the connected consumer as: information access, global view, networking, experimentation and activism. This managerial and holistic approach also considers collaboration with customers and other stakeholders as an efficient way of value creation. According to Etgar (2008) co-production is an explicit consumer strategy; this is the customer who decides to co-produce with the firm. As stated before, this approach gives an important role to the customer. The customer is always the co-creator of value Vargo and Lusch (2004,2006,2008) Payne, Storbacka and Frow (2008). Consequently, this managerial perspective emphasizes customer's value-creation processes despite several conflicts about this theme. Payne, Storbacka and Frow suggest (2008) that better understanding of customer processes may lead to better products and

services. Chan et al. (2010) underlines the necessity of an effective strategy for an effective contribution.

Building blocks of co-creation are defined as dialogue, access, risk assessment and transparency by Prahalad and Ramasvamy (2000, 2004) and a special emphasis is put on consumer-company interactions. Customers are considered as active and creative resources. They also redefine the company's and the market's role in this new era. Consequently a new, customer-centric approach is required (Prahalad and Ramasvamy 2000, 2004, Vargo and Lusch 2008) for a better market performance.

This approach also emphasizes technological advancements in communication, centrality of interactions (Varey and Ballantyne 2006) and the interactive nature of internet (Prahalad and Ramasvamy 2004). The managerial perspective clearly compares traditional approach with the new one where new marketing rules operate and intangible resources and processes are much more important (Vargo and Lusch 2004). Prahalad and Ramasvamy (2000, 2004). In addition, customer experiences and continuous dialogue between company and customers are at the heart of this change (Prahalad and Gouillart 2010). This new interaction style is described as active and mostly initiated by consumers. This approach also recognizes the power of forums, physical or virtual communities for managing customer experience. Additionally, these online platforms and customer dialogue are presented as a source of innovation and an efficient way of acquiring customer input (Ramasvamy and Gouillart 2010). The interaction between customer and the company is significantly different from the one that is in a traditional marketing approach where the company plays a dominant role. Instead these interactions are defined as the locus for the co-creation of value by Prahalad and Ramasvamy (2000, 2004, Payne, Storbacka and Frow 2008).

A clear comparison between current and traditional roles seems to provide the basis for this approach. Service dominant approach challenges the traditional economic view of value and rejects the old classification of goods and services (2004).

According to this approach, the marketing is a continuous series of social and economic processes (Vargo and Lusch 2004) with a focus on operant resources. Marketing is defined as structurer of relationships, encounters and dialog and knowledge is defined as the source of competitive advantage by Payne, Storbacka and Frow (2008). Marketing is also a learning process for marketers and main reason is the development of operant resources and better services. In addition S-D logic views knowledge as the fundamental source of competitive advantage (Lusch and Vargo 2006) and propose a customer centric, relational and market driven view of marketing. Vargo and Lusch suggest eight premises trying to describe the new and active role of customers, the new place of goods and knowledge in the marketplace and the role of enterprise.

Marketing scholars also focused on antecedent conditions important for co-production activity. Etgar (2008) identifies three important antecedent conditions leading to co-production: Macroenvironmental conditions, Cultural preconditions, Technological changes.

On the other hand, Service Dominant Logic is severely criticized by some scholars . One criticism is about the new roles of marketing they attributed. Day suggest different roles for marketing such as navigation, articulation and orchestration. Another important criticism is about the FP 6 “The customer is always a co-producer” (2004) and this phrase is reformulated by Vargo and Lusch in 2008 and became: “The customer is always a co-creator of value”. According to Grönroos this statement is too simplistic to allow for theoretical development or practical decision making (2011).

Grönroos’ criticisms focus mainly on metaphorical use of co-creation used by marketing literature. He believes that value creation and value co-creation are not all encompassing processes; instead they have to be defined and analyzed separately for customers and service providers. Grönroos’ model (mostly based on servuction by Langeard and Eiglier (1987) and interactive model by Grönroos (2011) proposes three important factors for assessing and categorizing value creation

and value co-creation:

Grönroos' work on value creation, and value co-creation begins with clear definition of value creation and clear distinction of three different spheres which makes easier to understand who creates value and how. According to Grönroos (2013) the determination of value and value creation are controlled by the customer. He emphasizes the value in use as a function of the customer experiences and logic.

Grönroos (2011) suggests that value is created as value-in-use by the user and for the user. He also formulates the role of the firm as "value facilitator".

Grönroos emphasizes "interaction" that is also a very important construct for services marketing (Grönroos 1987, 2007), servuction model, (Langeard and Eiglier 1987), Vargo and Lusch (2004 a, b) Prahalad and Ramasvamy (2000, 2004) .

The interaction construct and direct contact between customer and service provider are described Grönroos and Grönroos et al. (2011, Grönroos and Paivi 2013) as a basis for value co-creation.

Grönroos states in his work dated 2011:

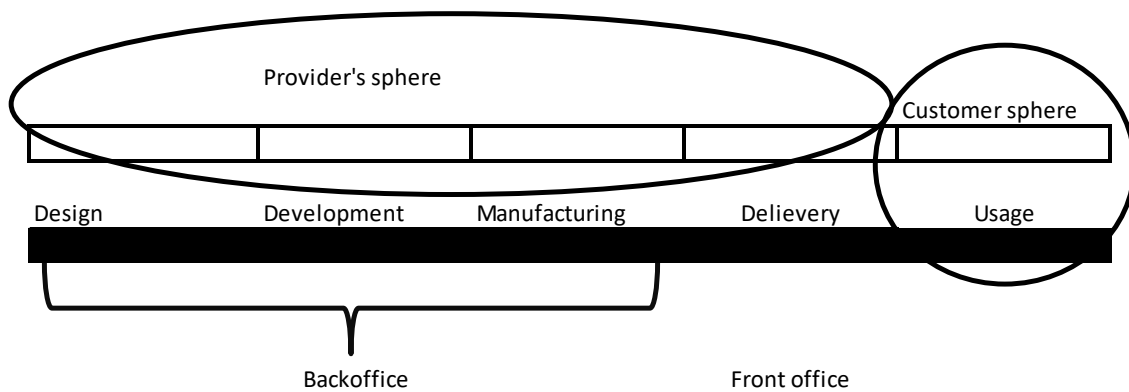
*"Without a thorough understanding of the interaction concept, the locus as well as nature and content of value co-creation cannot be identified."*

In other words the co-creation of value is only possible through direct interactions with its customers. Grönroos emphasizes one, merged, and coordinated interactive process as the key for value creation (2011). He also suggests that during direct interactions the firm co-creates value with the consumer. Customers are natural value creators but the opportunity to engage with customer's usage processes make possible for firms to become a part of customer's value creation. As stated above, a special emphasis has been put on direct interactions as the opportunity of co-creating value with the customer.

## Separate roles and separate spheres of customers and service providers

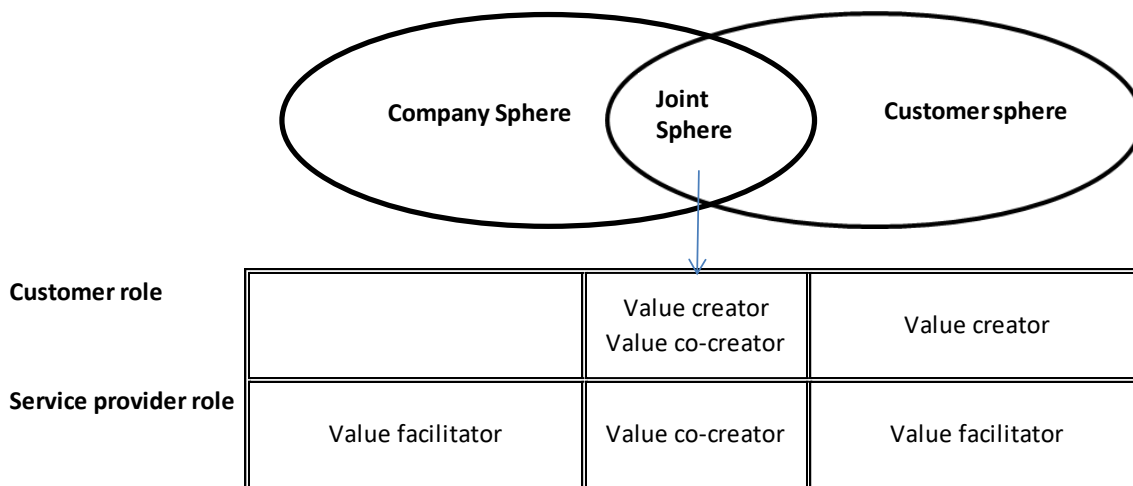
There is a clear distinction in Grönroos' work about the customer's sphere and the service provider's sphere. Accordingly design, development and manufacturing of resources and back office processes are not part of value creation (Grönroos 2011). They are a part of service provider's role. In addition Grönroos and Paivi (2013) underline the necessity of an open service provider's processes to customer and joint activities for co-creation. These two figures below explain different spheres where the value creation occurs. The second figure describe value co-creation in the joint sphere where the customer and the firm directly interacts.

Figure 2 Provider's and customer's sphere



Source: Grönroos and Paivi 2013

Figure 3 Company sphere, joint sphere and customer sphere



Source: Grönroos and Paivi 2013

An open system for both customer and the company based on dialogue and direct interaction is proposed by Grönroos and Paivi (2013). Co-creation can only take place in joint sphere where direct interaction occurs. In addition, quality of interaction is important for a better co-creation.

Payne, Storbacka and Frow (2008) also focus on separate processes for customer, firm and encounter processes underlining the importance of recognizing customer processes for a better strategy, communication, dialogue and innovative co-development of new offerings.

### 2.3.3 Co-production based innovation

This approach mainly based on consumer innovation and collaboration between consumer and company seem to begin with the rise of collaborative communities working on software problems in 1980's (Eric Von Hippel 1988). A detailed analysis of marketing literature provides us with three important aspects encouraging co-production based innovation.

- Customers' motivation to innovate
- Different cooperation styles between companies and consumers,
- Proliferation of virtual communities.

Besides these characteristics, the co-production based innovation is mostly dominated by two concepts. The first one, "user-centered innovation" concept created by Eric Von Hippel (1988, 2006) emphasizing the democratization of innovation and advantages of it. The second one, "open innovation" concept developed by Chesbrough (2003) is described mostly as a business strategy enabling firms to exploit outside talents and knowledge.

Essentially, dynamics of this approach are different from the managerial and service based co-production. We call this last version "co-production based innovation" because the innovation is mostly based on the cooperation between communities and companies or institutions. The co-production based innovation is a growing industry including several companies, universities, institutions. This is mainly based on the collaboration between parties in order to provide a better solution for a technical or scientific problem or to elaborate a better strategy. This approach stresses the adoption of a more open and democratic attitude towards innovation. Therefore communities play an important role in this last approach, they innovate new tools, and they contribute to the solution of scientific or technical problems. Some scholars call crowds as the "partner" for corporate or scientific innovation and we agree on it. Several types of cooperation styles exist in this part and main differences are related to interaction, organization and motivation styles of these communities.

First of all the co-production based innovation has been existed since several years, however it has become quite popular with the rise of virtual communities and sophisticated online platforms. This method, which can be described as using crowds' abilities and skills for problems or innovation, is preferred by most companies, universities or group of individuals. This approach

including several areas (genomics, engineering, operations research, predictive analytics, enterprise software development, video games, mobile or tablet apps, marketing... Boudreau and Lakhani 2013) has been described as more effective by most scholars (Chesbrough 2003, Boudreau and Lakhani 2009, 2013) and by some managers.

Second, different from co-production styles mentioned before (in managerial approach or in services marketing) this cooperation seems to be oriented mostly to scientific or technical problems (the creation of physical products is also possible (Eric Von Hippel 2006). User innovators or crowds are real actors or partners. Crowdsourcing is also another word used to describe this cooperation. "Knowledge generation" and free sharing of findings (Boudreau and Lakhani 2013, Eric Von Hippel 2006) are two important concepts of this final approach. For example Apple contacted several users and developers for its applications and podcasts. Lilly or other companies post some of their research problems on [innocentive.com](http://innocentive.com) (an online research and development platform providing solutions for corporations, governments, nonprofits or partners) in order to seek solutions from individuals, scientists or technical people (Chesbrough 2003). University of Washington used also crowds in order to map the structure of a virus (Boudreau and Lakhani 2013). Some other communities like [www.openideo.com](http://www.openideo.com) are interested in global humanistic projects like climate change, water and sanitation challenge, renewable energy or education. Intel supported small scale research labs in order to encourage innovation. And some interesting idea brokerage platforms exist ([www.bigideagroup.net](http://www.bigideagroup.net)) in order to boost creativity and encourage knowledge sharing.

Third difference is the organization of crowds. Several types of communities of crowd exist and they are generally decentralized organizations based on voluntariness. This decentralization (Chesbrough and Teece 1996) may be an advantage for communities and companies in order to solve some specific problems. On the other hand Boudreau and Lakhani underline (2013) also the lack of cohesiveness of these communities in comparison with companies. And they also suggest



that communities are difficult to control because of this lack of cohesiveness.

Fourth, communities, user innovators or crowds are advantageous in terms of innovation and knowledge creation because of their scale and diversity. They include several people with different skills, abilities and background and there may be some extraordinary solutions exceeding those of traditional organizations because of this variety and scale of communities.

Finally different from companies or traditional organizations these communities may offer different incentives namely intrinsic and extrinsic motivators. These motivators may be more effective for some individuals.

All these four approaches emphasize collaborative activity between companies and consumers however this collaboration seems to be much more apparent and well-organized in innovation based co-creation because of inherent characteristics of this approach. Companies prefer to transfer some of their own duties to customers because of several reasons. First, they may benefit from customer creativity and knowledge. In addition, it seems to be easier to satisfy customers at lower costs if you know exactly what they want. On the other hand innovation is not anymore an easy process to manage for companies and co-production is an efficient way of overcoming these difficulties.

When we analyze main characteristics of this approach we think that this approach puts the user-innovator at the center. He or she is more than a demanding or intelligent client, an innovator or a problem solver instead.

### **2.3.3.1 A brief history**

Innovation by users, user-centered innovation and its impact on markets are largely investigated by marketing scholars (Eric Von Hippel 1998, 2006, 2006, Chesbrough 2003, Boudreau and Lakhani 2009, 2013) in order to better understand the changing role of consumer. It is important to recall that user innovators and all types of innovating communities are of serious concern for new market conditions also. Eric Von Hippel (2006) talks about increasing capacity of

consumers to innovate for them-selves. “User-dominated innovation” concept is also dominated by Eric Von Hippel and he underlines the innovation capacity of consumers.

Currently, in new business environment, consumers are perceived as a source of innovation or creativity because of several reasons. According to recent empirical studies consumers are first developers of many new industrial and consumer products (Eric Von Hippel 2006, 2006, 2007) and they continue to innovate for them-selves and for others. In addition their innovation capacity may be increasing owing to technological advances and communication technologies. User centered innovation is beginning to change the market conditions and companies are trying to develop new approaches in order to cooperate with them. Eric Von Hippel calls (2006) the totality of these changes “a paradigm shift”.

Boudreau and Lakhani (2013), emphasize another characteristic of external innovators. External innovators, called crowd in general, answer critical innovation and research questions and they are becoming more and more a partner of choice. More and more companies and universities try to reach these crowds for different reasons such as medical or scientific innovations, critical problem solving, product development or modifications. Their benefits are very similar with user innovation networks: benefits of scale, diversity, idea generation, creativity and so on.

Despite its difficulties related to management and access, crowdsourcing is generally seen as a great opportunity by most of the companies because of its benefits. External innovators can provide radical solutions to very difficult problems.

Chesbrough (2003) makes a distinction between the old paradigm which is closed innovation and the new one “the open innovation”. Open innovation according to Chesbrough (2003, 2007) (Chesbrough and Garman 2009) is a way of harnessing collaborative creativity. The open innovation as explained by Chesbrough can be made through virtual companies (1996) or individuals. This decentralized innovation suggested by Chesbrough (1996) has been existed since decades and gave the advantage and flexibility to companies. Decreasing costs and managing

development are other advantages of this type of innovation style mostly based on cooperation between companies. However this part is dedicated to different form of partnership for collaborations and innovation: individuals, external innovators, communities, and crowd.

This radical shift of innovation from manufacturers to users or to communities is called a “paradigm shift” by Eric Von Hippel (2001, 2006). Manufacturers and several companies are trying to capture this opportunity by outsourcing some innovation activities to users. This radical shift of innovation offers great advantages according to Eric Von Hippel (2001, 2006). The innovation is becoming easier, accessible and appears to increase social welfare. The innovation capacity of users or individual customers, their motivation and their contribution to science, innovation, production or new product development are central for innovation based co-production. Contrary to traditional belief, a number of studies (Eric von Hippel 2001, 2006, 2007) demonstrated that users are the first developers of most new industrial and consumer products. In addition involving users as co-creators during new product development process produces more creative and highly valuable ideas (Kristensson et al. 2004).

This new approach emphasizes a new order in which users play a central role for innovation and they cooperate with manufacturer for better contribution. In addition this new position of consumers is expanding rapidly owing to technological advances and communication facilities. As indicated in Eric Von Hippel (2006) users freely reveal what they have developed and this free sharing activity may facilitate knowledge generation. However we have to admit that this new role forces companies to adapt and to change. Despite the advantages of crowdsourcing some managers are still cautious about transferring problems to a vast group of individuals. In addition some companies resist crowds.

Today, manufacturers mostly share their opportunities with consumers in order to benefit from their creativity and motivation. Chesbrough (2003) underlines the importance of open innovation for companies which means “accessing and exploiting outside knowledge while

liberating company's own internal expertise".

Manufacturers have been considered as the only source of innovation for years because of their production, distribution and selling opportunities and financial motivations. In addition consumers are perceived mostly as passive receptors in terms of their capacity of innovation. However empirical studies have demonstrated that users produce, develop or modify physical or industrial goods (Eric Von Hippel 1976, 2007). Today we are in a market where user innovators communicate and share their innovations with other innovators and cooperate with manufacturers.

### **2.3.3.2 *The external factors of users innovations***

Users have been innovating for them-selves and for manufacturers for a variety of reasons since several years. However we want to underline a new marketing or managerial phenomena: the reasons of user-innovator and manufacturer cooperation. In today's business world it is possible to talk about a market change and the most important thing seem to be manufacturer-consumer cooperation initiated by consumers or by companies for a variety of reasons: new and more original products, less costly new product development process, better consumer information etc. The reasons of this cooperation and the popularity of user innovation may be grouped under five categories:

1. Difficulties to understand complex human needs through traditional market research methods

We may begin this part with the difficulty of understanding complex, varied and heterogeneous human needs which is critically important for companies especially for marketers because understanding and responding to customer needs are essential for successful product development. According to Eric Von Hippel market research departments and R&D may not be sufficient for understanding complex human needs because this task may be very costly and time consuming. Eric Von Hippel underlines the importance of this knowledge transfer from the

consumer to the manufacturer for a successful product development saying that this transfer is not easy even if the consumer knows exactly what he or she wants.

Because of these difficulties, he talks about the transfer of “need-related works” (2001) to consumers and proposes a company transformation for innovation (2006): cooperating with users in order to produce, develop new products and to respond consumer needs. User tool kits developed by some companies in order to transfer the design part of products to customers may be a very good example of this new approach (Eric Von Hippel 2001). We believe that this transformation is beyond companies or industries; we have to discuss a business transformation.

Currently user innovation is expanding owing to technological advances and users are organized in several forms in order to communicate and innovate. Eric Von Hippel calls this transformation a paradigm shift (Eric Von Hippel 2006, 2006).

## 2. Specific advantages of user innovation

We have cited that understanding complex human needs may be difficult and time consuming and cooperating with customers may have several advantageous. We perceive this cooperation with customers as a new business model which can increase efficiency and productivity. Empirical studies demonstrated that integrating customers into new product development process may produce original new service ideas (Kristensson, Gustaffson and Archer 2004)

It may increase efficiency because companies may benefit from outsiders’ creativity and knowledge (Chesbrough 2003).

Companies may have the opportunity of better knowing customer side (we mean needs and wants here) while cooperating with them In addition cooperation with customers may be less time consuming and less costly (Eric Von Hippel 2006, 2006).

## 3. Technological advances

Technological advances seem to be main motor behind the expansion of user innovation

and customer participation activity. As stated before, user innovation has always existed but its expansion today is owing to technological advances in computer and communication technologies. Today's consumers are more connected than ever before, information flows cheaply (Chesbrough 2003). Technology has created a new type of consumer. Prahalad and Ramasvamy (2000, 2004) describe these new consumers as more connected and more demanding. Technology has also accelerated the transformation of companies.

#### 4. Cost of new product development

Kristensson, Gustaffson and Kraft (2004) emphasize the management of an effective new product development process for the advantage of companies. A new product development is a costly process for every industry. Eric Von Hippel states that (2001) new products and services must be accurately responsive to user need in order to succeed. Companies try to understand exactly what their consumers want in order to minimize the risk of producing unnecessary and idle things. Researchers and scientists suggest user involvement during the development process (Kristensson et al 2004). A totally new approach emerged in 1980's in high technology industries. Producers decided to outsource need-related innovation tasks to customers and equipped them with user toolkits (EricVon Hippel 2001). Transfer of need related activities to consumers seem to be less costly for companies and it may increase the likelihood of successful products.

#### 5. Market conditions

High competition environment forces industries to be more original and creative. An open innovation can help companies to access smart people or innovators and benefit from their creativity, knowledge and skills. In addition it is possible to talk about a user innovation economy and a clear division of labor for some industries (Eric Von Hippel 2006, Chesbrough 2003). Some industries are more advantageous in this process because it is easier to work with outsiders for

developing software, video games and other virtual tools. However user innovators or outside innovators produce also physical goods, medical products and so on.

Table 10 The external factors of user innovation

1	Difficulties of understanding complex consumer needs through traditional marketing research methods	the insufficiency to understand real needs of customer through traditional market research methods	Eric Von Hippel 2001, 2006, 2006)
		the cost of understanding consumer needs	
		time consuming activity	
2	User innovation is encouraged by several companies because of several reasons	Consumer creativity Increased efficiency Productivity Better consumer information Innovation capacity of users	Kristensson et al 2004 Pralhad and ramasvamy 2000, 2004 Pralhad and ramasvamy 2000, 2005 Eric Von Hippel 2001
3	Technological advances	User innovation has become less costly owing to technology. The opportunity of communicating with consumers and users owing to technological advances.	Chesbrough 2003, Eric Von Hippel 2006
4	Cost of new product development	New product development is costly and risky process for most industries	Matthing, Kristensson, and Gustaffson 2007 Kristensson 2004 Eric Von Hippel 2001
5	Market conditions	High competition, changing consumer needs because of technological advances	Matthing, Kristensson, and Gustaffson 2007

### 2.3.3.3 Who are these user innovators?

Thousands of external innovators have written complementary applications for iPhone (Boudreau and Lakhani 2009). There are plenty of community members trying to develop software for Linux, Google Android or other medical companies. These communities have become an important source of innovation or a partner for companies. As stated before by Von Hippel, (1976, 2001, and 2007) users are able to innovate physical or industrial goods. Before going into details we have to understand who these user innovators are? How do they work? How are they organized?

They can be individual innovators or work in the form of organized communities. The purpose and dynamics of these communities vary but they can become easily an economic actor and they may work in various conditions.

Companies, manufacturers or other institutions working with user innovators have various advantages resulting from this cooperation. User- innovators may increase efficiency in the work place with their creativity and knowledge especially for specific industries such as medical services, tele-communication, technology, soft-ware development. As we stated before user innovators can work alone or in a community. Eric Von Hippel underlines the complementary nature of their work or innovation. They can easily work with manufacturers or with other innovators in order to finish, develop or modify a product or software.

Before going into the details we think that it is worthwhile noting the motivation type of these communities. Two types of motivation are discussed by Boudreau and Lakhani (2009) in their article:

Table 11 Motivation types of individual users

Intrinsic motivators	Extrinsic motivators
Enjoyment of innovation	Money
Career opportunities	User need
Feeling of being a part of community	Opportunity to learn new skills
Reputation	Career concerns
Social environment	Reputation
Professional and personal identity	
Autonomy	
Intellectual challenge	



Adapted from Boudreau and Lakhani 2009

After a detailed literature investigation we have identified five different categories for the co-production based innovation concept or crowd powered innovation ( Boudreau and Lakhani 2009)

Lead users (1980-1990)

We want to start with lead users which are very important examples of user innovation concept.

Lead user theory is essentially developed and proposed by Eric Von Hippel (1986, 2006, and 1998)

in order to identify commercially attractive innovations developed by users. Empirical studies have also demonstrated that innovations developed by lead users are commercially attractive (Eric Von Hippel 2006).

As stated earlier user innovation has existed since several years and is not a novelty and empirical studies demonstrated (Eris Von Hippel 2006, 2007) that most of these innovations have been realized by lead users. The concept of “Lead user” defined by Eric Von Hippel (1986, 2007, 2001, and 2006) is as follows:

- Lead users expect attractive innovation-related benefits from a solution to their needs and they are motivated to innovate.
- Lead users experience needs that will become general in a market place earlier than the majority of target market.

User innovator networks or innovation communities (collaborative communities)

Eric Von Hippel calls them (2007) user/self-manufacturers.

One important characteristic of these communities is their direct and information communication and cooperation style (Eric Von Hippel 2006). They can become easily connected through a network, they can easily share information, or their innovations freely. They can innovate or modify existing products or design them. We have to underline “network” here this network

enables them to connect and to communicate with each other owing to technological advances.

As stated in Eric Von Hippel (2007) these user innovation networks are not a novelty. They have existed since several years. This evolution began in 1980's and was mostly popular among technology firms and software related products. These user innovation networks produced physical products too (Eric Von Hippel 2007). Generally they work in cooperation, they assist each other, answer questions etc. they also diffuse information and share their developments.

These communities are generally built and organized by volunteers with informal governance.

According to Boudreau and Lakhani Linux Foundation's Linux and other open-source software communities are best example of collaborative communities. External innovators have cooperative relationships among one another. They share technology and knowledge. Governance is informal however norm based interactions exist in collaborative communities (Boudreau and Lakhani 2009). Both extrinsic and intrinsic motivators play an important role for external innovators' activities.

Competitive markets

Mostly managed by extrinsic motivators (Boudreau and Lakhani 2009) governance is generally formal in these communities. Rules, competitive relationships and contractual conditions are important for competitive markets. Dynamics of competitive communities are very different from user- innovation networks, content network or collaborative communities. A business-based and contractual relationship exists between external innovators and companies or customers.

External innovators in competitive markets produce different products and services and companies choose among them. Boudreau and Lakhani give a classical Nintendo Co. Example in their article, a video-game company that opened a platform for external innovators to write computer games.

#### **2.3.3.4 Organization of outside innovators or crowdsourcing**

Boudreau and Lakhani (2013), emphasize another characteristic of external innovators: their

organizations.

They answer critical innovation and research questions, crowds are becoming more and more a partner of choice. More and more companies and universities try to reach these external innovators for different reasons such as medical or scientific innovations, critical problem solving, product development or modifications. Their benefits are very similar with user innovation networks: benefits of scale, diversity, idea generation, creativity and so on.

Despite its difficulties related to management and access, crowdsourcing is generally seen as a great opportunity by most of the companies because of its benefits. External innovators can provide radical solutions to very difficult problems. Communities or crowdsourcing is organized in one of four distinct forms. We will try to investigate each of these forms in terms of their function and their organization.

#### Crowd contests

The easiest way to engage a crowd is to organize a contest according to Boudreau and Lakhani (2013). The strongest part of crowd contests is their efficient solutions for problems that require experimentation and multiple solutions.

The most well-known online crowd contest platforms: InnoCentive, TopCoder, Kaggle

#### Collaborative communities

Despite its difficulties related to management the strength of community is its diversity and its cooperation (Eric Von Hippel 2006, Boudreau and Lakhani 2009, 2013).

#### Complementors

Complementors may provide solutions to a variety of problems. They are different from contests and collaborative communities in terms of their functionalities.

#### Labor Markets

Labor markets is a very sophisticated form of online markets, they match buyers and sellers of services.

Each of these organizational forms has its own specific benefits and disadvantages however managers and marketers try to find ways of managing them. Table 12 illustrates main functions, challenges and practices of these crowdsourcing activities.

Table 12 Four main approaches of open innovation and crowd sourcing

	<b>Purpose</b>	<b>Challenges</b>	<b>Best use</b>
<b>Contests</b>	Generating high-value solutions to complex or novel problems through large-scale experimentation	The problem must be generalized and stripped of company specific details	Highly challenging, technical, analytical and scientific problems, design problems, creative and aesthetic projects
<b>Collaborative communities</b>	Accumulating a large number of diverse contributions into a value-creating whole	No shared culture nor cohesiveness of a company, Difficult to manage and control, Intellectual property can not be protected.	Customer-support communities, Open-collaboration projects for information and software products, FAQs
<b>Complementors</b>	Encouraging innovative solutions to users' many different problems with your core product	Technologically daunting to provide access to the functions and internal procedures of the product while protecting your assets.	Apps, Open operational, product or marketing data initiatives Example: i-tunes
<b>Labor Markets</b>	Matching buyers and sellers of services and talents to discrete tasks	Identifying which problems to farm out and who in the organization will manage the labor pool may be difficult.	Well established categories of work

Source: Boudreau and Lakhani 2013

#### 2.3.4 Critical approach

The last approach “The critical approach” questions mainly the place of consumer in co-production. This is not an optimistic perspective in terms of customer’s new role, customer-company interaction and company’s responsibilities. We believe that this approach underlines mainly three things: the difficulties of co-production and the loss of control over consumers and the exploitation of consumer. There is also another point of view concerning consumer resistance

(Roux 2007). Consumer resistance issue will not be analyzed in detail in this thesis since this is not my subject.

This approach recognizes the universalization of basic customer participation forms across industries and geographies (Cova and Dalli 2012) or the transfer of McDonaldization logic of customer work from the sphere of production to the sphere of innovation (Zwick, Bonsu, Darmody 2010).

First of all Cova and Dalli (2009) criticize the new, “active”, “productive”, “subjective” and “irreducible” role of customer in the production of consumption experience. They suggest that there is a positive correlation between consumer’s involvement in the production process and his or her willingness to buy. In addition they also underline the necessity of strategic institutionalization of control over consumers for co-creation.

Zwick, Bonsu and Darmody (2010) underline a loss of control over the management of marketing’s core assets with the emergence of free customer and problems related to this issue (Ritzer and Jurgenson 2010). A new economic system, “**co-creation economy**” (Zwick et al 2010, Cova and Dalli 2009, Ritzer and Jurgenson 2010) or new forms of capitalism are also discussed by this approach.

The “working consumer” concept proposed by Cova and Dalli (2009) underlines the activities and the production of the consumer, his or her motives and exploitation concept. The critical approach also agrees upon the evolution of consumer’s role in the market and shares other common themes with three other approaches presented in this paper. On the other hand marketing scholars interested in this approach criticize deeply the exploitation of consumer’s work (Cova, Dalli 2009) and they raise three issues related to this subject:

1. Working consumer (Cova and Dalli 2009) and exploitation
2. Consumer’s work and Immaterial labor (Cova and Dalli)
3. Economic implications of this new paradigm

We will try to analyze this approach in terms of these three issues.

#### **2.3.4.1 Working consumer and exploitation of consumer work**

Cova and Dalli (2009) mainly emphasize the evolutionary aspect of the new consumer and focus on the disparity between the production of the consumer and the benefits he or she gets

As stated before, marketing literature has largely recognized the evolution of consumer's new roles in the market. We also see a proliferation of new terms describing this active role such as prosumer, protagonist, post-consumer, consum-actor. Despite the blurring roles of the consumers and producers Cova and Dalli (2009) claim that customers are not producers in the full sense of the word because they do not receive the revenue derived from the market.

This approach challenges the ideal market idea proposed by SD Logic where consumers and producers live and produce in harmony with the "working consumer concept" (Cova and Dalli 2009). The optimistic interpretations of co-creation and consumer co-production as understood by Prahalad and Ramasvamy are also criticized because it potentially signifies the exploitation of consumers (Cova and Dalli 2009).

Contrary to the "partner position" given to consumers by Prahalad and Ramasvamy (2000, 2004) Cova and Dalli do not consider consumers as partners. In addition Cova and Dalli underline (2009) the lack of compensation of consumers for the work they produce and they suggest that the exploitation may even be present even if co-production provides consumers with several advantages and benefits. The working consumer concept proposed by Cova and Dalli (2009) is important in terms of analysis of this labor and its economic implications.

#### **2.3.4.2 Consumer's work and immaterial labor**

The immaterial labor concept is explained by Cova and Dalli (2009) as "the activity by which a growing number of contemporary workers contribute to the development of post-Fordist industry". They use this concept in order to explain and describe consumers' production.

According to Cova and Dalli (2009) working consumers are the primary source of value and produce immaterial work independently of the producer's objectives and strategy. Their work (adding cultural and affective elements to products) may be evaluated as a gift to other consumers. However consumers are not paid for the immaterial labor. In addition they are not paid either for the know-how, enthusiasm and cooperation (Zwick et al 2008).

Motivations and benefits of consumers are also important for this critical approach. Consumers actively co-produce or participate in the production process because of several reasons. According to the critical perspective, consumers perform various activities that can be labelled "immaterial work". This production may be critical or transformative but does not have an economic value. Consumers undertake several activities in order to participate in this production: they contribute to the design phase physically or intellectually. They collaborate with sales team to customize the service. Interaction is also emphasized by this approach since it signifies both types: consumers' interaction with the market in order to transform it and consumers' interaction with one another in order to participate, co-produce.

Besides personal purposes such as satisfaction, social interaction or recognition (Cova and Dalli 2009), and psychological benefits (Etgar 2008) consumers may also identify themselves with their production (Cova and Dalli 2009).

According to this critical approach companies are active also, they often participate in co-creation or co-production activities by providing necessary resources or coordinating customers because of market related reasons. They also add that new configuration of marketing try to orient consumers.

#### **2.3.4.3 Economic and future implications of co-production**

Marketing scholars interested in this approach question economic and future implications of co-production and raise one important question: is this a shift towards a new type of capitalism (Ritzer and Jurgensson 2010) or a new economy characterized by unpaid labor, new forms of

control and exploitation? (Arvidsson 2008).

A new type of collaborative economy is also discussed by this approach. According to Ritzer (1999) the logic of value co-creation and blurring of the lines of production and consumption lead to a new era that can be called a new type of collaborative economy. This type of economy includes early forms of consumers' work and expansion of them. The place of the company and their way of managing co-production activity are also criticized by this approach. Zwick et al (2008) uses "marketing govern mentality" concept in this situation. Marketing govern-mentality, a concept derived by Foucault's term government (Cova, Dalli, Zwick 2011) aims at positioning customers as partners in co-production and innovation processes where mutual benefits are possible for companies and consumers. This strategy according to Zwick et al (2008) provides the possibility of exploiting consumers' labor and controlling consumers' behaviors which can evolve in different undesired ways.

## **2.4 Virtual communities**

Virtual communities will be analyzed in terms of their characteristics, their role in the market and their function for companies and marketers in this part. I believe that virtual communities deserve some attention because of their impact on innovation, scientific solutions or new marketing strategies. As underlined before by Grönroos (2011), co-creation can only take place in joint sphere where direct interaction occurs. In addition, quality of interaction is important for a better co-creation. Virtual communities seem currently to provide a perfect joint sphere for co-production. They seem to be central for an efficient co-production activity owing to new technologies, internet and so on. In addition, they may provide a good opportunity for recognizing customer processes for a better strategy, communication, dialogue and innovative co-development of new offerings.

In addition Ramasvamy and Gouillart (2010) underline also the importance of engagement



platforms for an efficient co-production activity. Virtual communities are also a very good example of engagement platform where community members exchange their ideas, co-produce and contribute to different phases.

I will try to define virtual communities and explain some important mechanisms of them in order to understand their existing and future role in the market and their impact on customer participation. We will try to explain why they are so important. We believe that they are important because they have already become an important actor for some industries and in most of the markets. Besides their positive impacts on marketing, online communities may be very effective mechanisms for co-production and customer participation. The proliferation of these online communities increases their importance. They help marketing researchers for market tendencies, customer needs desires and, they serve product developers for new product development and they may serve marketers for brand awareness etc.

Virtual communities are all related with the concept of “the new consumer” idea. This new, more active, connected, demanding consumer (Prahalad and Ramasvamy 2004) sharing his or her ideas on online platforms is also very powerful in terms of market experience. Kozinets (1999) underline the participative, resistant, militant, playful, social and communitarian characteristics of these new consumers. In addition, these demanding consumers are able to communicate their ideas to companies and market through internet websites, online platforms and social networks and online communities (Hoyer et al 2011).

Kozinets (1999) suggest that consumers use computer mediated communication in order to base their decisions of brand or product choice. We totally agree with him on this topic since the use of blogs, forums, chatrooms and newsgroups is proliferating. This proliferation of online groups, social networks and other platforms does have significant importance for both companies and consumers.

Apparently virtual communities seem to be an undeniable truth with increasing popularity. It is

also possible to mention about an academic and professional interest for these online communities for several reasons. They offer different opportunities for all parties. Business world tries to take advantage of these online communities, web based platforms and forums for marketing purposes. From a managerial point of view companies are confronted with the increasing popularity of virtual communities and an increasing number of professionals are trying to integrate them into their business strategy.

First, virtual communities play a critical role for companies that want to understand consumers and market trends. In other words they provide efficient market information about new consumer, for marketers today. Kozinets (2002) further emphasizes the importance of online communities in terms of marketing research opportunities. He suggests that online communities play a critical role for marketing researchers who want to understand consumers' desires, tastes and new trends.

Second, virtual communities provide contexts that can positively impact brand equity through consumer advocacy (Kozinets 2002) because of their impact on the process of innovation and their increasing interest in ethical and sustainable growth.

Third, they may have an undeniable economic (McAlexander et. al. 2002) and business potential for connecting people and for developing new business opportunities (Hagel 1999). Wikipedia, Facebook and LinkedIn are the most famous online platforms connecting thousands of people a day. Hagel (1999) suggests that internet provides business professionals with the opportunity of developing and employing various business models and approaches and online communities change the type of relationship between the consumer and the company.

Fourth, virtual communities play a significant role for consumers in the market. On the other hand consumers use them in order to contact, communicate, share ideas and to decide on a brand or product. We cannot deny the importance of virtual communities for both parties because they have an important role for a more connected, demanding and active (Prahalad and Ramasvamy 2000) consumer who wants to communicate and who wants to be more active.

Fifth, online communities play a significant role for companies, marketing professionals and brands. Members of online communities work for the brand (Harley Davidson, Wikipedia Seraj 2012), they may have an impact for increasing brand awareness, brand loyalty etc.

Sixth important point is the impact of these communities on value co-creation and customer participation. We want to examine these communities in terms of their encouraging role for customer participation and new idea generation. Füller et al (2008) claim that brand communities can be a valuable source of innovation. One reason for that could be strong passion and interest of community members feel for the brand. Although this is not easy to evaluate every hidden motivator that pushes community members to interact and to innovate we argue that online community members may have very valuable comments and contributions in financial context too. This section is organized as follows: in the first part we will define virtual communities, in the second part we will try to investigate virtual communities in terms of their implementation, their function and their management. Finally this part ends with some questions concerning the ability and functions of virtual communities in financial world.

## Definitions

Cova and Pace mention (2006) "the re-empowerment of consumers grouped into communities" and they also underline the importance of these groups of consumers mainly communities revolving around cult brands in terms of market and the companies.

According to Kozinets (1999) virtual communities are groups of consumers who continuously interact online because of their shared enthusiasm for and knowledge about specific consumption activities. Kozinets et al. (2010) emphasizes the context feature of online communities and defines them as contexts in which consumers often partake in discussions whose goals include attempts to inform and influence fellow consumers about brand.

Rheingold (1993) defines virtual communities as "social aggregations that emerge from the Net

when enough people carry on those public discussions long enough with sufficient human feeling to form webs of personal relationships in cyberspace”.

A brand community is defined by O’Guinn and Muniz (2001) as a specialized non-geographically bound community based on structured set of social relations among admirers of a brand.

According to these three definitions, interaction and common interest (a brand, a discussion or a need) are a common denominator for virtual communities and for creating new and personal relationships owing to technology and internet. Rheingold’s definition seems to be more comprehensive and I adopt this definition for this research.

Marketing literature provides significant basis about the characteristics of virtual communities in general. Interactivity and reciprocity do have a critical role for the persistence, continuity and success of the virtual communities (Chan and Li 2010). In addition Chan and Li suggest that creating interactivity may enhance consumers’ engagement in order to increase the power of online communities. Interactivity (Chan and Li 2010), reciprocity (Chan and Li 2010) are very important components of virtual communities that are mainly group of people organized around similar needs, interests, habits or profession. Regional or demographic characteristics may also be important for communication and sharing ideas.

Marketing literature provides a significant amount of information concerning online communities despite the fact that they are relatively recent phenomenon. We believe that Fuller’s (2008) proposition about the functionality and importance of these communities seems to be most meaningful explanation. He suggests that members of brands communities are considered as a valuable source of innovation because of the passion of the community members for the brand (Fuller 2006).

As Muniz and O’Guinn (2001) emphasize, virtual communities do have some similar aspects such as: commitment, shared consciousness, rituals and traditions.

As we stated above, common needs, professional experience, personal interests, habits, regional or demographic characteristics may bring together a group of people. It is also possible to mention about influential online communities where community members are willing to pay annual fees for the renewal of membership and to be a part of this culture (Seraj 2012).

A majority of virtual communities were probably spontaneous activities at the beginning but today there are various types of virtual communities (brand communities, innovation communities, scientific communities, research communities etc.) in the market hosted and managed professionally for various reasons (for market research, innovation, for enhancing brand management or for new product launch etc.)

Some of these communities seem to be more powerful than others. Brand communities or software communities are more important in the market because of their functions, influence and characteristics. Brand communities tend to be perceived very powerful and functional communities in the market because of their influence on consumers and on the brand. Brand community members are also perceived as a source of innovation (Füller 2008) because of their strong interest and passion for the brand.

#### **2.4.1 Important mechanisms and main goals of virtual communities**

As stated above virtual or online communities play a critical role for both parties, for consumers and companies. This study focuses on mainly company's benefits and advantages hosting and developing online communities. In addition, one of the main reasons for hosting an online community was its innovative and economic (Muniz and O'Guinn 2001) potential of community members.

There are several possible advantages of online communities such as increasing the success rate of new products in the market place (Grüner et al (2014), supporting the launch of new products

(Füller et al 2008), supporting advertising campaigns or other marketing strategies and providing useful information for new product development (McAlexander et al 2002).

Nowadays, there exist several firms hosting online communities functioning for project development or other market activities. Audi call “virtual lab” its online project community which is equipped with a user-based design tool (Audi virtual Lab, Füller 2008). Community members support product development team about mostly preferred products and provide very useful service ideas and comments (Füller 2008).

They may give information and feedback about new market trends, new opportunities, needs and interests:

forums.ebay.com, discussions.apple.com and supportforums.blackberry.com (Gruner et al 2014)

Füller et al (2008) suggest that they are considered a mean for adding value to entire innovation process (2008). Online communities may have different functions in the market because of their members’ passion and experience with the brand (McAlexander et al 2002).

They may express new service ideas and add value along the entire innovation process

Community members may test products. They may help other consumers for application or for other problems.

#### **2.4.2 Characteristics of a long lasting and successful virtual community**

As we stated above successful online communities deserve a special interest because of their influence and their power of redefining relationships between community members and company or the brand. Once again brand communities and open source software communities seem to provide most significant examples of successful communities.

Brand communities are important organizations in terms of their power over the brand, over the community members and perceptions of consumers. According to McAlexander et al (2002) community-integrated customers serve as brand missionaries.

We wanted to mention here open source software communities because they are philosophically different from brand communities. However there are some similarities between them: open source software community members perform some of marketing and service activities.

Open source software communities are also another type of online community which has its own characteristics. Collective effort, social interactions, group influences are important characteristics of these communities. They are also important in terms of customer participation and co-production because their participation is mostly voluntary and financial remuneration is absent in most of them.

Bagozzi's and Dholakia (2006) work on open source software communities and Linux members, offers interesting findings on this area. They argue that motivation of community members for joining these type of groups change over time and the impact of deeper relationships may influence the perception of members about the performance of some group tasks (the expression of group values and goals may become more important ).

Dholakia and Bagozzi conclude (2006) that open source software communities are influential and cohesive and having a group identity which can easily explain the motivation of community members performing some marketing, service or other activities without any financial remuneration. They also suggest that "we intentions stimulate participation. They also claim that these groups can also foster loyalty and engagement with the product.

Cova and Pace (2006) also have some suggestions for the development of product oriented brand communities: the importance of the production of sub-cultural components, the impact of a platform type web site filled with personal pages or blogs for this type of community, the role of the company as facilitator of this on-site self-exhibition and being non-intrusive.

When we say a successful virtual community we mean an efficient and creative community

producing high quality content and generating ideas. Currently company driven communities offer various opportunities for marketers. We suggest that they will evolve in time will become more functional and more powerful.

After a detailed literature review we come up with a few critical points necessary to build and manage an online community:

The characteristics below facilitate value formation in online communities. They may also be helpful for getting feedback from customers and new idea generation the spread of electronic word of mouth and brand awareness (Seraj 2012).

- A sufficient technological infrastructure and software programs in order to monitor user generated content (Chan and Li 2010)
- An online structure enhancing interactivity and reciprocity (Chan and Li 2010)
- Content quality (Seraj 2012),

Besides content quality, creative culture of the community is also an important point.

- A self-governed community culture (Seraj 2012)

Cova and Pace (2006) emphasize the importance of production of sub-cultural components for the brand in these communities and personalization of these platforms through personal pages and blogs for this consumer driven marketing style.

Besides interaction and reciprocity these online communities have to provide community members with the opportunity to express them-selves. Sub-cultural components are important for sustaining a brand cult. A similar concept, user-generated content (Woisetschlager 2008), the opportunity to self-display (Cova and Pace 2006), personalization of forums and blogs (Cova and Pace 2006) are another important factors affecting the power or success of virtual communities.



Chan and Li suggest that firms have to offer structural and experiential interactivity increasing consumer's engagement that allows socialization and creation. The opportunity of expressing himself or her-self seem to be the most exciting part of these virtual communities and companies are trying to use these platforms for testing business decisions.

Identification with the community, satisfaction and degree of influence are also important three factors affecting the success of communities (Woisetschlager et al (2008). These characteristics may help some community members to take some voluntary and critical roles within the community depending on their experience, background and interests. Seraj (2012) also talks about some social roles in the community (mediators, moderators, educators, innovators etc.). We believe that these roles may increase the effectiveness or the creativity of community as well.

One another aspect could be the use of opinion leaders (Cova 2006) or e-fluentials (Chan and Li 2010) for maintaining critical mass, increasing interactivity and establishing community culture. Chan and Li also emphasize the importance of some members with the highest network value representing reliable source of information for consumers. They suggest targeting those people for the success of the community.

An effective management of online communities is very much related top management's priorities and approach. In this new business world which is not dominated only by companies managers have critical role for leveraging the power of online communities. Although the relationship between virtual communities and management seems to be complex, virtual communities can be a source of innovation and creativity if they can be managed properly.

Healy and McDonagh (2013) call managers collaborative co-creators. According to them managers can facilitate innovation creation through dialogue and better understanding of community goals

etc.

Contacting Influential community members in order to make use of their knowledge and to maintain critical mass could be very good idea.

This closer interaction with the community can provide management a great opportunity to co-produce with consumers. In addition managers can gather enough information to better understand consumers, new market trends and consumer needs etc.

The managers' role as collaborative co-creator can be achieved by proactively increasing the interactivity and the power of virtual communities. Besides market information virtual communities provides details about consumer experience (Prahalad and Ramasvamy 2000, 2004) which can be very critical for designing, reformulating and developing new services and products. Healy and McDonough (2013) talks about expectation and experience gap for the consumer satisfaction and they suggest that and the management engagement in this activity can reduce this gap and increase customer satisfaction.

I discussed in the first and second part of this section different functionalities of online communities. They provide an easy platform for consumers to contact others and to share their ideas. In today's business world, companies try to build and manage these communities in order to have a sustainable competitive advantage over competitors.

At the beginning of this section dedicated to virtual communities, I talked about the "new consumer". Now, I want to add the consumer empowerment concept defined by Watthieu et al (2002) as letting consumers take control of variables that are conventionally predetermined by marketers. This concept is very much related with virtual brand communities because organized consumers are more connected (Prahalad and Ramasvamy 2000, 2004) and more powerful and willing to take more control.

A comprehensive analysis of marketing literature about value creation, value co-creation, co-production and consumer participation issues leads us to four different approaches. These four approaches, presented in chronological order are analyzed in terms of the consumer's active role in the market, company's role and its contribution and the evolution of the market.

1. A services marketing approach focusing on largely customer participation
2. A managerial approach that puts the customer at the center of co-creation process
3. An innovative approach where the customer actively takes part in innovation
4. A critical approach focusing on working consumer concept

Although these four approaches have different understandings of consumer roles, company and the market, they share some common points.

First of all, these four approaches recognize the evolution of consumer in the market conditions. Secondly these approaches underline a transition from a company centric, efficiency driven economy to a new era with new conditions. The managerial approach, co-production based innovation and services marketing focus mainly on benefits of co-production highlighting market related advantages, productivity and efficiency. Customer participation is presented as a powerful strategy by three of them, whereas critical approach questions its impact on consumers.

All these four approaches describe this stage as a new era where the customer plays a significant role. Cova and Dalli (2009) emphasize the new position of the consumer as a worker in the market. In addition the transition of our society and the emergence of new economic system are largely discussed by some scholars. Despite their disagreements on its dynamics, marketing scholars try to understand, analyze and describe this new era where the customer plays a significant role.

In addition marketing scholars representing these approaches do agree on the strong impact of technological advances and internet on customer participation (Prahalad and Ramasvamy 2000, 2004, Ritzer and Jurgensson 2009, Cova and Dalli 2009). We believe that

technological advances changed and improved the interaction and communication styles between consumer and companies. Several different engagement platforms exist and especially virtual communities are important for better communication and co-production.

A new Company-consumer interaction is also another common theme investigated from different perspectives. Interaction, relationship and communication (Grönroos) form the basis of services marketing, therefore the impact of interaction on customer participation is quite understandable for this services marketing perspective. On the other hand, a new interaction style between consumer and the company owing to technological advances is emphasized by different research perspectives. The critical approach defines this changing relationship and criticizes it with “exploitation” and “govern-mentality” concepts. The managerial approach does have a more optimistic view for this interaction. The interaction is at the heart of this change according to Prahalad and Ramasvamy (2004). They define interactions as the locus for the co-creation of value. On the other hand, this new relationship seems to be much more important for the innovative approach. Eric Von Hippel (2006) describes it as democratization of innovation.

Co-creation or customer innovation is generally described as a new paradigm or a paradigm shift by Eric Von Hippel 2006, Vargo and Lusch 2004, 2006, 2008, Prahalad and Ramasvamy 2004). I also agree with this statement.

## **2.5 Conceptual Framework**

### **Research questions**

Our work is organized around one central research question:

How and why do banks engage their customers in co-production?

And three sub questions:

1. What are **the reasons and motives for engaging clients** in this co-production activity?
2. How do banks and financial institutions **manage this co-production process**?
3. What are **the major outcomes of this co-production activity** in financial context?

Besides understanding managerial dynamics of co-production and its evolution the analysis considers difficulties of financial industry (complexity of products and asymmetry of information between bankers and consumers and their impact on customer participation) for this activity.

Ennew and Waite (2013) underline the necessity of using different marketing tactics for financial services. We believe that the same is true for customer participation in financial context. Complexity of financial products and the vitality of advisor and client relationship are two important characteristics of financial services. Despite several advantages of customer participation, these two components may affect a co-production activity, may even complicate the customer participation activity in financial environment. As stated before, understanding financial services may require a personal interest, experience and financial literacy. These requirements may discourage consumers who are invited to co-produce. Therefore a different design may be better and an efficient customer participation strategy considering all these difficulties may help banks and financial institutions to overcome difficulties and problems related to industry. Co-production with customers seems to be an efficient and advantageous strategy in today's over competitive market environment. This cooperation with customers may provide banks with necessary tools for knowing customers and following market trends.

I have selected the following three constructs in order to understand major dynamics of co-production in financial industry and its evolution:

- Motives of banks,

- Co-production processes,
- Co-production outcomes

Marketing literature about co-production provided me with theoretical answers to my research questions before doing research. These theoretical answers provided a significant basis for my research.

My detailed literature review reveals that innovation (business or science related), co-production, obtaining market information, development of new products and services seem to be main motives for engaging clients and managing customer participation. Main motives in business world are related to marketing activities. Marketing managers use customer participation in order to support a new advertising campaign or a new product launch in most cases. There are also other cases where customer participation leads to scientific and technical or medical solutions but these applications are not in the scope of this work.

Co-production is described as an important and very beneficial activity providing interesting outcomes. According to Grönroos (2011) it is not the customer but the service provider benefits from value co-creation opportunities through managing interactions.

In addition, Ramasvamy and Guillard (2010) also believe that co-production may be effective in cutting costs, improving efficiency, reducing business risk, increasing returns and enhancing growth. These outcomes seem to be effective reasons for engaging clients in co-production activity for companies and they may be persuading for banks also. Co-production activity may also encourage a new relationship style or increase brand awareness (Seraj 2012) by creating word of mouth (Ramasvamy and Guillard (2010)). Detailed literature review reveals also customer participation activity does have really important and tangible outcomes for companies and other institutions. First of all co-production is more crucial and important for service provider (Grönroos 2011, Grönroos and Paivi 2013, Prahalad and Ramasvamy 2000, 2004, Vargo and Lusch

2004, Payne et al 2008) in terms of efficiency, productivity and profitability. Customer involvement at every stage of product development provides innovative solutions (Payne et al 2008) and creative offerings (Kristensson et al 2012). Besides these benefits, co-production may also provide cost reduction (Auh et al. 2008, Roggeveen et al. 2012) and customization for companies (Auh et al 2008), it may also provide a cultural change or a transformation from a company centric approach to a consumer centric one (Prahalad and Ramsvamy 2000, 2004, Auh et al 2008).

Marketing literature in co-production did not have enough empirical investigation about co-production managerial processes especially in financial area. Most common approaches proposed by Ramasvamy and Gouillart (2010) and Payne et al (2008) underline continuous dialogue and interactions with customers and other stakeholders. Payne et al (2008) proposed to manage these processes by separating customer and encounter processes from supplier value-creating system. Payne et al. stresses the importance of interactions and transactions at each and every encounter and underline a long term view of customer relationships. Categorization of encounters, designing and structuring relationships, mapping each processes differently and encouragement of customers for co-production are main pillars of their framework.

The analysis provided by Grönroos (2011) and Grönroos and Paivi (2011, 2013) provide us with the opportunity of understanding and appreciating separate spheres and roles for both customers and service providers. Grönroos (2011) describe joint sphere as the only sphere where co-production occurs through direct interaction and contact. This research is interested in this reciprocal value creation in the joint sphere described fully by Grönroos through interactions with the customer.

I believe that a special emphasis should be given to **joint spheres** where co-production occurs through interactions and direct communication. These online or physical platforms provided and managed by banks and financial institutions are perfect examples of joint spheres. They are important because these institutions may have access to customers' value creation

sphere (Grönroos 2011, Grönroos and Paivi 2013) through these platforms and may obtain concrete outcomes through these interactions. Virtual and physical communities in financial context are formulated as joint spheres or engagement platforms (Ramasvamy and Guillard 2010) in this research.

Active management of these joint spheres (Grönroos and Paivi 2013) and active management of every encounter (Payne et al (2008) (or these platforms) may provide managers with the opportunity of a more effective customer participation with innovative marketing solutions and creative new products. In addition this active management with a special emphasis on dialog and long term view of customer relationship may reveal another opportunity for marketing activities and customer relationship management.

Another crucial issue emphasized for an efficient customer participation was the importance given to interactions, direct contact and active communication and dialog (Grönroos 1987, 2007, 2011, 2013, Prahalad and Ramasvamy 2000,2004, Payne et al (2008), Auh et al (2008) Varey and Ballantine (2006).

The clear distinction between two major sources of customer participation (user driven co-production and company driven co creation) is emphasized by most scholars (Zwass, Von Hippel 2006). We can see this clear division in Zwass' (2010) work where he clearly defines autonomous co-creation as a voluntary activity of individual or consumer communities conducted independently of any company to create value. This distinction seems to be important because company driven co-creation is very different from user driven co-creation in terms of processes, motivations and solutions. Companies prefer to engage customers to co-produce for many different reasons. They provide necessary tools, platforms, information and engage in dialog in order to manage co-creation process. However user –centric co-creation is totally different process with different motivations and solutions. A company can sponsor or manage a co-creation

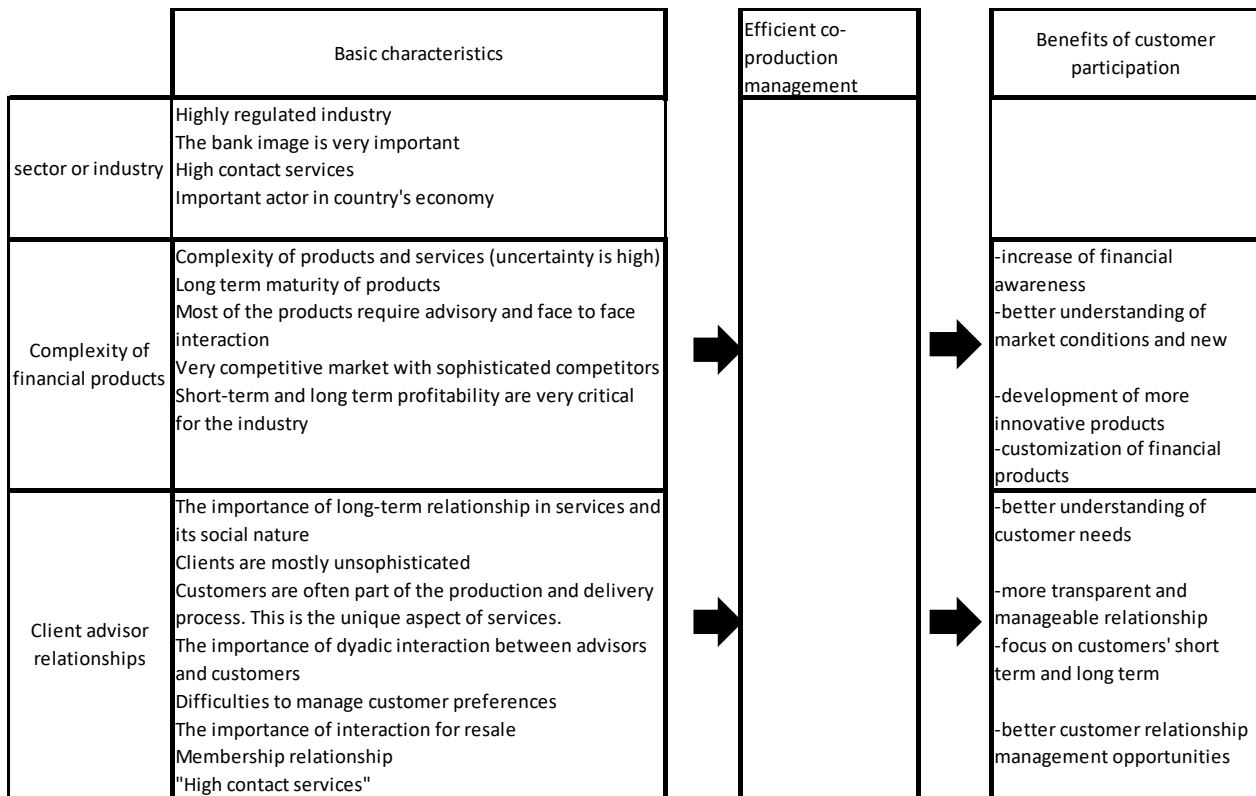


activity for several reasons related to their long -term or short-term market strategies: public relations in order to increase brand awareness, innovation, new product development, finding and implementing creative solutions, constructing brand loyalty, developing customer processes etc. We will focus on company sponsored co-production activity in financial context in this research.

Table 13 Main differences between autonomous and company sponsored co-creation

	user centered or autonomous co-creation	company sponsored co-creation
Main focus or aim of the activity	customer engagement for joint problem solution product modification or development innovation research and development	-joint problem solution - product development -market research -new product launch customer relationship management
Main actors	clients virtual communities or physical communities manufacturers horizontal networks	customers companies (especially top management and marketing department) employees stakeholders virtual communities
Co-creation style	autonomous or supported by virtual communities Collaborative working style Helping activity and free sharing of innovations	Sponsored and managed by companies Cooperation of clients with the company Project based management
Interaction with customers	web based platforms are most used paltforms for communications	web based platforms,workshops, meetings
Motivation type	mainly intrinsic motivation extrinsic motivation may also be mportant for the production of some products	motivation type depends on the context, industry or business activity.

Table 14 Possible benefits of customer participation in financial context

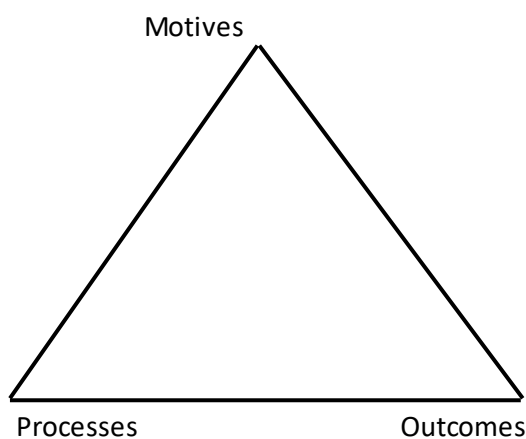


To summarize, these company-based benefits form the basis of my understanding of co-production. Company sponsored co-production activities are chosen as the scope of this work. The conceptual framework we develop starts with the recognition of the necessity of an efficient customer participation platform targeting long-term relationships with transparency (considering distinct features of the industry). These platforms may transform also banks' relationship styles and channel management or these online platforms may also become new channel for banks and financial institutions if managed carefully with an open and transparent system (Grönroos and Paivi, 2013, Prahalad and Ramasvamy 2000, 2004). Therefore I have decided to analyze and understand important components of the implementation and management of these platforms in financial context.

The research has been conducted as a process research. A detailed literature review provided us with these constructs and we conducted a longitudinal research in order to determine major phases and outcomes of customer participation in financial industry.

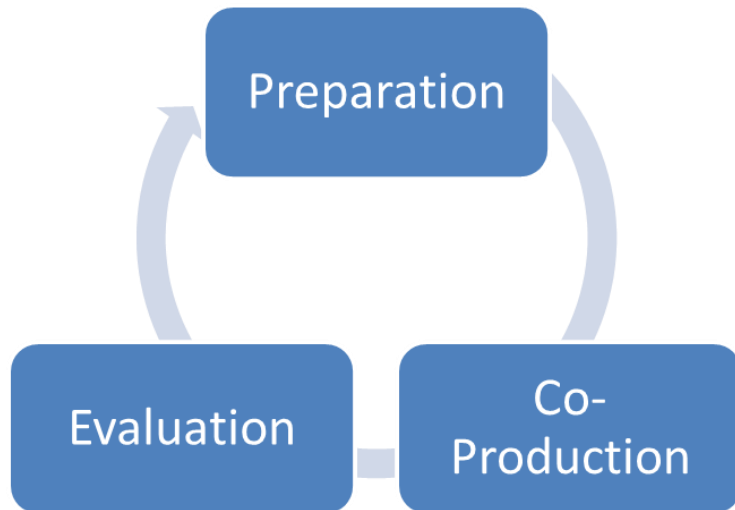
Considering Grönroos works (2008, 2011, and 2013) and Payne et al. study (2008) we aim at providing a framework that incorporates and explains co-production managerial dynamics and the evolution of this activity in financial context. Our experimental setup was inspired by Payne et al.'s conceptualization of three key co-creation processes. Contrary to their cross sectional work we concentrated on managerial processes and dynamics only and we added motives and outcomes in our longitudinal research. We believe that these three constructs are also related to each other in one way.

Motives of the bank are main factors to understand for efficient customer participation.



Payne et al (2008) identified four processes (a review of co-creation opportunities, planning, testing and prototyping value co-creation opportunities with customers, implementing customer solutions and managing customer encounters and developing metrics to assess. We define co-production processes as the dynamic, nonlinear, interactive and cyclical. I believe that managerial process is composed of three distinct phases and sub-phases for each of them:

Figure 4 Preparation, co-production and evaluation:



#### Outcomes of co-production activity

These outcomes are critical in terms of the evolution and continuity of customer participation in financial context. The more concrete, objective and beneficial outcomes are obtained through this activity the more likely customer participation will continue and persist.

<b>CHAPTER 1: Introduction</b>	
Section 1	Services
Section 2	Definition and classification of financial services
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<b>CHAPTER 2: Litterature review and conceptual framework</b>	
Section 1	Definition of customer participation
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<b>CHAPTER 5: Cross Case Analysis</b>	
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Section 1	Discussion and Managerial Implications
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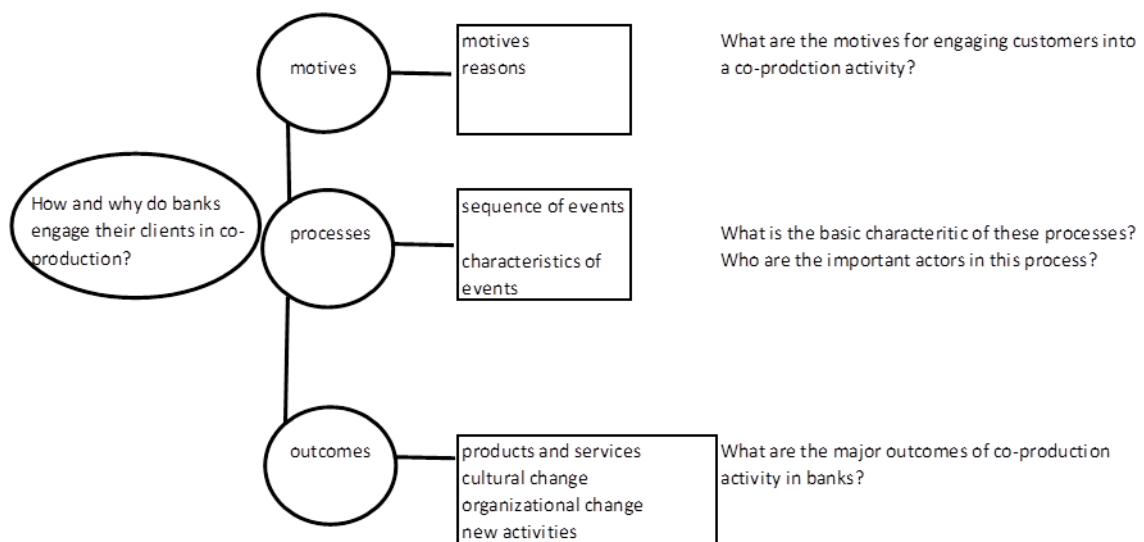
### 3 RESEARCH METHODOLOGY

In the previous chapter I explained four major approaches of customer participation. I also described components of the conceptual framework upon which this research is based.

My central research question:

“How and why do banks engage their clients in co-creation?”

Figure 5



Our central question required a general understanding of co-production in financial institutions and we used a multiple case research design in order to answer this question in financial context. We made interviews in two countries in order to collect the data. Qualitative research method is used for our investigation. This is an exploratory study conducted in order to understand functions and processes of customer participation in financial context.

### 3.1 Qualitative Research

We have adopted a qualitative approach for the research of this work for several reasons. Before citing the reasons of this choice we want to begin with a definition of qualitative approach.

According to Patton (1986, p 187),

“A qualitative approach seeks to capture what people’s lives, experiences and interactions mean to them in their own terms”

Silverman (2011) underlines the insufficiency of quantitative research in dealing with the social and cultural construction of its own variables.

Qualitative research as a research method has been characterized with its situational, interpretive (Stake 2010, Denzin and Lincoln 2013) and personalistic and experiential aspects (Stake 2010). The interpretive side of qualitative research has been emphasized by several scholars (Sykes 1999, Stake 2005). However we have adopted a qualitative approach for three reasons.

One reason for selecting qualitative approach is its emphasis on interpretation and understanding (Eriksson and Kovalainen 2008, Stake 2010) and its preference for meanings (Silverman 2011). We have chosen qualitative research because we believe that we could only comprehend and explain our research topic with a qualitative approach. Our main concern was to understand and interpret methods of banks in order to engage consumers in co-creation. At the beginning of the research we have realized that banks’ methods are highly different from one another depending on many conditions. In other words each bank used a different strategy in order to integrate co-production in its operations (research or marketing activities). Qualitative research seemed to be the best way for reflecting these differences and these particular situations. In other words, explaining and interpreting latent or nonobvious issues and revealing complexities (Miles, Huberman and Saldana 2014) leading banks to co-production were more possible with qualitative approach.

Qualitative approach has been chosen for this work because of the richness and holism of

qualitative data. Literature mostly focuses on two important characteristics of qualitative data. According to Silverman (2011) and Miles and Huberman and Saldana (2014), one major feature of well documented qualitative data is that they focus on naturally occurring, ordinary events in natural settings. Patton (1986) emphasize qualitative data that are collected without attempting to fit institutional activities or people's experiences into pre-determined, standardized categories such as the typical questionnaires and tests. Characteristics of qualitative data were important to us because we could understand and describe managerial, institutional and application based differences between banks by interpreting this rich data.

Another reason for adopting a qualitative approach was its focus on holistic understanding and treatment of the phenomenon. In addition, its emphasis on the social and cultural context (Eriksson and Kovalainen 2008, Stake 2010) enabled us to better interpret antecedent conditions and financial institutions' purposes for co-production activity.

### **3.2 Three methodological choices**

We have made three methodological choices in order to analyze the customer participation concept for two reasons.

We want to begin with the conceptualization of customer participation activity as a "change" as a "temporally evolving phenomena". This conceptualization was important for data analysis and interpretation. As stated earlier, our primary focus is on intellectual and creative contribution of customer in financial context and its management and evolution in financial institutions. The co-production or customer participation activity in online or physical communities has been conceptualized as a change because it is not only a new marketing tool or method for banks, but it is also an evolving phenomenon assuming new roles and different activities over time. We believe that the management of this activity is critical because of internal dynamics of financial services.

And we have made three methodological choices for two reasons: first we aim at understanding



the evolution of co-production phenomenon and communities in financial context over time. Second, we want to understand dynamics of community management in this industry.

Our methodological choices:

- Longitudinal research
- Case study research with multiple case study methods
- Process research

### **3.2.1 Longitudinal Research**

We began the research with a cross sectional research idea but we have adopted a longitudinal approach in time because of several reasons. As stated by Langley, Smallman, Tsoukas and Van de Ven (2013), longitudinal data are necessary to observe how processes unfold through time. First, we have realized that co-production in these institutions is not an event with clear beginning and end periods or clear durations. Instead, co-production with clients is an evolving process and changing through time. Online and physical communities seem to be a new marketing tool, a new trend for realizing co-production. Longitudinal research seemed to be the best method to understand the customer participation activity and dynamics of community management in financial context. In addition the need for a longitudinal research is emphasized by Van de Ven (1992) for better analysis of process research.

### **3.2.2 Case study research**

Reasons for case study research

Case study research has a long history across several disciplines (Yin 2003, Eriksson and Kovalainen2008) including psychology, law, political sciences, sociology etc. Yin suggests that the distinctive need for case study research in these various disciplines arises out of the desire to understand complex social phenomena. This statement was very suitable with our own research

purpose. We think that case study research was the best method for understanding the rationale behind the customer participation process in banks and its dynamics (Eisenhardt 1989).

We have decided to conduct a case study research for several reasons.

Leonard Barton says (1990) that

“The phenomenon being researched always dictates to some extent the terms of its own dissection and exploration.” The same is true for this research too.

First of all we had an exploratory research strategy since the very beginning; we were interested to understand and to explain the co-production in financial setting.

In order to be more specific we tried to use different criteria. We think that Yin’s (2003) conditions concerning the selection of research strategy is quite useful. Yin (2003) proposes three different criteria about the selection of research strategy:

1. The type of research question posed
2. The extent of control an investigator has over actual behavioral events
3. The degree of focus on contemporary as opposed to historical events.

We think that our research satisfy these three criteria for selecting case strategy as a research strategy.

First of all, our research questions were very much related to case study research approach. We wanted to understand how and why banks engage their customers in co-production. In other words, we wanted to understand and illuminate a set of decisions to build a community and to engage customers to co-produce with bankers.

Yin (2003) claims that these “how and “why” questions are more explanatory in nature and they are likely to favor the use of case study as a research method.

One another reason was our scope of interest. Co-production and customer participation were relatively new, contemporary applications in marketing integrating customer creativity into the production process. Our aim was to investigate this contemporary phenomenon in financial

context. As stated in Yin (2003) the case study method is mostly preferred for the examination of contemporary events. We wanted to understand processes of co-production and customer contribution in financial context which are quite a relatively new and popular approach in financial context.

As stated before the third criterion is the degree of control the investigator may have over actual behavioral events. Our study was mostly based on one to one interviews, observations, documents and artifacts. We did not have any control on research setting on actual behavioral events.

Before giving enough detail about our research we would like to give Yin's definition (2003):

"A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context especially when the boundaries between phenomenon and context are not clearly evident".

We have to point out that other important features of case study method were also important for our decision: : the existence of many more variables of interest, the importance of investigation in real life context, the importance of using or relying on multiple source of evidence Yin (2003), Eriksson and Kovalainen (2008).

The case study design adopted in this thesis can be describes as the multiple cases study design.

### **Multiple case study research**

Another methodological choice was the multiple case study research. Besides the advantages stated above case study was appealing to us for some different reasons:

We knew that the richness of data we could get could be a major advantage for understanding and analyzing customer participation in banks. This data could give us some clues for

understanding the future of co-production in financial institutions.

The flexibility of design and the opportunity of changing research question during the research process were also interesting to us. During the study new questions emerged and we broadened our scope of literature review accordingly. Communities, especially virtual ones became a part of our study when we realized that they are important for any co-production process.

This opportunity of moving between theory and practice during research provided us with more appropriate research design and a better grasp of theories.

Case study research was interesting to us because of its real life dimension and its emphasis on original settings. Since we wanted to illuminate (Yin 2003) a set of decisions behind this activity a laboratory experiment would not be useful. We wanted to investigate and explore all decision and implementation processes behind this customer participation activity in financial context. In addition we had the chance of interviewing different actors, managers in one setting and we could study the process of co-production from different perspectives.

We preferred multiple case study research because of several reasons. First of all, multiple case studies provide a stronger base for theory building (Eisenhardt 2005) and they are described as a series of discrete experiments that serve as replications, contrasts and extensions to the emerging theory (Yin 2003, Eisenhardt and Graebner 2007). Second, multiple case study research enables comparisons among cases.

Eisenhardt and Graebner (2007) also describe theories formulated by multiple case researches as **more grounded, more generalizable**, robust and **more accurate**.

As a result of the study we aimed at giving an outline of customer participation application in financial setting including essential clues for performing a successful project.

During our study we had some new and exciting findings. They opened up new directions for us or they deepened our investigations. In other words the flexibility of this method was an advantage for our study.

Although case study research provide little basis for scientific generalization, this method is powerful for analytic generalization (Yin (2003) and Kovalainen and Eriksson 2008). Scientific generalization was not our concern since the very beginning. We aim at doing an analytical generalization proposed by Yin (2003) and at expanding and generalizing theories. Since the very beginning we realized that every customer participation activity is peculiar in its own setting.

### **3.2.3 Process research**

This is a multiple case study research comparing different styles of co-production in financial context.

As we are deeply interested in the design and in the evolution of this activity we wanted to incorporate process research elements in our case study research. We conducted a longitudinal case study research. Marketing literature about process research has provided us sufficient information about components of this research type. And our proposition also evolved during the research. We developed another proposition that tries to explain the evolution and the role of co-production activity in financial context:

I think that, co-production activity in financial context is composed of several stages depending on the culture or on internal dynamics of the company. Banks or financial institutions applying co-production move through these stages over time. The role and the importance of this activity evolve also in time and it has the potential of replacing several marketing jobs or duties.

#### **Process Research**

We want to explain how we integrated process research elements in our research before giving details about our constructs.

We tried to summarize major components of process research proposed by marketing scholars in

the table below.

When we examine carefully, we can see that this table reveals two things:

1. The centrality of time in process research (Langley, Smallman, Tsoukas, Van de Ven 2013, Pettigrew 1990, Perks and Roberts 2013, Van de Ven and Huber 1990, Miller and Friesen 1990)
2. Main interest areas of process research:
  - According to Langley, Smallman, Tsoukas, Van de Ven (2013) process research address questions about how and why things emerge, develop, grow or terminate over time.
  - Van de Ven and Huber (1990) underline the importance of process studies for understanding dynamic organizational life, adaptation, change, innovation and redesign.
  - As stated in Van de Ven and Poole (1990) an appreciation of temporal sequence of activities in developing and implementing new ideas is fundamental to the management of innovation.

As a result processual research method is an interesting way to understand and to explain temporally evolving phenomena. Langley, Smallman, Tsoukas and Van de Ven (2013) give some examples of temporally evolving phenomena such as, the transformation, reproduction, the emergence of institutions, organizational practices, emergence of identities, the social construction of cognitive schemas and norms, changing interactions between organization and the environment, the project level dynamics of innovation and learning.

We have conceptualized co-production activity and communities as “a change in marketing activities” and we wanted to conduct a longitudinal research in order to explain the reasons and the stages of this evolution. Longitudinal data were a necessity (Langley, Smallman,

Tsoukas, and Van de Ven 2013) to understand reasons and stages of this change. We used the longitudinal data in order to answer our central question and our sub-questions and these data provided us with the opportunity to reveal the evolution of constructs and the activity itself. The identification of constructs is also related with the essence of this research type. The process research mostly used for the investigation of innovation, change etc. in marketing literature has been used in this research too for two things:

1. We want to identify and understand key components of management of communities in a financial context. In other words we are interested in its evolution over time.
2. We conceptualized co-production as a temporally evolving phenomenon, as a change in financial institutions' marketing activity. This conceptualization helped us to develop and focus mostly on dynamic concepts.

We focused on dynamic concepts such as motives, processes of co-production and outcomes of this activity. The conceptualization of co-production in financial context as a change enables us to formulate necessary questions in order to investigate its evolution in different institutions.

As stated in several textbooks and articles the constructs of subject may emerge as the research progresses and they do not need to be known at the beginning of the research (Bhattacharjee 2012, Eisenhardt 1989, Kovalainen and Eriksson 2008), this aspect of case study research is one of its strength as a research approach.

Although constructs of interest need not to be known in advance (Kovalainen and Eriksson 2008) we have identified these constructs during the literature review.

Table 15 Major components of process research

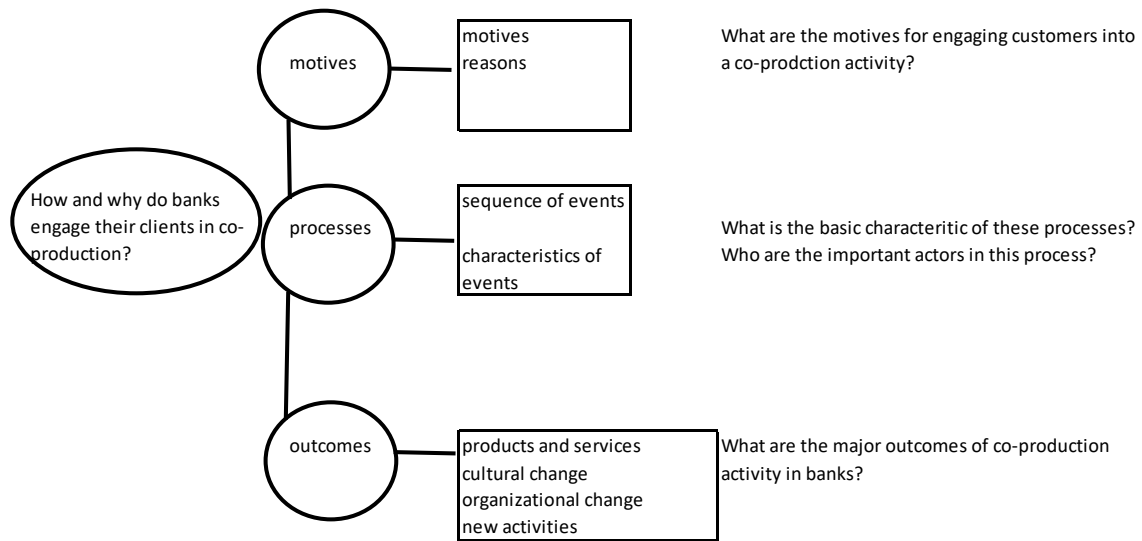
a process theory that explains innovation development	Van de Ven and Poole 1990
A process theory focusing on explaining the temporal order and sequence of steps that unfold as an innovative idea is transformed and implemented into a concrete reality	Van de Ven and Poole 1990
Historical evolution of strategies, structures and environments	Miller and Friesen (1984)
order of events, patterned sequence of events Temporal or spatial order of events	Abbott (1990)
emphasis on "how and why things emerge, develop, grow and terminate over time"	Langley, Smallman, Tsoukas, Van de Ven (2009) (2013) Van de Ven and Poole 1990
The role of time, the centrality of time in processual research	Langley, Smallman, Tsoukas, Van de Ven 2013 Perks and Roberts (2013) Pettigrew (1997)
Temporally evolving phenomena , the transformation, reproduction, the emergence of institutions, organizational practices, emergence of identities, the social construction of cognitive schemas and norms, changing interactions between organization and the	Langley, Smallman, Tsoukas, Van de Ven 2013
An appreciaiton of the temporal sequence of activities in developing and implementing new ideas	Van de Ven and Poole (1190)
A focus on historical evolution in order to best understand the relations of strategies structures and environment	Miller and Frieser (1984)

First of all we have identified a research question and several sub questions:



Our central research question is:

“How and why do banks engage their clients in co-creation?”



Obviously, identification of constructs is closely related to the central question. I split the central question in two parts. I chose processes as a construct in order to answer “how” question. Processes could give us some clues about the details of whole activity. Motives and outcomes were necessary in order to analyze the “why” part of the central question. I thought that financial institutions have some motives and they were expecting some outcomes as a result of this activity. Finding motives and expected outcomes of customer participation in financial context could possibly answer “why” question.

### 3.3 Selection of cases

As recommended by Miles and Huberman (2014) we defined our cases as early as we can. Each case is carefully selected in order to reflect one specific conditions of co-production. The main

criteria for the selection of these banks were to analyze and to understand different styles of co-production and customer participation in different settings. As stated in Eisenhardt (1989) our research relies on theoretical sampling instead of statistical sampling. We wanted to examine different styles and to give examples of polar types. We believe that multiple cases allowed us to understand the evolution of consumer role in financial context and different styles of implementation of co-production process in marketing. The aim of conducting five separate case studies was to understand better the implementation process of customer participation to develop a holistic approach and to be able to compare them.

Each case is selected in order to reflect one specific condition of co-production. We have decided to investigate different applications of customer participation in different European banks. Each had its own methods and priorities for co-production and each of them was successful in one way or the other. On the other hand I have figured out that these applications evolved during the study. This change in methods seems to be closely related with the evolving role and importance of customers and communities in financial context.

Five cases have been identified here for this study:

1. CETELEM
2. Credit Agricole
3. BNP Paribas France
4. TEB
5. ING Direct

You can see details of each case in the table below presenting their different features and characteristics.

Table 16 Differences and details of cases

	CETELEM	ING DIRECT	CREDIT AGRICOLE	BNP PARIBAS FRANCE	TEB
<b>Bank or financial institution</b>	Personal Finance company	Online bank	Bank	Bank	Bank
<b>Branch/ No branch</b>	No branch	No branch	An international European bank with more than 7000 branches	An international banking groupe with more than 10.000 branches	A subsidiary (joint venture) of BNP Paribas in Turkey with 500 branches.
<b>Co-production style and purpose</b>	closed community with market information and innovation purpose	A community open to everyone (clients and non-clients). Managed as a new channel.	Closed and small community with regular live meetings. Main purpose is innovation.	closed community with market information and innovation purpose	Closed community built in Turkey as a part of an international project
<b>Community type</b>	Online community	online community	physical community composed of branch clients	online community	online community

In addition, three criteria were proposed by Robert stake (2006) for the selection of cases for a multiple case study research:

1. Is the case relevant to the phenomenon?
2. Do the cases provide diversity across contexts?
3. Do the cases provide good opportunities to learn about complexity and contexts?

I believe that cases satisfy all these three criteria.

First of all, each of them is carefully selected in order to reflect a different co-production style in a different setting. Each case is different in terms of size of the organization and the style of co-production activity. Besides their style, their motivation for managing a community was also different at the beginning of the research. All five cases had different advantages, strengths and interesting parts. Cetelem is the only personal financial institution without branch in our research. Credit Agricole has been chosen for its physical community. ING Direct is the only online bank without branch in the study whereas BNP Paribas France is a very big institution with several branches. TEB is also a subsidiary of BNP Paribas in Turkey.

Second, these five cases are quite relevant to the co-production phenomenon. They needed these

communities and used them for different reasons. Despite their own cultural differences they were all competing in a fast moving turbulent and difficult market.

And finally we believe that cases provide good opportunities to learn about complexity and contexts. The selection of five European banks allowed us to understand several things about the economic environment, competition and financial context. First of all they were operating in a competitive environment and they were trying to implement several strategies in order to remain competitive and to better understand the customer.

We were interested in these institutions because customer participation could be their permanent strategy if it succeeds. They were in a continuous search for innovation in order to create value and to keep their market share.

Despite several differences between their styles, their implementation method was interesting and understandable. In addition they were considering new and more exciting methods each time.

My focus was their way of doing co-production with individual customers. Retail banking departments were our scope of interest or our research context because we have decided to conduct this study in business to consumer context.

### **3.4 Data collection and data analysis**

#### **3.4.1 Data collection**

As stated in Yin (2003), Kovalainen and Eriksson (2008), Eisenhardt (1989) case studies combine six sources of evidence: documentation, archival records, interviews, direct observations, participant observation and physical artifacts. Despite their different strength and weaknesses case studies are usually considered richer, convincing and accurate if the author uses several sources of

empirical data (Kovalainen and Eriksson 2008).

On the other hand, several data collection methods are used for process research (Langley, Smallman, Tsoukas, and Van de Ven 2013): quantitative or qualitative data longitudinal or archival data or mixed methods. Each method has its own peculiarities and advantages. As stated in Langley et al. (2013) longitudinal data is significantly important to reveal the process over time.

I have **used a mixed method** (which is very much in line case study research) combining interviews, archival data, observations, and documents, in order to reflect temporality in our research. The research presented here is the result of a three years study of co-production activity in financial context. Qualitative data is preferred because it gave me the flexibility to follow the evolution of this activity and its transformation. My constructs were motives, outcomes and processes. The last construct “problems” emerged from the raw data and interviews. I added this last construct in my analysis because problems were very important to understand the whole activity and to better answer “how” question.

Unfortunately direct observation was not feasible for most of the cases because of two reasons. First of all, most of the customer participation activity (3 of five cases) were closed online platforms and managers were unwilling to share passwords and necessary information with us because of security reasons. Second, one of the cases used physical regular meetings (4 or five times a year) and they were also closed to other people. Therefore most of the data were collected through interviews and reports. I collected data from several actors, managers, consultants, supervisors in order to understand the role of management and other actors in this process. Capturing inside information from local actors was very beneficial during the whole investigation process.

The primary sources of data were semi-structured interviews with managers. We conducted 35

interviews (including telephone interviews and workshops) in three years of study. We interviewed bank managers and advisors during three years. We tried to obtain data from bank managers in order to understand the preparation and the evolution of communities and customer participation in financial context. Data obtained from advisors provided us with general dynamics of customer participation in financial context. Interviews lasted approximately one hour.

The details of data collection are illustrated in the table below.

In addition we attended management meetings, presentations by management consultants, workshops. I had also access to secondary sources from some banks: e mail, project reports or some strategy documents.

Table 17 Details of collected data

	<b>Cetelem</b>	<b>TEB</b>	<b>BNP</b>	<b>ING Direct</b>	<b>CA</b>
<b>Interviews</b>	6	6	6	5	6
<b>Reports and documents</b>	2	2	1	4	2
<b>Details of reports</b>	Newsletter and Workshop reports	Community workshops	Community workshops	-Announcement of community '-Newspapers' articles '-Meetings	Announcement of branch
<b>Direct observation of meetings and workshops</b>	None	None	None	None	Assistance of one workshop with mobile applications theme
<b>Examination of online community</b>	No access	Direct observation of Online community conversation	No access	Direct observation of online conversations	No access
<b>Participant observation</b>	None	None	None	None	None
<b>E-mails</b>	✓	✓	✓	✓	✓
<b>Phone conversations</b>	None	✓	✓	None	✓

I had also limited access to internal reports and documents because of banks' and financial

institutions' regulations and security concerns.

The research has been conducted in two countries and most of the data has been collected through face to face interviews. On the other hand, I used e-mails and telephone conversations in order to follow the course of the project in three years. As you may understand e-mails were much more frequent than phone calls. E-mails and phone conversations are preferred because of several reasons. They were necessary to the researcher in order to understand the evolution of the project, to track new developments and new communities if there are any. I needed every piece of information that I could have in order to explore the project. E-mails and phone calls were also necessary because they were easier. The researcher lived partly in France and in Turkey during the study and bank managers were always too busy.

Table 18                      Details of study data

	Dates	Duration (Months)
BNP Paribas France	July 2013-June 2016	36
TEB	Avril 2014-September 2016	29
CETELEM	September 2013-November 2016	37
CREDIT AGRICOLE	June 2013-November 2016	40
ING Direct	December 2014-November 2016	24

You may find some examples of interview guide and questions in following pages.

### 3.4.2 Data Analysis

Yin (2003) underlines the importance of a general analytic strategy for a better analysis of case study data and describes three strategies: relying on theoretical propositions, thinking about rival explanations and developing case descriptions. We believe that qualitative case study analysis conducted in this research is very close to the first strategy where our first propositions and research questions shaped our data collection and analysis plan.

Eisenhardt (1989) underlines the familiarity with each separate case in order to understand unique patterns of each case. As stated earlier, most of the data were in the form of interviews. We processed all the field notes, all emails, all recorded telephone conversations and we coded them. Qualitative data analysis has been conducted.

We assigned codes as labels and classified all data from different sources. We used coding



method at two levels, first cycle and second cycle coding (Miles et al. (2014) in order to explore patterns and dynamics. Descriptive coding is preferred as explained in Miles et al. (2014) because this type of coding was much more appropriate and explanatory for our cases. Before assigning codes we had prepared a provisional list of categories (deductive coding) with the help of our research questions and conceptual framework. Three more categories emerged during data analysis (after second cycle coding): problems, solutions and critical issues for successful community management). These categories emerged during data analysis were also very interesting (Miles, Huberman and Saldana 2014) and explained important aspects. You may find a list of categories (a combination of predefined and inductive categories) in the table below.

Table 19      Category of constructs

## CATEGORY

MOTIVES	MOT
ACTORS	ACT
PROCESS PREPARATION	PRO-PREP
PROCESS CO-PRODUCTION	PRO-COP
PROCESS-ASSESSMENT	PRO-ASS
OUTCOMES	OUTCO
PROBLEMS	PROB
SOLUTIONS	SOLUT
CRITICAL ISSUES FOR SUCCESSFUL COMMUNITY MANAGEMENT	CRIT-ISS

During the analysis period most of the codes worked very well. We believe that they are related to each other in order to explore and describe customer participation activity in financial context.

### **Definition of codes**

We tried to define our categories as clearly as possible. This clarification has also been made for reliability check (Miles et al 2014). We began to re-analyze the data after setting clear definitions.

Table 20

Details of categories

<b>MOTIVES</b> Business related motives Financial motives Market research Testing ideas A closer contact with clients Competition Customer loyalty Assigning tasks to clients Visibility Image Interaction Innovation	MOT
<b>ACTORS</b> Managers Consultants Branch manager Organizer Ambassadors Beta-testers	ACT
<b>PROCESS PREPARATION</b> Identification of problem Selection of customers Preparation of framework for interactions Selection of other business partners Selection of theme and questions	PRO-PREP
<b>PROCESS CO-PRODUCTION</b> Management and animation of communities Workshops for assessment Reinjection of new ideas	PRO-COP

<b>PROCESS-ASSESSMENT</b> Evaluation meeting Preparation of reports (daily, weekly or monthly) Future decisions about the community Future decisions about new products or services Regular internal meetings to discuss findings or to solve problems	PRO-ASS
<b>OUTCOMES</b> Testing ideas Outcomes related to new products and services Outcomes related to business decisions Outcomes related to market research information Communication Brand awareness Know how sharing	OUTCO
<b>PROBLEMS</b> Financial problems Organizational problems Institutional problems Problems related to financial products and industry	PROB
<b>SOLUTIONS</b> Suggestions	SOLUT
<b>CRITICAL ISSUES FOR SUCCESSFUL COMMUNITY</b> Active community management Listening to clients Managerial support and sponsorship Different approach about communities Know how transfer	CRIT-ISS

Motives

This category includes motives of banks for engaging their clients in co-production activity and for building and managing a virtual community.

Actors

Actors involves in co-production activity at the beginning or during the process. Different actors may be a part of this process voluntarily (clients) or for business reasons. This study is interested in actors who are a part of business and management team. In other words clients are not in the scope of this study. We analyzed and listed all the actors who help to build and manage a community in financial environment whether they work for a financial institution or as consultant.

#### Processes

This category is about indices of activities describing the whole process. After a detailed literature review we have identified three consecutive processes of co-production activity. We have not specified different processes for different type of communities but they are analyzed separately for each case.

#### Preparation process

This process is composed of preparation activities for building and managing virtual communities.

#### Co-production process

This is the co-production process where clients and managers or bank employees meet and co-produce together new products and new services or exchange ideas. This activity whether it lasts hours and months is defined as a cooperation, communication and ongoing conversation process for our research.

#### Evaluation process

Evaluation process is the third and final process through which important decisions have been taken about future steps. It may be a decision for a new community or for a new research. This process includes indices of activities related to assessment of communities and future decisions.

Table 21      Details of processes

co-production stages	Explanation	Main actors	Facilitators
first stage	preparation period identification of problem redefinition of roles reorganisation of processes selection of customers selection of employees selection of other partners (internal players or intermediaries) identification of new communication style decision of opening up company resources and information for identification of platforms,	top management, marketing team, employees, financial advisors	an open-minded, customer centric approach  Top management commitment  mastering of consumers' needs  more democratic approach for sharing information and data certain skills that employees must have for the success of activity
second stage	co-production process	customers, co-production team and employees	forums, workshops, meetings (live or on-line)
	activation of all parties		information gathering process
third stage	evaluation period	top management co-production team advisors	assesment of data, insights and comments decision period

## Outcomes

This category includes indices of outcomes of any co-production activity. These outcomes may be related to new products or services, new managerial decisions, a success or a failure, a novelty etc.

- Business related outcomes
- Outcomes related to market information
- New products and services, new mobile or tablet applications
- Benefits or other intangible outcomes
- New managerial decisions

## Problems

This category includes indices of problems met, reported or described during the customer participation process.

- Financial problems

- Technical problems
- Institutional problems
- Problems related to financial industry

### Solutions

This category includes indices of solutions to problems. These solutions are considered by managers but they may be tried or not.

### Critical issues

This category includes indices of suggestions made by managers or other actors for a better co-production activity.

Within case analysis was the key step for analyzing case study (Eisenhardt 1989). We began with within case analysis in order to build individual case stories for every financial institution separately.

We analyzed all interviews, reports, observation data using nine categories and 57 sub codes. We analyzed motives, processes, outcomes and problems separately. We conducted the analysis at two levels: the first one is the chronological analysis. At the beginning of each case description we added a history of events (monthly or yearly) in order to explain the evolution of the project between the years 2013 and 2016. The chronology of events provided us with the details of this project in general.

The second level of analysis was category based. We continued with different steps using our preliminary defined categories. During the analysis we used different display options, tables and matrices for data in order to explain better differences, similarities and dynamics of each case.

Processes were the first category to analyze and to describe. We began with processes and we realized that they are different for each community type. Processes gave more information to us about internal dynamics, events, and actors and even for cross-case analysis.

Some of our cases involved more than one community. Their processes are analyzed separately only if they are different communities. We may give here the example of Cetelem because each community was different. We also analyzed other categories: outcomes, problems and solutions and motives separately for each case. The aim of within case analysis was also to prepare a manageable and comparable data basis for cross case analysis (common categories and codes were used for cross case analysis).

We aimed to describe each case story as clear as possible to see and explain differences and similarities and each case's particularity (Stake 1994). In addition we re-examined reports, documents, interview notes and e-mails for each emerging insights.

#### Cross case analysis

At the end of within case analysis we had two important findings (details of these findings will be discussed later in discussion):

- The evolution of customer participation in financial context according to needs and priorities of these financial institutions,
- The identification of three different type of communities functioning in banks and financial institutions (research, innovation and cooperation communities)

We began our cross case analysis with the selection of four categories (Eisenhardt 1989) : motives, outcomes, problems and processes. Besides these categories, we used these findings in order to compare our five cases in terms of their communities also. The analysis is based on these communities because these three communities were different from one another in terms of

motives, outcomes, processes and problems. During the cross case analysis we used several types of tables, figures and graphs (Miles, Huberman and Saldana 2014) in order to compare and contrast cases in terms of categories.

Every individual case story is sent to bank managers after finishing within-case analysis in order to get their comments and corrections.

During the recollection of past events a retrospective bias may be an issue because of recall problems. One another difficulty was the collection of information.

### **3.5 Data Triangulation, validity and reliability**

According to Miles, Huberman and Saldana (2014) findings are more dependable when they can be buttressed from several independent sources. We tried to use data from different sources and we interviewed advisors for triangulation purposes. They described the same customer participation processes from a different angle and they provided us with a different point of view, different explanations.

We used multiple sources of evidence (Yin 2003) and checked and rechecked the consistency of our findings from different sources. Yin suggests that the most desired convergence occurs when three or more independent sources, all point to the same set of events, facts or interpretations. Interviews, e-mails and reports were our important data sources. Unfortunately observation was not possible for most of the cases because of bank regulations but we re-examined all reports and interviews for our findings.

Archival records were also limited. We could also assist one workshop of Credit Agricole and we could observe TEB closed research community and ING Direct online community. These communities were perfect opportunities for us to watch and understand general dynamics. Unfortunately other communities were closed and inaccessible.

Reliability



Several concerns are proposed for reliability of a research. Replicability of a research (Willis 2007), consistency (Quinn Patton 1989, Yin 2011, Miles et al. 2014) and stability (Miles, Huberman and Saldana 2014) of study process are important for the quality of research. Sykes describes (1990) reliability as a necessary if not sufficient condition of validity.

In qualitative research there are two important questions related to reliability issue (Sykes 1990):

1. Would the same study carried out by two researchers produce the same findings?
2. Would a study repeated using the same researcher and respondents yield the same findings?

According to Patton, validity focuses on the meaning and meaningfulness of data, reliability focuses on the consistency of results (Patton 1986). Yin (2003) proposes several different steps for increasing the reliability of case studies:

- To document the procedures followed in the earlier case. A special emphasis is given to this issue because documentation is essential for repeating the same study.
- To develop a case study database

A case study database has been developed at the beginning of the research.

- The use of a case study protocol

A case study protocol has been prepared and updated during the study in order to increase reliability of the research.

- To make many steps as operational as possible has been described by Yin (2003) as a way of approaching the reliability problem.

Designing the research and conducting it as if someone were always looking over your shoulder is also suggested by Yin because demonstrating that the operations of a study can be repeated with the same results is critical for reliability. We did our best to conduct the research accordingly and

We prepared a case study protocol (Annexe 8) in order to increase the reliability of our study. The case study protocol was also useful for preparing an understandable research. We tried to describe every step in the protocol in order to increase transparency of the research.

## Validity

Several types of validity exist in the literature and Sykes explains (1990) each in her work: apparent validity, internal validity, instrumental or criterion validity, theoretical validity, construct validity and consultative validity. Validity is described as the key control issue of a study and its findings (Yin 2011, 2003) and Yin proposes four tests to establish the quality of any empirical social research. Before the details of these tests we want to begin two different definitions of validity:

**According to Yin (2011)**, a valid study is one that has properly collected and interpreted its data so that conclusions accurately reflect and represent the real world.

**Quinn Patton (1986)** gives another definition comparing validity and reliability:

“Validity focuses on the meaning and meaningfulness of data; reliability focuses on the consistency of results”.

Several strategies are proposed by authors in order to combat threats to validity (Maxwell 2009 and Miles, Huberman and Saldana 2014):

- **Sample:** description of characteristics of the original sample of persons, settings, processes, sample selection, diversity of sampling theoretically

We tried to describe our sample and their processes in detail in order to compare and contrast each financial institution. Diversity of sampling theoretically is also emphasized in order to meet validity criteria. Each institution in our study was different in terms of organization and co-production application in order to increase generalizability and broader applicability.

- Thick description: Miles, Huberman and Saldana (2014) emphasize thick description of the findings for readers.

We described every case in detail and analyzed them on the basis of same categories in order to increase generalizability and transferability.

- Replicability, theories and the report
- Intensive long term field involvement (Maxwell 2009)

We conducted a longitudinal process research enabling us to make repeated interviews and observations. Longitudinal process research provided us with the opportunity to fully understand field conditions, priorities and problems.

- Rich data (Maxwell 2009)
- Respondent validation (Maxwell 2009)

Every case report is sent to bank managers in order to obtain feedback to decrease misunderstandings and biases.

- Triangulation (Yin 2011, Maxwell 2009, Willis 2007)

A special emphasis has been given to triangulation for research and validation purposes. We tried to collect data from different data sources for better evidence. We tried to interview bank managers and advisors separately and we used different data sources such as interviews, bank reports and documents, observation, e-mails. Using multiple sources of evidence was also critical for construct validity as well.

- Comparison

We compared our cases in terms of categories and findings. This comparison is made in same financial setting but in different institutions and provided us with robust findings.

As validity and reliability are considered as the four important standards for the quality of research we focused on each separately :

Construct validity, internal validity, external validity and reliability.

Since our research is an exploratory one we did not deal with internal validity. We tried to satisfy the criteria for construct and external validity. Construct validity is defined by Yin (2003) as establishing correct operational measures for the concepts being studied. We tried to use multiple sources of evidence and we sent our every case to respondents for their feedback and validation. However we did not establish a chain of evidence.

Yin (2003) describes external validity as establishing the domain to which a study's findings can be generalized. As we all know, generalizability is an important issue in case studies especially in single case studies. Multiple case studies and using replication logic are important suggestions of Yin to overcome generalizability issue. We used a replication logic in our findings.

**CHAPTER 1: Introduction**

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Section 2	Definition and classification of financial services
Section 3	Basic characteristics of financial services
Section 4	Evolution of financial services
Section 5	Consumers and financial services

**CHAPTER 2: Literature review and conceptual framework**

Section 1	Definition of customer participation
Section 2	Historical analysis
Section 3	Four theoretical approaches
Section 4	Virtual communities
Section 5	Conceptual framework

**CHAPTER 3: Research methodology**

Section 1	Qualitative Research
Section 2	Methodological Choices
Section 3	Selection of Cases
Section 4	Data collection and Data Analysis
Section 5	Data Triangulation

**CHAPTER 4: Presentation of Cases**

<b>Section 1</b>	<b>Case studies</b>
	CETELEM
	Credit Agricole
	ING Direct
	BNP Paribas
	TEB

**CHAPTER 5: Cross Case Analysis****CHAPTER 6: Discussion**

Section 1	Discussion and Managerial Implications
Section 2	Research limitations and Future research perspectives

## 4 PRESENTATION OF CASES

### 4.1 CASE CETELEM

The case of Cetelem is composed of two distinct phases and one final decision for an open virtual community.

Most of the interviews were realized with the head of marketing research department in order to understand the role and the management of customer participation activity in CETELEM. We realized also some interviews with Florence De-Bigault, head of research and community management in Ipsos.

First of all, this is an international customer participation project realized in different countries. Customer participation has been realized through online communities in several countries. (The head of marketing research in Paris was responsible for European region?)

Cetelem Case is different from other cases in terms of community management and motives. This is the case where we can see the evolution of this customer participation activity.

The rest of the document is organized as follows:

We will begin with the chronological analysis of co-production communities in Cetelem (2012-2013).

We will continue our analysis for each construct selected in the methodology section:

Processes

Outcomes

Problems

Motives

#### 4.1.1 Chronological Analysis

2012

First community begins in December 2012.

2013

Cetelem France closed its first community in February 2013. They launched also three communities in 2013: Spain, Portugal and Czech Republic. These first communities were closed communities managed and animated by a professional from a Consultant Company.

2014

This year is critical for the launch of second closed communities in France and in other countries.

2015

Decision of an open community in Czech Republic for the launch of a new offer:

The launch of the new community will be very much in line with the new positioning of Cetelem Czech Republic.

“Vous pensez à faire une communauté ouverte?”

-C'est en cours

-Ça sera justement dans la République Tchèque en Europe Centrale en fait.

-En France?

-Pas tout de suite.

Pour La République Tchèque, je ne peux pas tout vous dire mais parce que on a un projet d'une offre avec un nouveau positionnement et on pense que ça c'est une bonne façon de se différencier sur ce nouveau marché. Et du coup ça serait un élément central dans la relation client.

On commence avec la République Tchèque dans un premier temps et ensuite potentiellement la Slovaquie et la Hongrie.

2016

This year is dedicated to the preparations for the open community.

#### **4.1.2 Processes**

Cetelem use different types of processes for different communities. They had two different communities since 2013 and they are working on the third one. Each community has its own motives, objectives and different processes and problems.

We have to admit that they all begin with a call for bids and they have some procedural similarities such as assessment of offers or decision about the consultant company.

First co-production activity is designed as a panel, as a marketing research activity. This was a temporary co-production activity with a clear termination date. Top executives identified a problem and an idea to test. This was the new positioning of Cetelem.

The first project of customer participation began in 2012 December and lasted only nine weeks. They had two separate communities, an employee online platform, Yuling and a community composed of 300 participants (customers and non-customers). Their first community was actively managed by Ipsos.

Cetelem used two communities for this first activity. There were two parallel communities. The first one was a consumer community composed of 300 clients. The second community was the



internal social network of the company.

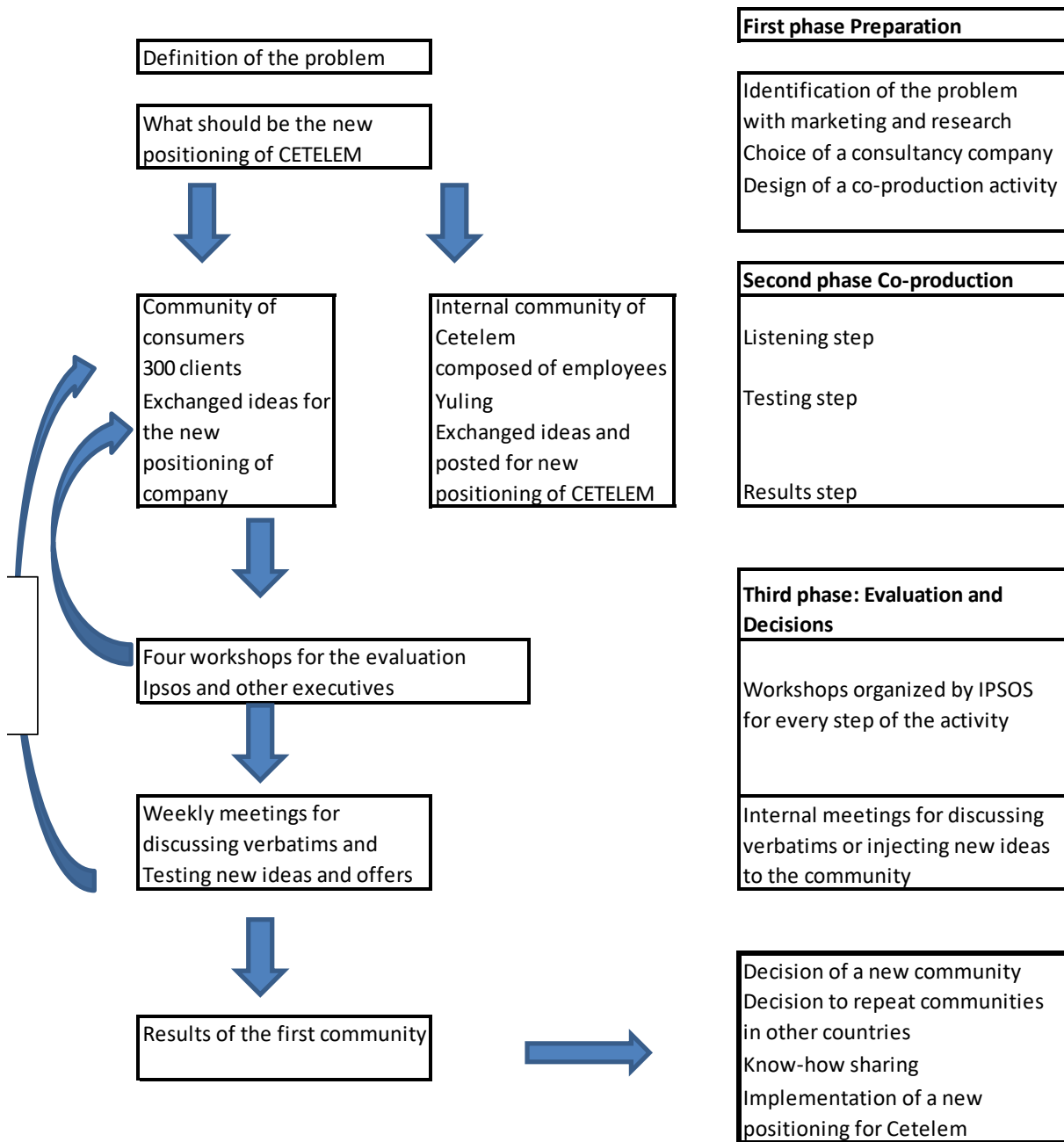
Ipsos was the consultancy company, managing, designing and organizing the customer participation activity. They also animated consumer community.

Cetelem France was the first company that created a temporary community in order to identify a new positioning. Cetelem France was followed by Czech Republic, Portugal and Spain. They realized four workshops every two weeks and meetings every week with managers in order to assess and evaluate ideas and verbatim.

They used several technics.

Each process should be assessed separately.

Table 22 Phases of first co-production activity in Cetelem



According to Monsieur Morlat, results of the first community was so satisfactory that they decided to launch three new communities for the Czech Republic, Portugal and Spain in order to

repeat the process and test new ideas. These communities lasted only six weeks thanks to know how shared by France group.

Another important decision was the creation of another community for a longer co-production activity.

When we analyze the process of the first customer participation activity:

The important thing for the success of a community seems to be the management of the community.

We also made interviews with the head of Research in Ipsos. Mrs. De-Bigault explained in detail the design and the management of a closed community. Generally speaking, the management is composed of three distinct phases:

**The first phase** is the preparation phase composed of several internal activities lasting several weeks:

The support of top management is described as critical for this activity. Managers of marketing and research departments should work on different subjects after the approval of the project. One important problem is the budget problem that should be overcome before the operation.

Main activities of this period as described by Monsieur Morlat and Florence De-Bigault:

- Identification of the problem or a subject to investigate (preparing the framework of this activity with details),
- Choice of consultant company for the management of customer participation activity (after a call for bids),
- Designing the activity (decision about the duration of the community, defining criteria for sample selection, sample selection, choice of the main theme and sub questions)
- Preparing a protocol

Co-production activity begins with a clear theme that is easy and interesting for consumers. The theme of the first one for CETELEM was the “Bien vivre mon argent”. The theme seems to be

important because of two reasons. First it should be interesting to discuss and should push clients to share ideas or past experiences about this subject.

This theme had several sub questions and consumers posted their ideas about these questions: how do they consumer? How do they manage their budgets etc.?

### **The second phase, customer participation activity.**

Main activity is the management of the community. This is realized by Ipsos. Ipsos divided this phase into three steps:

Step 1 is the introductory step. Main objective here is listening to clients. They introduce themselves, they share personal information and they begin to exchange some ideas about main theme. It is possible to understand client expectations during this step. This step is extremely important.

Step 2 is the test step. The workshop animator tries to push clients to discuss on certain subjects or answer some questions. The success of this step seems to be related to the first one.

Step 3 is the final step. It is called results.

During the co-production activity Ipsos organized workshops in order to discuss the development of the community, some answers or some verbatim.

### **Evaluation Phase**

This final phase is important in terms of the continuity of the project. Evaluation did not only take place at the end of co-production activity. Ipsos and Cetelem management organized four workshops during the co-production activity. These workshops and other weekly meetings were necessary for discussing community members' proposals and verbatim. They are also important for introducing new ideas to test with the community.

And finally when we analyze these processes we see that every co-production activity causes another one that is longer and more different. Here we can say this co-production activity

managed by Cetelem is evolving and is becoming another thing. We can say that its role is evolving too.

### Permanent community of CETELEM

The first community was designed as a research community; it was a temporary community with short term objectives. **Although they are both designed with market research purposes these two communities are totally different from one another in terms of results, processes problems and solutions.** The second community is different from the first one. We prefer to call the second one **“innovation community” because of its results.**

As you may see in the “Problems” section the management of the second community is more difficult. Although it is also designed as a research community, it requires a new management style.

Second processes of the second community are more cyclical. The table 23 illustrates the functioning of the second community. Contrary to the first one that functions on a linear basis, the second community’s processes are cyclical. There are several ideas to test, And the third one is becoming a new actor.

Table 23 Processes of the second community

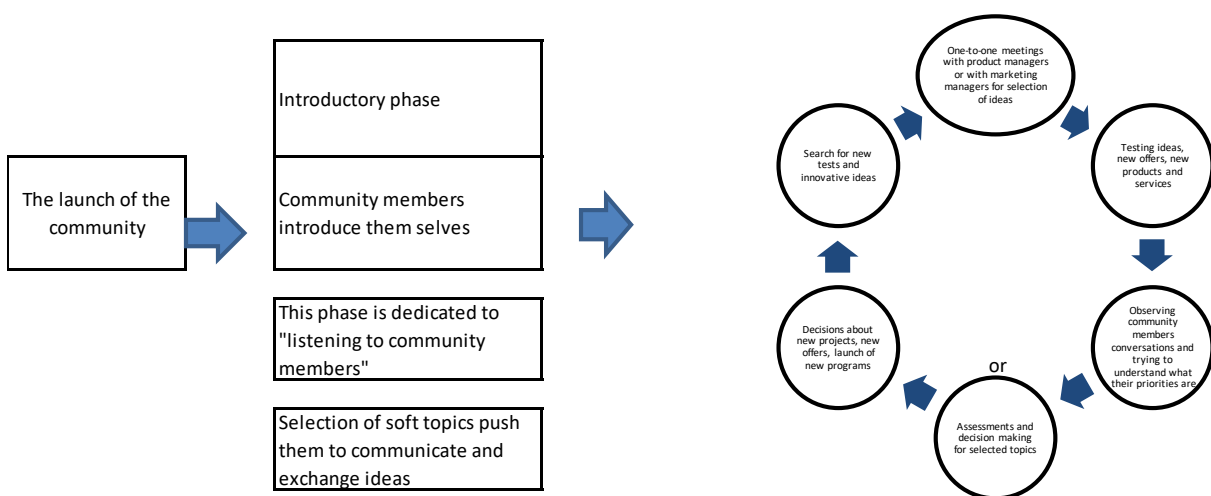


Table 24 Comparison of processes of two communities

Cetelem's first community	Cetelem's second community
A linear process composed of distinct three phases: Preparation, co-production, evaluation	Circular process dedicated to testing marketing ideas or co-producing new offers. A continuous test and co-production process.
Managed by Ipsos	Managed by Ipsos
Closed community with short-term objectives	A permanent community
Know how sharing between different entities	Know how sharing between different entities

As you may see in the first table, these two communities are not so different in terms of objectives, design and management however they use different processes and the second community had more advantageous results.

### **Third community**

We do not have enough information about the functioning of third community since it has not been launched yet. However, according to our findings third community will be managed on a different online platform which will be linked to the official website. There will be some technical and managerial differences.

The management states that the launch for Republic Czech will take place in September 2016.

However preparations of the community are as follows:

- Call for bids (management of the community)
- Preparation of a content
- Hiring someone for the management of the community

On the other hand we know that they will follow a similar path with ING Direct in order to create content for the third community. They will try to build on the second community's experiences and content. They did not begin yet but they are planning to do so. We will try to explain this preparation with Monsieur Morlat's words:

“Et maintenant on réfléchit à se dire comment on peut utiliser notre communauté fermée pour commencer à travailler sur la communauté ouverte. C'est à dire est-ce que nos membres aujourd'hui ici, qui sont pas finalement les premiers membres qu'on va mettre ici pour commencer à créer le contenu dont je parlais a tout à l'heure?

Nous On va lancer cette offre, est ce qu'à la limite on n'en ferait pas les premiers testeurs?

Ce sont des gens Les gens qui nous aiment bien.

Comment est-ce qu'on peut les animer pour les mettre dans cette communauté la jusqu'au moment on dit on ouvre complètement, Pour dire qu'il y a déjà du contenu. Les gens Deja partageaient leurs idées.

### **4.1.3 Outcomes**

You may see the evolution of the community's functions with the second community. The second community is not anymore only a market research community. It had different functions in time. We believe these outcomes should be analyzed in three categories.

Table 25      General outcomes of customer participation activity in Cetelem



Major outcomes	2012	2013	2014	2015	2016
<b>Structural change</b>	No information	No information	No information	No information	No information
<b>Organizational change</b>		None	None	None	Planning to hire a community manager
<b>Procedural change</b>	No information	No information	No information	No information	No information
<b>Concrete outcomes</b>	Launch of the first community in France with a theme "Bien vivre mon argent"	After satisfactory results of the first community, launch of three other communities in Spain, Portugal and Tchech Republic	Launch of the second community (closed and permanent) for research and innovation: Cetelem et vous	New communities in Tchech Republic, Hungary and Slovakia Decision of an open community	Preparations for open community
<b>Change of customer participation activity</b>	A research community that tries to identify Cetelem's positioning	Three more research communities in other countries with satisfactory results	Launch of a long term "innovation" community in France	Decision of building an open community: A new trend for customer relations	Preparations for launch

Table 20 illustrating the general outcomes of customer participation activity reveals that customer participation activity in Cetelem did not lead to any organizational, structural or procedural change by now. However we can easily see this smooth transition from closed, research communities to an open community.

Table 26 is prepared for illustrating more specific results of customer participation activity in Cetelem.

Table 26 Outcomes of Cetelem

Outcomes			
Managerial outcomes	Outcomes related to Marketing research	Products and services	Outcomes related to relationship with customers
Know-how sharing between different entities Customer participation activity facilitated communication and cooperation between different parties  Customer participation activity breaks down the barriers between different departments.  Facilitator of exchanges Simplification of procedures	Knowing consumer preferences  Identification of consumer needs  A bridge between consumers and company	New positioning of Cetelem  Improvement of new services	This activity placed the customer at the heart of critical discussions  A new trend of relations with clients emerged for Cetelem

As you may see the details in the Table 5, the outcomes may be summarized in four categories:

Managerial outcomes

Outcomes related to marketing research

New products and services

### **Managerial outcomes**

What did the community change for Cetelem? We could answer this question with one word: they changed their working style.

Here is the list of some results:

- Breaking down the barriers between departments. This is important because breaking down the barriers may encourage cooperation and coordination.
- Facilitator of exchanges
- Facilitating discussion and exchanges between departments
- Changing roles, changing the role of marketing research department, placing it at the core of the processes

In addition, the idea of co-production placed consumers and communities at the heart of company's discussions. Consumers had an important role for decision making.

Denis Morlat explains their new role below:

“Et du coup, la communauté fait que, ça met vraiment le marketing au cœur et ça permet de mettre le consommateur au cœur des réflexions de chacun.”

“Et voilà, vraiment le consommateur qui est là, vous pouvez lui poser des questions, vous pouvez tester des choses. Il va vous répondre c'est intéressant.

We believe that communities **simplified some processes** related to product offering, new products and services or decision making.

Denis Morlat explains this difference with an example.

Chez nous ce qui a changé, ça simplifie. C'est à dire que, dans des réunions ou il y a deux services qui pouvaient ne pas être d'accord. Et les discussions un plus finir en disant:

-C'est moi qui ai raison.

-Non c'est moi qui ai raison.

Dans des réunions quand c'est le consommateur qui dit "non, ça ne va pas", on cherche plus à savoir ce qui a raison. On se demande "comment on fait pour qu'il soit content?"

-Donc ça change quelque chose.

One another change could be the advantages of co-production activity ...

### **Outcomes related to customer relations**

We believe that the most important outcomes of this customer participation activity in Cetelem are twofold. First, these communities taking on different actions and responsibilities for Cetelem seem to be a major outcome. Second outcome is more interesting: the emergence of a new trend for customer relations.

### **Outcomes related to marketing research activity**

As stated several times in this report, communities served a better understanding of consumers' expectations and attitudes. They functioned as a bridge between consumers and Cetelem and they provided the managers with the opportunity of following the cognitive processes of clients. Top executives could observe and understand how they think, why they think differently than Cetelem employees. This information pushed them to reason differently in order to understand consumers.

Communities change also the way marketing research is conducted. Before, research was taking photo of the situation and now communities are making videos. This is much more dynamic.

### **Outcomes related to new products and services**

Definition of Cetelem's new positioning

Change of commercial positioning in France

Implementation of live chat tool

Access to “Espace client” for advisors during phone conversation

In addition Cetelem product managers could test several ideas, they had the chance to improve or kill them owing to comments of community members.

#### **4.1.4 Problems**

Problems related to customer participation activity may be analyzed in Cetelem in four categories:

Problems related to community management

Problems related to an open community management in financial industry (We have decided to analyze these problems in a separate category because this category indicates different problems)

Financial problems

## Internal problems

Table 27 Problems of co-production in Cetelem

Problems	Problem type	Suggestions from Cetelem managers and consultants in order to overcome the situation
Animation of community Being transparent with community members Selection of themes facilitating discussion and sharing (for long term relationships) Evaluation of information flow from permanent community	Problems related to community management	Active management of the community by a professional Trying to find more interesting subjects Trying to find a systematic way of generating interesting topics for community members
Resistance to change Novelty of the projects	Internal problems	An efficient information sharing system between different entities
Financial problems	Budget problems	
Management of consumers' reaction is difficult Consumers and/or prospects may post negative ideas about Cetelem or insults	Problems related to an open community	Cetelem management decided to take this risk

### Problems related to community management

According to our findings, the majority of problems were related to community management in one way or the other. We understand that transparency is important for community members (even in closed communities they want to know for whom they work for). Another important finding is that community members must be allowed to share personal information, must discuss on different topics (topics that are not related to business or products or services) for better performance. Monsieur Denis Morlat and Mrs. De-Bigault underlined the necessity of an open managerial approach and exchanges in order to keep community members' interest alive to the community. Continuous discussions and questions on a business related subject may be boring and tiring for them. One way of overcoming this difficulty is finding softer

themes and topics in order to make members feel more comfortable in the community.

« La difficulté est de tester sans arrêt des offres et des nouveaux produits ou des nouveaux services. Ils ne vont pas sentir comme une communauté. Ils vont se lasser et ils vont partir. C'est pour ça qu'on a fait ces sujets un peu globaux. »

One another important problem is the assessment of the abundance of information coming from the permanent community. Different from a classical research, managers had a lot of information difficult to categorize.

Second important problem is having an open community in financial industry. According to our findings the major problem is the anxiety or uneasiness of managing an open community where anyone can come and posts negative ideas and criticisms. We think that this uneasiness is more apparent in financial industry because of bad image of banks and other institutions.

We will try to explain this uneasiness with Monsieur Morlat's own words:

“Et puis après ce n'est pas une décision facile à prendre pour une banque. De se dire « je vais laisser les clients dire ce qu'ils veulent sur le site internet mais bon ? »

« Quand on est une marque de bricolage, qui fait plutôt du bricolage haut de gamme etc. il n'y a pas trop de risque. »

-Pour quoi ?

- Parce que ils sont sur un produit (ici on donne l'exemple de Bosch) ou On a moins, sur un secteur et sur un produit, et puis en Allemagne, là où elle est née la marque les gens vont dire du mal. Mais pour un organisme crédit, il y a beaucoup de gens qui ont envie de dire des choses pas gentilles.

-« On l'a vu sur d'autre... mais même sur notre communauté (he talks about the second community), quand on avait dit que c'était Cetelem....c'était juste.

-Et puis on à une mauvaise image en France c'est sûr. Dans les autres pays, pas toujours.

Budget problems,

Providing necessary financial resources in order to construct and to manage a community has always been a problem for Cetelem. Besides internal decision making problems, this budget problems is also slowing down the activity.

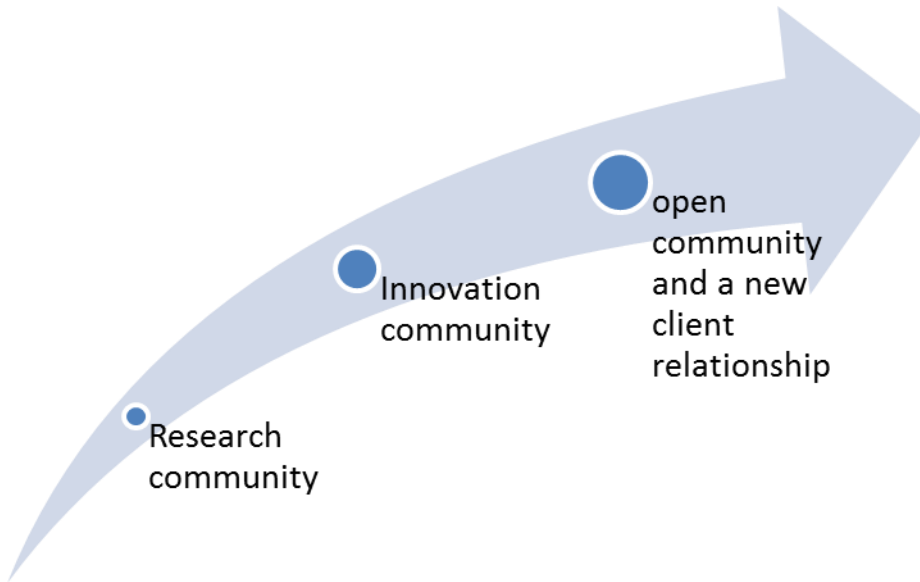
#### **4.1.5 Motives**

Finally, motives of Cetelem can be analyzed in five big categories:

1. Motives related to research
2. Managerial motives
3. Financial motives
4. Business related motives
5. Motives related to customer relations

However we prefer to analyze motives of Cetelem for each customer participation activity and for each community separately. The third community is not open and is not functioning yet but the motives for the last one are existing since the second community's launch. So we had the chance to list and compare these motives in order to explain better.

Figure 6      The evolution of communities in Cetelem



The figure 6 illustrates the evolution of customer participation activity in Cetelem. As stated several times above, each community has its own motives and actions. Now we will analyze these motives for each of them.

Table 28 Motivations of Cetelem for customer participation and for building communities

Motives		
First community	Second community	Third community
1. Testing a new positioning for CETELEM 2. Taking a picture of consumers' attitudes about saving money or 3. Knowing clients better 4. Identification of consumers' needs and expectations 5. Innovation 6. Research	1. Client experience 2. Testing new ideas, testing products and services 3. Being able to follow the change of consumer 4. Innovation 5. Research	1. A closer contact with consumers 2. Engaging clients 3. Cost cutting and saving money 4. Increasing customer loyalty 5. Innovation and co-production 6. Using the community as an "after sales service" 7. Profit 8. Business

As you may see in the Table 28, objectives of the first two communities for customer participation are very similar. Testing new ideas, research and innovation are main objectives for



both of them.

#### First community

According to our findings, motives are very much related to research for the first community. This community was constructed for a clear objective and a limited period of time. The initial objective was the definition of Cetelem's new positioning but they also wanted to see and observe consumers' reactions to different questions. Community members had an open discussion on several issues selected and injected to the community by Cetelem management. As you may see in the appendix, Cetelem's top management aimed at understanding consumers' needs and expectations by observing the community before the definition of company's positioning. Innovation was also a part of this first community but knowing customers better was more important.

Cetelem management tested "Financial partnership" idea and how it is perceived by community members.

#### **Second community**

We prefer to call second community as "innovation" community because of several reasons. First, this community is more successful in terms of outcomes, innovation, development of products and services. Second the second community provided Cetelem's management with the opportunity of testing different ideas. Community members' discussion provided better insights and creative ideas. It is easy to understand this, because this is a permanent community and this may become more productive in time.

As we said at the beginning, objectives for the first two communities are very similar. Both of them were built around research idea. Innovation is also an important motive for permanent community.

Interestingly, competition is not cited as an important motive for customer participation.

However, trying to understand consumers' expectations, attitudes and future decisions

seem to be important motives for the second community (as you may see in the table 28). Mr. Morlat and Mrs. De-Bigault underlined an important characteristic of the new “consumer”. The consumer is less loyal and less classifiable in terms of activities, preferences and choices and we concluded that permanent communities are a way of overcoming this difficulty. The community provides the management with the opportunity of observing consumers’ reactions, discussions or reflections. Top executives can understand also the consumers’ change and new attitudes by observing community.

Denis Morlat’s quotations explain the situation better:

- Non, pour moi, ce n’est pas tellement à cause de la concurrence, c’est plus parce que on est vraiment dans un monde qui bouge vite en fait.
- Faire des études avant c’était prendre une photo quoi. Prendre la photo de ce qui se passe avec les focus groups, trois heures, une question naïve. C’était pour un moment donne avec les résultats.
- Avec la communauté on a une cote plutôt vidéo, quelqu’un qui déroule et qui est dynamique.
- Mais avec les communautés je trouve qu’on va beaucoup plus vite. Et aujourd’hui on a plus besoin de savoir comment ils (consumer) vont bouger plutôt de se dire que ils sont comme ça.

The Results of the first two communities were so satisfactory in terms of research. Cetelem wanted to try another thing by opening a third community, they had different motives.

### **Third community**

We had the opportunity of analyzing the motives of the third community before its launch because the objectives were identified during the second community.

Motives of the third community are completely different from the first two communities. Main objective can be described as “creation of a new and different relationship with the client”.

Quotations below may explain the reasons of this diversion:

“Je pense que les deux premières sont proches que ce sera la troisième. Ces deux-là étaient fermées mais c’était plus pour Co créer et pour faire d’innovation. Pour la communauté ouverte on n’aura pas que cette envie-là. On a envie d’aller plus loin. Ça devient vraiment pour moi, autant dans les deux premières on est dans un objectif d’étude consommateur.

La dernière (third community) on aura dans un objectif une nouvelle relation client.

La communauté ouverte c’est l’intérêt. C’est vraiment d’entrer dans une nouvelle relation client, un nouveau mode de fonctionnement, mais ça devient très business, ce n’est pas que étude, c’est du business. On peut s’en servir pour les études parce qu’ils nous racontent des choses mais ça sert surtout

Ça sert surtout à une relation client plus différente. Donc elle crée aussi plus d’engagement client.

Qu’ils aient vraiment envie de parler avec nous de nous pousser des idées...

What are the components of this new relationship with the client?

As you may see in the quotations, Motives for the last community evolve around three main themes: new relation with the client, engagement of clients for a better relationship and the business (cost-cutting or profit).

1. A new trend for a new type of relationship with clients

Denis Morlat calls it “un nouveau mode de relation client. This relationship is defined with different objectives and may be the future of company-client relationship.

## 2. Engagement of clients for a longer relationship and transparency

Top executives describe the community as a necessary investment for engaging clients and for having a new type relationship with them.

### 3. Objectives related to cost-cutting or saving can be realized through:

- Managing community as an after-sales team where community members answer other clients' or prospects' questions.
- Better optimization of Cetelem website on google or on another search motor by increasing website content (A community may increase the performance or the relevancy of website)

As you may see in the table "innovation" and "research" are still important for the third community but they are not main intentions of doing this activity. Top executives know that communities may easily serve as a "suggestion box" through which they may have access to innovative and creative ideas and suggestions.

## 4.2 CASE CREDIT AGRICOLE

During the analysis of Credit Agricole case, we tried to answer our research questions (and our sub-questions separately)

At the first part, we have adopted two different approaches in order to analyze every case in detail and to answer "how" question,

The first approach was a **chronological analysis that will give us milestones of the case and a brief overview of the activity**. You can find details of the chronological analysis in the table 1.

The chronological analysis is composed of four parts: objectives, actors, country, important themes or activities. We also use chronological analysis for the presentation of the case. The table

illustrates the yearly development of co-production project in Agence Alpha, important actors, events, themes and activities.

We have also analyzed important themes identified before analysis or emerged during the analysis.

Therefore our analysis has been conducted in order to

- **Explain major changes and outcomes.**
- **Describe and to clarify the processes of co-production project in Credit Agricole**
- **Understand analyze major problems and obstacles during the evolution of the project.**

At the second part we tried to analyze the motives of this activity and to answer the first part of our research question:

“Why do banks engage their clients in co-production activity?”

#### **4.2.1 Chronological analysis of Credit Agricole**

The case of Credit Agricole was the only case managing a co-production activity only through physical branch and physical workshops.

As stated before we made interviews with branch managers, head quarter executives and advisors in order to understand, evaluate and describe entirely case studies. Interviews with the advisors were the most important part of our study because of their objective attitude toward the projects and their precious feedbacks about the process. They were a part of the management team in four of five cases. Moreover they do have an attitude more objective, they can understand and identify problems related to project it-self. Another reason for conducting interviews with advisors was triangulation of data. Consultants had very objective comments about what is going on in financial institutions and they were sharp analysts.

On the other hand, their approach is totally different from project managers or the branch manager. They only evaluate the project from a researcher point of view lacking a managerial or commercial position. Their point of view had to be complemented with others' one.

We combined all interviews in order to prepare this report.

Table 29 Chronological Analysis of co-production in Agence Alpha

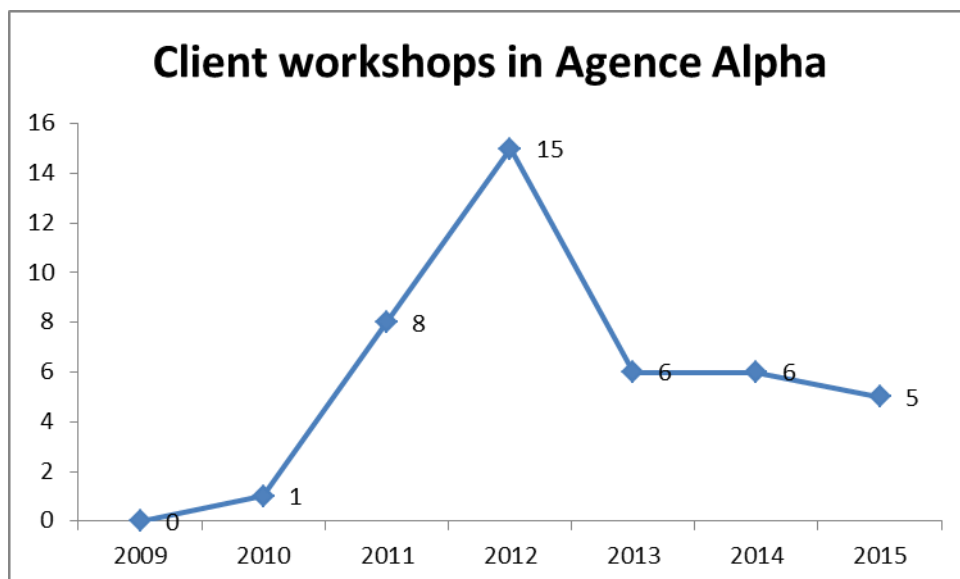
The table below illustrates client co-production workshops in Agence Alpha per year.

	2009	2010	Decembre 2010	2011	2012	2013	2014	2015	2016
<b>Main reason of Co-production activity</b>	Development of a new software in order to combine all existing softwares	Another co-production project has been planned only with clients	The launch of Alpha Agence for an effective co-production	Testing ideas and listening to clients	Research based workshops	Research based workshops	Research based workshops	Research based workshops	Updating the concept of Agence Alpha
<b>Main actors</b>	Employees Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Alpha Agence clients Branch manager Project manager Workshop organizer Consultants	Top executives Project manager
<b>Country</b>	France Paris	France Paris	France Paris	France	France	France	France	France	France
<b>Important themes or events</b>	Software unification	Preparation of the launch Facebook page Une nouvelle agence Social media marketing	Launch of the branch with a new concept.	Workshops began.		A new branch manager came	First attempts to change the format of the co-production activity.	Decision to stop the co-production activity at the end of the year	No workshop or no community in the first quarter. Top executives work on a different version.





Graph 1. Number of client workshops in Agence Alpha per year



### The Alpha Agence

The launch of Alpha Agence in December 2010 was an ambitious big event and presented as the first co-created branch in Paris area. Its launch has been announced publicly by Credit Agricole. The launch was realized with a TV advert, a Facebook account and the launch of the project has been announced in newspapers: “co-production of the tomorrow’s bank relations with clients”

As stated by Monsieur Tugdual De la Tour, the first branch manager of Agence Alpha the project has two dimensions:

“Listening to clients (questioning clients in order to know them better) and testing ideas and innovations with them.”

The idea of co-production emerged in 2009 with employee workshops and employee based co-production activities. The aim was to unify different software and programs. The Agile software was the first attempt for Credit Agricole to organize a co-production activity with employees and other stakeholders. The unification of software led to another decision. Top executives have decided to question employees about several subjects: working methods and conditions,

efficiency, satisfaction. The aim at the beginning was the change management and improvement of new software and program screens.

Managing an efficient customer participation activity with clients was the next step. The managers of headquarter decided to question clients in order to know them better. They have decided to build a branch in Paris dedicated to co-production and research activity. The “Agence Alpha” was created in 2010 and this project was so important that it was monitored closely by top executives. The Agence Alpha functions as a classical branch in terms of financial operations and banking activities. In addition, this branch is also presented as a laboratory branch with two main objectives: listening clients and testing ideas and innovation

The branch Alpha is not designed as a classical branch although it functions as a classical branch. It is designed and launched as a laboratory branch.

Despite the fragmented organization type of Credit Agricole this co-production project has been supported by La Caisse ET La Federation and the project has been treated like a strategic project. And the branch has been visited regularly by top executives.

The first co-production activity composed of employees and other stakeholders for the unification of different soft wares has been launched in 2009 and still continues for different reasons (improvement of working conditions, employee education etc.). The first project is not in the scope of this research. These two co-production activities differ from one another in terms of actors, objectives, scope and research type.

Agence Alpha was built in 2010 with a special design, attractive colors and comforting ambiance. Project managers and top executives wanted to create a charming and welcoming branch. The concept has been well accepted by clients also (a majority of clients were those who transferred their accounts because of this project and they wanted to participate in workshops. As repeated by consultants as well, clients of AA are not paid for this activity.

They take place in this project for different reasons because of warm relations and friendly

environment

Contrary to other cases we cannot say that these clients are a member of a community. Agence Alpha case is different from other cases in terms of community management. Clients begin to know each other better as the project develops and evolves and they become more inclined to the project. On the other hand, they do not have common rituals; they do not share common values etc.

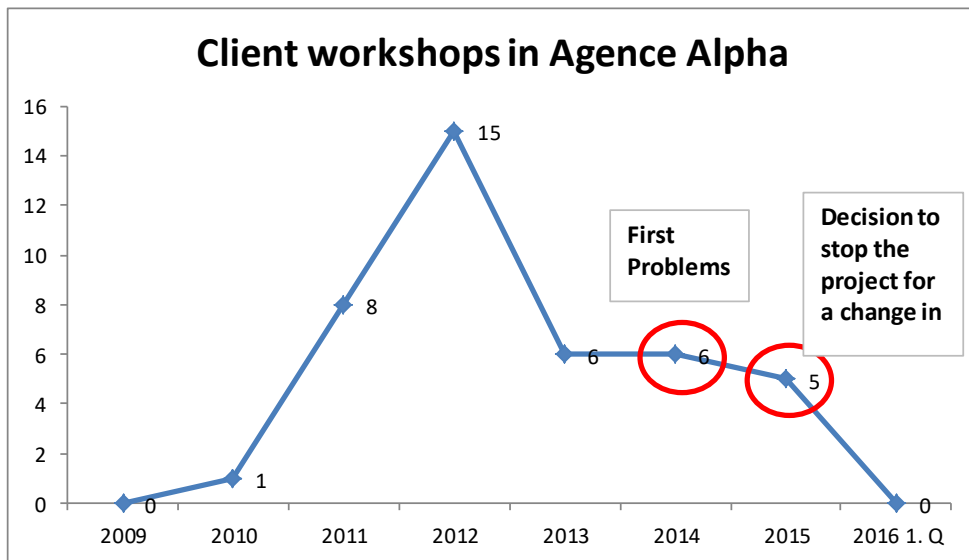
During 2011 and 2012 they organized several workshops and tested several ideas and project managers co-constructed different applications, ameliorated products and services or developed new ones with clients. You can find in Table 2 major outcomes of the project per year. According to branch managers and Mr. Castan, they learned very interesting things about clients; they had the possibility of testing several ideas. Top executives and branch managers were very satisfied with the activity.

A new branch manager came in 2013, Mr. Jean François Morin. Workshops continued in 2013 and in 2014. Outcomes were still interesting and satisfactory according to branch managers and consultants. However, some problems aroused in 2014. The methodology of research activity has been criticized by Mr. Castan during the interviews. Branch manager Mr. Jean François Morin mentioned also same problems: the sample was too small to generalize results. In addition Mr. Castan said that this was a false panel because they questioned same clients for several subjects and they did not conduct a longitudinal study in order to track the evolution of their preferences in time. Despite some concerns about the results and future of the activity top executives decided to keep the same format for the project.

They had four workshops in 2015. We learned that insufficiency of the activity persisted and executives of head quarter decided to stop the activity in December 2015.

They were still working on the new format of the project in April 2016.

Graph 2 Client workshops – Agence Alpha



#### 4.2.2 Outcomes and changes

We analyzed major outcomes of the customer participation activity at two levels. We tried to understand the evolution of the project in time and its structural, organizational or procedural impacts on the bank or/and on the branch. We also analyzed concrete outcomes of this activity per year because these outcomes were the main reason for the continuity.

### **Major outcomes of customer participation activity**

As you may see in Table 30 there are limited structural, procedural and organizational changes in five years. The co-production project was designed as a marketing research activity and executives wanted to keep this format until the end of 2015 despite some criticisms coming from consultants and the branch.

**2014 seems to be a very important year for the future of the project.** Monsieur Jean-François Morin summarized this stage with this sentence:

“On est en train de réorienter le projet”. There are two attempts to change the process. The first one is the implementation of a Green Light Procedure for every project concerning customers. This attempt could increase the number of workshops as mentioned by Mr. Jean François Morin. It could also change the format of the activity. The second one was about building a community. They considered several types in order to realize researches but none of them were realized.

As confirmed by branch managers, head quarter executives were very satisfied with interesting outcomes, rich information and simple and effective suggestions.

Table 30      **Major outcome of customer participation activity in Credit Agricole per year**

Major outcomes	2010	2011-2012	2013-2014	2015	2016
Structural change	No information	No information	No information	Decision to stop the project at the end of this year	
Organizational change	Creation of Agence Alpha	None	Change of Branch manager	Change of branch manager	None
Procedural change	Creation of a Laboratory Branch for testing ideas and innovation	No information	An attempt to implement a green light procedure for every project and innovation concerning clients/ Not Implemented Considering several different types of communities for better results /Not Implemented	Decision to stop the project at the end of this year and to change the format	No information
Concrete outcomes	First physical meetings with clients of Agence Alpha	Budget application, Contactless payments, Management of mails, Testing the new internet site	I-Phone applications, Tablets and mobile phone applications, Account related innovations, testing interface	Young segment preferences and banking style, New banking applications for the multi canal banking	
Change of customer participation activity	Clients meetings of workshops began	Meetings continue with a similar format	Slight changes occur but headquarter executives want to keep the essential of customer participation activity	Workshops continue until the end of year. Results were not evaluated as satisfactory any more	Change of the format

The last row of this table illustrates the evolution of this project per year. As you may see the project did not change much since the launch of the project (the format and the scope of the activity).

### Concrete outcomes

We analyzed them separately into three big groups.

When we analyze the outcomes of the customer participation activity we see three important groups of outcomes.

**Outcomes related to products and services** (new products, new services, improvement of existing products and services, testing new mobile or tablet applications etc.)

### Marketing research outcomes

This group of outcomes is composed of knowing customer preferences, tracking customer new habits and expectations.

### Management related outcomes

**Branch managers or consultants mentioned about different important outcomes that can be**

**beneficial to the project itself or that can facilitate management.**

The first branch manager stated that:

**« On qualifie plus nos projets, on fait des économies. Nos investissements technologiques sont optimisés. On essaie de communiquer innovante. »**

Table 31 Classification of outcomes of Agence Alpha project

Outcomes		
Management	Marketing research	Products and services
Optimisation of technological investments An effective assessment of all projects. Projects are better qualified Crm activity Cost cutting Advertising and brand awareness Customer perception Simplification of banking informations Communication and public relations strategy works here also Increasing creativity of managers Visibility	Knowing consumer preferences Identification of consumer needs	Efficient pobile applications Co-production of I-Phone applications with giant I phones Testing new internet site Development of new productsand new services Testing ideas Treating customer claims Improvement of services Improvement of interfaces Insurance application

Both branch managers underlined the existence of a branch dedicated to co-production activity and stated that this branch is very critical in terms of project communication, public relations and visibility. The relationship between clients and the branch staff, this affinity was also important for innovative ideas and solid suggestions.

Details of the outcomes will also give us an important clue. Do these outcomes evolve in time? This question was not in our question list at the beginning but during analysis we also realized that this question is very critical to understand the evolution of this co-production activity. If the outcomes change over time we may say that the project evolves in one way or the other. When we analyze the major outcomes and the format of the activity we see that there is not a

major change and the outcomes are very similar. This slow change may be a reason for stopping the activity in five years and or for changing format.

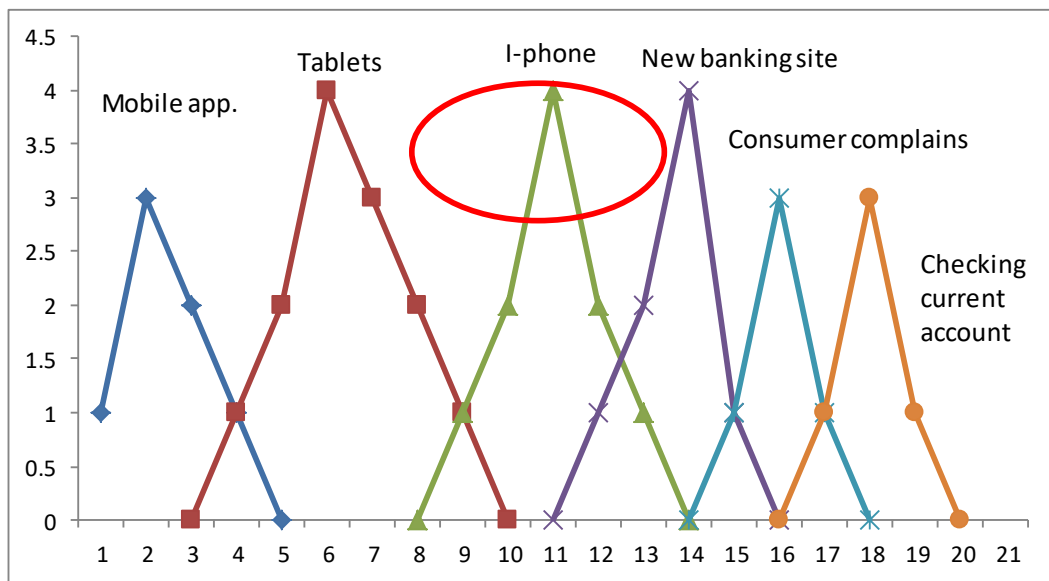
#### **4.2.3 Processes**

We identified three major and separate processes for every co-production activity after a detailed literature review. Credit Agricole co-production activities are organized as focus group workshops composed of seven or eight clients. As you may see in Table 32, these are separate activities, each having a separate theme, occurring with regular intervals.

According to Monsieur Jean François Morin a co-production activity takes three or four weeks. The first week is dedicated to preparation. The project manager prepares a framework for the focus group in preparation period. The second phase is the co-production phase organized as a workshop in the branch. The workshop is in the evening. Clients and workshop organizer (he or she also is a consultant) exchanges ideas about one particular subject. The third process is realized by project manager and head quarter employees.



Graph 3 Separate co-production activities in Alpha Agence



The Graph 3 demonstrates that co-production is realized in Credit Agricole by regular cycles taking at least three to four weeks. These activities were organized around one theme.

The processes of a co-production project can be illustrated as it is shown in the Table 32.

Table 32 Processes of co-production in Agence Alpha

### Preparation period

Preparation of a framework for the focus group by the project manager

The framework is sent to the branch manager, he adds his comments

The framework is sent to the workshop organizer. He or she works on it.

Selection of clients according to age, sexe, profession, interests  
The final version of the plan is ready for co-production activity.  
It includes questions, set-up, major themes.

It can take one week or more to fully prepare the framework.

Selection is made according to certain criteria



### Co-production activity (organized as focus group)

A group of seven or eight clients is invited to the branch by branch managers

Managed by the consultant and organized as a focus group activity, Session is recorded by the branch manager

Project manager, top executives, consultants and branch manager watch the group in a separate room.

The workshop is based on themes and questions prepared by the project manager.

A live discussion about consumer preferences, suggestions or trial of the applications.



### Evaluation process

Evaluation is mainly realized by the project manager with other top executives.

This process comprises two important parts: analyzing customer suggestions and comments and assessing the

The examination of the feasibility of suggestions led to other decisions and other collaborations within the group

The process of evaluation is over in approximately

To put in other words every single co-production activity shown in the Table 28 is composed of these three processes, no matter what the subject is. The set-up of these workshops may differ

from another. We may take the example of the session dedicated to I-phone applications. This session is realized with giant I-phones and found to be very interesting by clients.

Time frame

The branch manager we interviewed stated that these three separate processes may take two or three weeks including evaluation.

#### **4.2.4 Problems and obstacles**

At the beginning we treated problems and obstacles as a part of processes (these are technical, bureaucratic or client related problems that occurred during the co-production or assessment phase). However we have decided to treat them separately because they were critical for the continuity and evolution of the project.

Branch managers and consultants did not talk about problems and difficulties of customer participation in 2011 and 2012. As you may see in the Table 1 we see a decrease in the number of workshops in 2013 and 2014. Fifteen workshops were expected for 2013 and only six workshops were realized in 2013. This decrease had very logical reasons for this year. A new branch manager

arrived. Mr. Jean-François Morin. In addition there was an inundation problem of the hall. When we look at the second table illustrating chronological analysis of customer participation in Agence Alpha, we can say that first problems aroused in 2014. We see also a sharp decrease in workshops in this year.

Although the organization of workshops is clearly criticized by the consultant, top executives decided to continue the project and to keep the original format. They were satisfied with the results of co-production activity.

We give a special importance to problems because we see two attempts to change the format of this activity. Unfortunately two of them failed.

Problems of the co-production activity have been described separately by branch manager Jean-François Morin and the consultant, Mr. Xavier Castan. They explained different problems and we tried to combine and analyze all. As a result of the analysis we identified four groups of problems:

Table 33 Problems of co-production

Problems	Problem type	Suggestions from consultant and project manager	How resolved?
Workshops are becoming less interesting in time for head quarter and for clients Decrease in the number of workshops	co-production workshops	Visiting project manager, top executives and product managers in order to organize more workshops, Trying to find more interesting subjects Trying to find a systematic way of generating subjects for workshops Implementing a procedural change: Green light obligation for every innovation concerning clients	Last four workshops are realized in 2015 as a result of visits
Limited know how or information sharing between different Entities Lack of funding for know how transfer	organization of the BANK	An efficient information sharing system between different entities	
Time requirements for new product development Financial services are not very interesting Complexity and intangibility of financial products	Financial Industry	Explaining clients that it may take some time to develop new services and products because of the complexity of financial products	
Consumer research is costly Consumer research is also time consuming activity Sample characteristics of Agence Alpha Sample is limited and composed of experts The organization of the panel	Methodology of research activity	Changing the format of the activity. Trying to build a virtual community or another community  Giving incentives to different segments in order to co-produce with them	Top executives stopped the activity for a format change.

Table 33 illustrates four big group of problems related to the customer participation activity in Credit Agricole with branch manager or consultants' suggestions in order to overcome them efficiently.

A Customer participation activity related problems

- B Problems related to the organization of Credit Agricole
- C Problems related to the financial industry
- D Methodological problems

#### Methodology of Research activity

Monsieur Castan described in detail problems related to the research. Main criticisms were about the methodology of research type: the sample characteristics and sample size and the organization of the panel. The majority of workshops were composed of same clients (seven or eight people).

Mr. Castan described workshops as a false panel because this is not a longitudinal study. Clients are questioned on many subject and interesting results are obtained. Mr. Castan and Mr. Jean François Morin proposed a format change or construction of a virtual community in order to overcome these problems related to research community. As underlined by Monsieur Castan, this group of clients cannot be defined as a managed community either. Clients know each other but there is not an active community management.

#### Problems related to the customer participation it-self

Monsieur François Morin cited problems related to the results and the future of the project: decreasing interest of head quarter and clients, decreasing number of workshops. Despite these criticisms, headquarters were very satisfied with the results of this activity. Consultant Mr. Castan also stated that “They had interesting results, warm relations with clients. “

We want to underline second and third problems most (B and C) because of two reasons:

Problems related to the organization of Credit Agricole are defined as a critical obstacle by Mr. Xavier Castan. According to consultant main problem here is the lack of knowhow transfer and knowledge transfer between these thirty-nine regional banks. These regional banks don't share this knowledge because of the organizational reasons (Because they are separate entities).

These separate entities are conducting researches for themselves constantly and this knowledge

about clients is not shared, centralized and analyzed globally.

Lack of information and know-how sharing between different entities (or limited information sharing) is underlined by Monsieur Castan and this problem seems to waste important resources (time, money and energy). Centralization and capitalization of results could change the future of the activity and could provide a more global view according to Mr. Castan.

“Ce n’est pas une difficulté, c’est une opportunité rate pour l’Organisation.”

According to consultant another problem is budget. Regional banks do not have enough budgets for sharing know-how.

We underline a second group of problems that are problems related to financial industry because they also answer one of our research sub questions. Despite satisfactory results and interesting outcomes both consultants and branch managers underline a unique difficulty in co-producing financial products: it requires so much time. Mr. Castan comments also on the complexity and intangibility of financial products. According to him basic characteristic of financial products cannot be co-produced with clients because of technical reasons. Clients can only participate in subjective parts of products or they can contribute in marketing processes.

#### **4.2.5 Motives of customer participation activity in Credit Agricole**

The table below illustrates main motivations of Credit Agricole’s executives for customer

participation activity.

Table 34 Main motives of Credit Agricole for engaging customers in co-production activity

Motives				
Financial Industry	Management	Marketing research	Products and services	Customer Relations
1. New groups or companies coming to the industry and challenging traditional activities: online payment activities, Alibaba, Paypal etc. 2. Infidelity of clients	1. To insert a trend of questioning clients in a regular way 2. Spreading these innovations to other branches	1. Knowing consumer preferences 2. Identification of consumer needs 3. The branch is designed as a laboratory branch not a classical one	1. Testing innovations and ideas	1. Listening to clients 2. To co-create the future banking relationship (this is the objective of the project) 3. Visibility of the project

We see five big groups of customer participation motives:

- Motives related to financial industry
- Motives related to management
- Motives related to marketing research
- Motives related to develop new products and services
- Motives related to customer relations

Although the Alpha Agence has been designed as a laboratory branch marketing research is not the only motive for this activity. Besides management or industry related motives, communication and public relations were also a very important motive for this activity since the very beginning.

The visibility of the activity is underlined several times by both branch managers:

Jean François Morin says that:

La visibilité montre ce qu'on fait concrètement. Les clients voient le chef du projet du siège. Ils pensent qu'il y a des gens qui viennent nous écouter.

In addition there are two important motives here explained by Mr. Castan. We all know the existence of high competition in financial industry. However Mr. Castan underlined another



important factor challenging the industry: new companies or new comers, online or electronic payment systems or other electronic facilities, Paypal or Alibaba. This challenging development means the loss of industrial security as well.

Another important motive is the decreasing fidelity of clients. They are less loyal, more demanding and powerful. This fact forces banks and other financial institutions to develop new methods and new ways of competing with the new comers too. They are better informed and they express their thoughts and ideas easily and clearly....

### **4.3 CASE ING Direct**

ING Direct exists in France since 2000. This is an online bank, functioning without branch in France.

ING Direct is the only case with an open and permanent client community. Community exists since 2013 December. Community is managed by ING Direct managers and is built upon an active Facebook community.

Le web cafe ING Direct is the first open community in the ING Group. Other countries had their communities in the last month of 2015 and in 2016.

ING Direct added an online live platform to its corporate website for the community “the Web Café”. The community is launched in 2013; this was a corporate business decision with several objectives. We try to analyze these objectives in detail in “Motives” part. Before going into the details we want to underline an important point: ING Direct is different from other cases in terms of community management, problems, and outcomes and processes because this is more

than co-production management. In other words co-production activity is only a part of their job.

The essential activity is the community management built by the bank it-self.

This is the management of an open, public consumer community, a real life situation. The ING Direct community, the Web cafe is composed of three parts: Forum, Labo and Blog.

We may say that this is not an easy task because the more the community grows, the more it becomes important. The more the community becomes important, the more new responsibilities and obligations emerge for both parties.

We try to analyze the evolution of a customer participation activity, the community and the evolution of other concepts at the same time.

We will start with a chronological analysis and then we will analyze our concepts separately:

Outcomes

Problems and Solutions

Processes

Motives

### **4.3.1 Chronological Analysis**

We wanted to display critical events, major structural or organizational changes per year during the creation and management of ING Community, Web Café. We aimed at better explaining the evolution of customer participation activity in ING Direct.

Although the community started in December 2013, our analysis began with the creation of a Facebook community that served as a basis to Web Café.

2010

The creation of a Facebook page

ING Direct has always been very active in social media and has managed a Facebook page since 2010. They had always Facebook community but this is not a classical community in the “co-production sense”.

ING Direct had one Facebook community, three Twitter accounts and worked with Yahoo for financial articles.

2011

The majority of banks had a Facebook or Twitter accounts in those years with the rise of social media. However an active management of all social media has always been a primary objective for ING Direct. According to Nicolas Hun, this is also a way of increasing visibility, brand awareness and overcoming difficulties about being an online bank.

2012

The objective of the Facebook community was twofold: first they wanted to recruit fans and new members. They worked with Yahoo for financial and economic articles. Topics were selected according to clients’ financial needs. The objective was to help clients and fans with financial

issues.

2013

In time the ING Direct management decided to unite all these contents in one platform and to gather all positive ideas and likes. Nicolas Hun states that:

“On avait un écosystème global d’avis positifs sur Facebook, twitter, sur tous les forums bancaires mais on n’était pas propriétaire de ça. L’idée c’était de récupérer tous les contenus positifs et mettre à cote de nous. Comme ça quand les gens tapent sur Google un avis sur ING hop ... Au lieu d’aller dans des endroits où on ne peut même pas communiquer avec ces gens-là. Cela nous permet aussi de faire venir les gens. »

First, they created a closed community with fifty fans of Facebook and Twitter in September 2013. The objective for the first community was to create content for the Web Café. ING Direct Management launched the Web Café in 2013 December. The launch has been announced with a publicity campaign.

2014

ING Direct presence in other platforms Facebook, Twitter, LinkedIn and Viadeo existed. Web Café became more important after the launch.

2015

2015 is an important year in terms of three factors.

First of all, other social media platforms lost their importance with the rise of Web café. We see a preference for the community in 2014 and in 2015. Facebook is not the only channel for recruitment, Facebook page of the ING Direct is managed as a display or as a show room.

Second, the impact of ambassadors on the community is more clear and visible now. Their performance is critical for the community management. We can say that there is a work sharing between customer service management and Ambassadors.

Third, 2015 is also important for the launch of other communities:

Italy, Poland, the Netherlands, Romania.

2016

We believe that the Community is becoming more and more a new channel for ING Direct.

You can see these changes per year in the graphs and tables below.

The first table, Table 35 below displays major events and attempts for the creation and management of the Web Café. This table reveals two important things. First we can see the evolution of ING community, its transformation and its rapid growth. At the beginning the objective was only decreasing calls of customers but the community had new responsibilities in time and became a new channel.

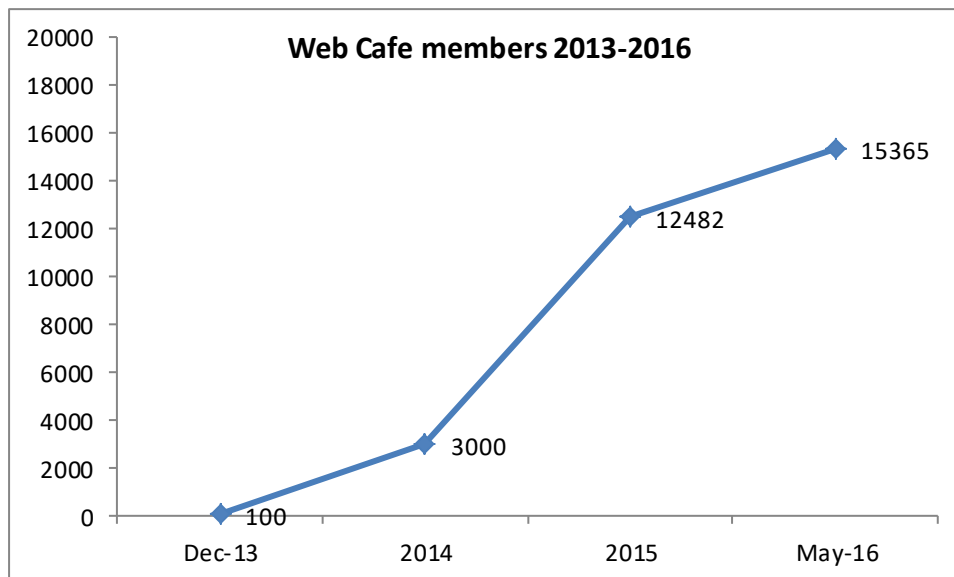
Second important thing that the Table 35 reveals is the speed of this transformation. This evolution was strikingly rapid.

Table 35      Time Plan of ING Direct Web Cafe

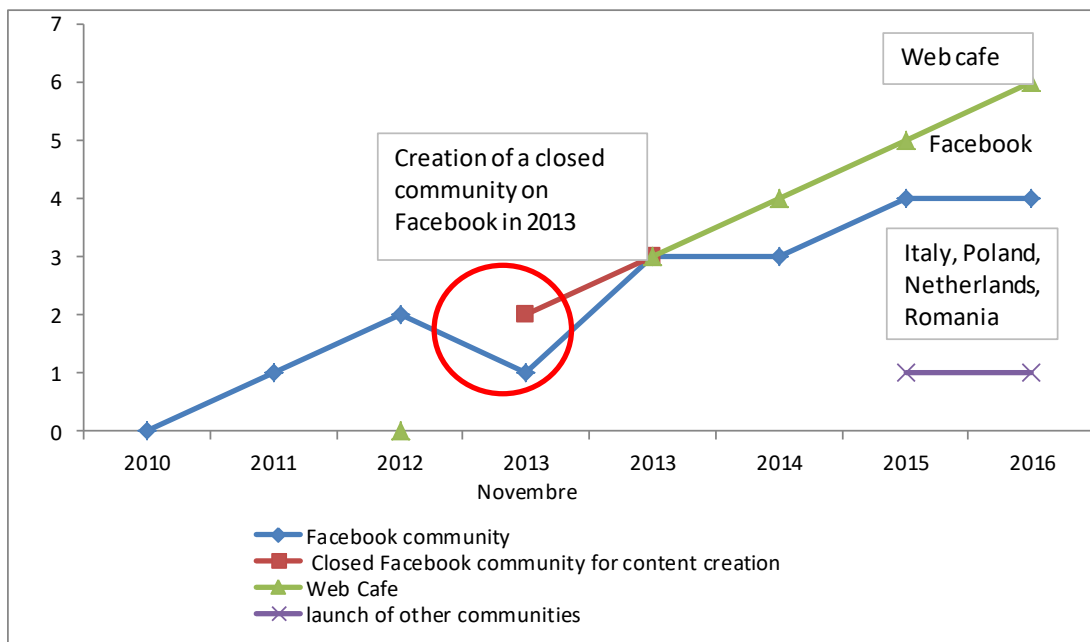
	2010	2011	2012	2013	2013 December	2014	2015	2016
<b>Main reason of Co-production activity</b>	A Facebook and Twitter community. There is not an organized co-production activity	An active management of social media: Facebook Twitter Linkedin Viadeo	Campaigns and games on Facebook	The creation of a closed community composed of 50 persons	The launch of Web Cafe	Web Cafe	ING Italy launched its community in 2015	Poland, Holland and Romania launched their communities.
<b>Main actors</b>	Facebook fans Twitter followers Viadeo Linkedin	Facebook fans Twitter followers Viadeo Linkedin Consultants	Facebook fans Twitter followers Viadeo Linkedin Consultants	A closed Facebook community composed of 50 persons (Facebook and Twitter fans)	Web Cafe community members, ambassadors, Betatesters	Web Cafe community members, ambassadors, Betatesters	Web Cafe community members, ambassadors, Betatesters	Web Cafe community members, ambassadors, Betatesters
<b>Country</b>	France Paris	France	France	France	France	France	France, Italy	France, Italy, Romania, Poland, Holland
<b>Main objectives of the customer participation activity</b>	Facebook page Social media marketing	Social Media marketing, Brand awareness	Social Media marketing, Brand awareness	Preparation for the launch of community	The launch of Web Cafe,	Innovation, Providing information, Cost-cutting	Innovation, Providing information, Answering clients' or prospects' questions, Cost-cutting	Innovation, Providing information, Answering clients' or prospects' questions, Cost-cutting

We can also see this evolution in the number of Web Café members 2013-2016.

Graph 4 Web Café Members 2013-2016



Graph 5 The creation of ING Web Café and other Communities in ING Direct Group



#### 4.3.2 Processes

Process of customer participation activity in ING Direct is totally different from processes of other cases. There are four distinct differences that should be analyzed separately.

First of all, processes of customer participation activity in ING Direct cannot be described by predefined and regular phases. This is a continuous, ongoing and dynamic process that should be managed carefully. The management of an open public and live community may require a different approach and organization than managing small co-production groups.

	Forum	A live discussion about ING Direct procedures, problems or consumer needs Questions are answered by the community, mostly by Ambassadors Personal comments and complaints are also expressed in Forum.
ING Direkt Web Cafe	Blog	This part is composed of financial or economic articles. The aim is to assist clients for personal finance Main topics are taxes, insurance and investments
	Labo	The Labo is dedicated mainly to consumer co-production ideas Clients' suggestions are announced on the site new suggestions may be supported also by other clients

Labo and Forums are important parts for co-production and customer contribution.

Second, the actors of this activity are different. Contrary to other cases, customer participation activity is not managed or assisted by consultants in ING Direct. Web café is managed by ING managers. The management of the community is a critical and major part of their job. This is an active management of a real life situation.

They have three types of clients:

- Ambassadors (they may be expert or fan)
- Beta-testers
- Members of the community (prospects of clients)

The majority of members are inactive, they create an avatar in order to ask a question and they leave the community after having the answer.

Ambassadors and Beta-testers are more active in co-production activity. Ambassadors are very important in terms of the brand and the management of the community.

Third, managers of the web café do not have predefined procedures for every case but they have rules for different activities. First of all ING Direct does have a transparent and open managerial approach and customer interactions are at the center of this management style. They also prepare a weekly report in order to announce important problems spoken up by the community or special problems, complaints and debates. This report is important for the evaluation of customers' demands, technological improvements and other developments.

ING Direct managers have to manage an open community. Sudden interventions for fragile issues or crisis management are a part of their job. This type of management may require less hierarchical organization.

Finally and most important difference seems to be the division of labor between the customer service management and ambassadors. The community is actively managed but there are some policies about the customer relationship management of community.



Customer Relations center does not answer simple questions concerning procedures etc. in the first 24 hours. They let the community answer questions:

“En fait sur la communauté, l’objectif on ne répond pas dans 24 premières heures si c’est une question simple, si ce n’est pas une réclamation, on va laisser la communauté répondre.

There is a work sharing between the community and customer relations center: A division of labor

However customer relations center tries to answer complains or other serious issues in two hours on all platforms or social media.

Table 36 The evolution of ING Direct community

Major outcomes	2010	2011-2012	2013 October	2013 December	2014	2015	2016
Change of customer participation activity	A Facebook community composed of fans	Existence in all social media: Twitter, linkedin, Viadeo	Construction of a closed community with 50 fans on Facebook	Creation of webcafe and ING Direct community	An active community in co-production	An active community working as a call center or "after sales department"	A complementary channel for customer relations

### 4.3.3 Outcomes

As stated several times in this report ING Direct Case is different from all other cases and so are the outcomes.

Outcome can be analyzed in terms of benefits and disadvantages however we believe that this

would be a superficial assessment. Outcomes of customer participation activity in ING Direct can be classified in four big categories:

1. Managerial outcomes
2. Financial outcomes
3. New products and services
4. The community (Advantages and Risks of the community management)

Table 37 Major outcomes of customer participation activity in ING Direct

Outcomes			
Managerial	Financial outcomes	Products and services	An efficient new channel for customer relations and growing importance of "Ambassadors"
Know how transfer between different entities and different countries.  Procedural changes Structural changes Organizational changes  Development of a new and more transparent approach	Cost cutting  Decreasing the number of calls to customer relations center Visibility	Efficient mobile applications  Development of new products and new services  Coach Epargne (A decision tool)  Touch ID	<b>Advantages of the community</b>  Crm activity Advertising and brand awareness An efficient communication and public relations strategy <b>Risks of the community management</b> Obligation to explain every business decision to community Severe criticisms by community members and ambassadors are clearly visible

We tried to summarize major outcomes of customer participation activity in ING Direct.

These four groups of outcomes are important for the continuity of this process. First category, managerial outcomes represent mostly procedural, structural and organizational (internal) changes implemented for a better management of the community. The adoption of a new, more transparent managerial style can be added also in this category. There is also know-how and information sharing related to the community between different entities.

Main financial outcome is the decrease in the number of calls coming to call center. This

was one of the main objectives at the beginning and this objective has been reached with the evolution of the community.

The third category in the table lists some new products and services co-produced with clients.

Finally the fourth category shows a major outcome of the customer participation activity in ING Direct. **The major outcome is the community itself**, functioning and contributing to clients and to other members. The growing importance of the community creates new roles and responsibilities for both parties. We may say that its power is increasing as the community grows. Benefits of the community are listed in the table. Risks will be discussed in “Problems” section.

Figure 7 The evolution of ING Direct Web Café – Essential outcome of the customer participation activity

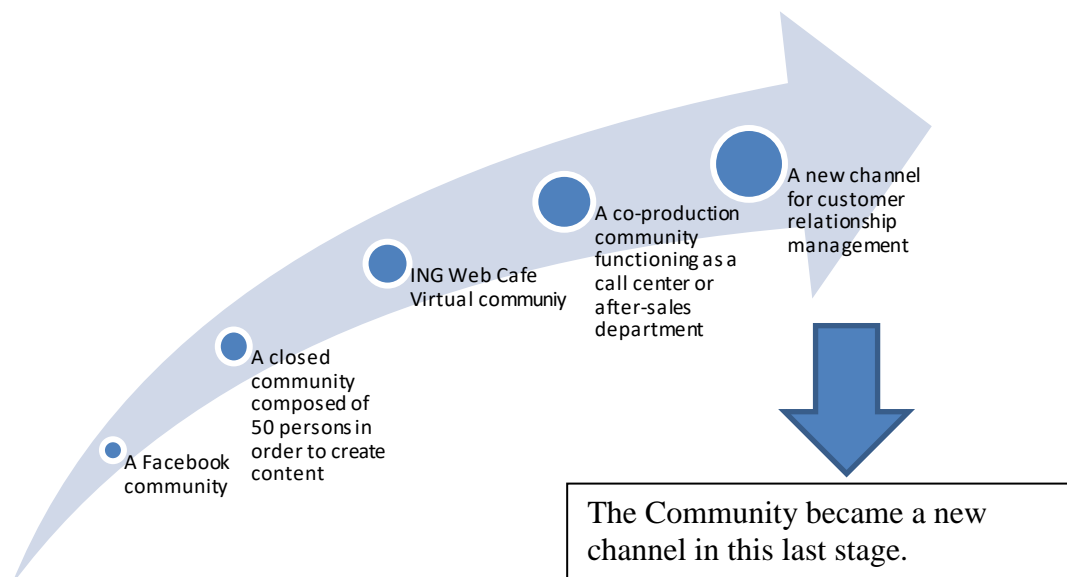


Figure 7 illustrates the evolution of ING customer participation activity. The process begins with a Facebook fans and ends up with a community that has roles, actors and responsibilities. Main functions of the Web Café can be cited as follows:

- Developing an insightful relationship with clients and with prospects
- Answering clients' questions and informing clients

Members of the community answer some critical questions and it decreases the number of calls of call center. Members of the community inform new clients or prospects about the bank, procedures and rules.

This information and the transparency and the community seem to be convincing prospects and ING Direct acquires new clients.

- Developing new services and products or improving existing ones with ING Direct management
- Functioning as a new and efficient channel for ING Direct (creating visibility, customer contact and brand awareness).

In addition the community does have a special significance for ING Bank according to Mr. Hun, director of the Community. ING Direct is an online bank without branch in France. He explains the importance of the community:

“Je pense que pour nous ça a été d'une façon plus facile. Comme les gens ne nous voient pas, ça leur donne un lien direct. Avant ces genres de choses, avant les réseaux sociaux, pour eux, on était juste une voix au téléphone, service clientèle. Même si on était toujours disponible, on restait une voix, une banque à distance, vraiment à distance. Ces genres de choses fait vraiment la relation plus directe et plus intime. »

As stated before, the community has two important actors: Ambassadors who answer clients' or prospects' questions and Beta-testers who test new services, products and new

applications.

«Les ambassadeurs pour nous, c'est une grosse source d'économies pour les appels. Je ne peux pas donner les chiffres mais ils ont une vraie valeur ajoutée. »

« Nous avons des ambassadeurs qui sont très polis, qui écrivent bien. »

«Comment avez-vous eu une base d'ambassadeurs et de Bêta-testeurs ?

« Avant, On détecte des clients sur les réseaux sociaux, des gens qui nous disent, quand on sort une nouvelle application,

-ça c'est génial, ça c'est top...

-ça j'aimerais vraiment avoir ça

Ou

- j'en ai marre...

Ces gens-là. Parce que voilà on les détectait, et on leur disait

-Hop. On vient de travailler le dessus. Est-ce que vous seriez intéressés a tester avant tout le monde ?


-Oui

Alors on leur envoyait un lien pour tester. C'est comme ça, nous avons eu une base des Bêta-testeurs.

« Il y a plusieurs niveaux d'ambassadeurs. Il y a des gros ambassadeurs qui vendent des produits.

On fait beaucoup de parrainage. »

Table 38 Evolution of Customer participation activity in ING Direct (major changes)

Major outcomes	2010	2011-2012	2013 October	2013 December	2014	2015	2016
Structural change	No information	No information	Creation of a closed community composed of 50 facebook fans	Creation of the community	Creation of "Clients relations" center that receives every demand from community and social media.	Slight changes on internet: Quick access to community	
Organizational change	None	None	None	None	Creation of "Clients relations" center that receives every demand from community and social media.	Creation of communities in Italy etc.	None
Procedural change	None	No information	None	None			Removal of e-mail option for communication, integration of community manager in every communication
Concrete outcomes	Creation of a Facebook community in 2010	Existence in all social media: Twitter, linkedin, Viadeo	Construction of a closed community with 50 fans on Facebook	First, public and open community in ING	Co-production of several applications and services Centralisation of all customer interactions and opinions	The community is becoming a new channel for customer relations : Cost cutting	Number of members is increasing because of new business decisions.  Loose management of the community
Change of customer participation activity	A Facebook community composed of fans	Existence in all social media: Twitter, linkedin, Viadeo	Construction of a closed community with 50 fans on Facebook	Creation of webcafe and ING Direct community	An active community in co-production	An active community working as a call center or "after sales department"	A complementary channel for customer relations (a live community)

The table 38 illustrates the evolution of ING Direct Web Café. You may see here the details of procedural, organizational and structural changes between 2010 and 2016. All these procedural changes deserve special attention because they underline the transformation of the community and its acceptance as a new channel. We may say that the community has become a new channel in the last two years. When we analyze latest decisions or procedural changes (creation of a new avatar for more formal communication, integration of community manager in every group mails, the removal of e-mail option etc.) we can easily see the growing power of the community.

You may find below some quotations from our interview with Mr. Hun. These quotations are selected in order to explain the power and the role of the community within the organization.

The community has an impact of on decision making processes: Clients' reactions or complaints are taken into consideration as quick as possible. These complaints or reactions may accelerate a technical or procedural solution:

..... En interne oui

Ça (la communauté) n'a pas changé le modèle organisationnel mais ça a un impact sur des prises de décisions, sur des corrections. Quand il y a cent mails qui disent que ça ne fonctionne pas,

ça me permet de dire :

-voilà, on à 100 pp qui râlent la dessus, ce n'est pas normal.

Et du coup ça m'aide à tenir le drapeau rouge pour accélérer le truc. Ça me permet de mettre l'accent un peu comme c'est plus visible. Ça facilite pas les choses mais disons ça permet de mettre avant.

The community may change the priority of certain projects. The community may cause an immediate action or a sudden intervention in some cases. We have to say that most of the outcomes are interaction related. ING Direct executives are able to manage the community by managing customer interactions.

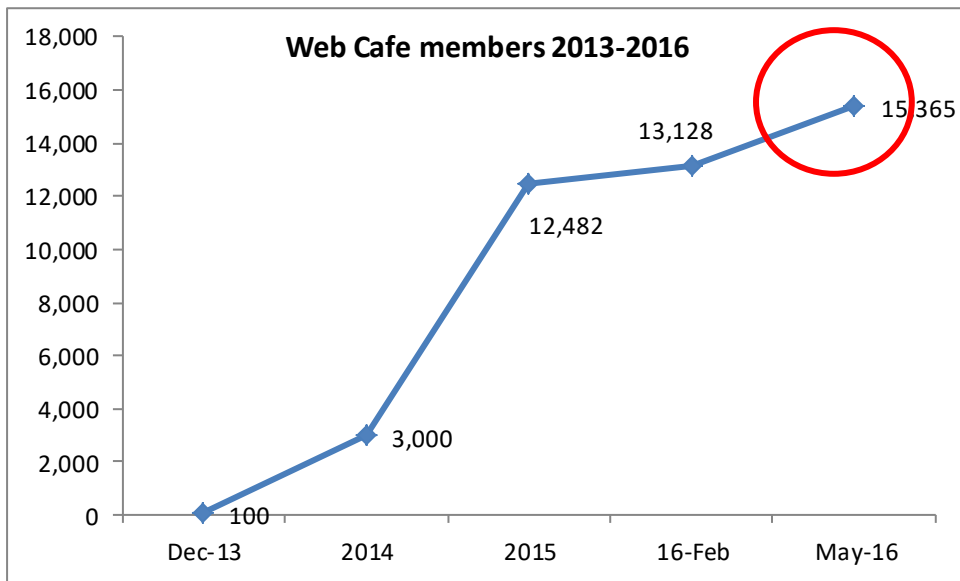
« C'est tout le jeu de priorisation du projet en interne. »

The community does have a power on clients or prospects too. Besides informing members, it may fire disrespectful clients or prospects that make rude comments:

On a des clients qui viennent et qui dissent n'importe quoi. En deux poste un de nos clients a dit « fasciste », « pro-Hitler ». Mais ça est allé tellement loin qu'il est dégagé par la communauté directement. Pour nous ces genres de personnes ce n'est pas très compliqué à gérer parce que il va être évacué tout seul par la communauté.

On the other hand, every business decision affects the community in one way or the other. The removal of e-mail option for communication with ING Call center increased the number of community members because the community became the only access to bank for all complaints, suggestions and problems. You may see the sudden increase of Web café members in the Graph 4.

Graph 6 Number of Web Café members



We believe that there is a mutual transformation for both parties. ING management may influence community with business decisions and the community may affect the management and the Bank with reactions, complaints or demands. In other words the more the community gets powerful the more it is taken into consideration by the management.

#### 4.3.4 Problems

We try to analyze problems and solutions together in this section.

As you may understand, most of the problems are related to the management of the community. According to our findings we may say that these problems are totally different from the problems of other cases because in CETELEM, BNP and TEB communities were not public, they were closed and temporary.

In addition, the nature of problems is different from the problems of classical banks and financial institutions. These problems are related to the management and social media, to the visibility and openness of communities.

Problems may be categorized in 5 groups and solutions are also significant here.



- Problems related to community management
- Problems related to fraud and cheating
- Problems related to Ambassadors
- Internal problems
- Labo and co-production problems.

As stated by Nicolas Hun, most of the problems require an instant reaction and involvement of the community manager and top executives. Before the analysis of problems we want to underline two important issues. First of all, problems related to the characteristics of financial products (intangibility, heterogeneity etc) were not mentioned and defined as a problem. Second, as you may see in the table transparency is used as an essential strategy by the ING Direct Management.

You may find the details of the problem in the Table 39.

Table 39 Problems of ING Direct

Problems	Problem type	How resolved?
<p>Managing reactions, criticisms and comments of clients for critical issues: business model change, new fees etc</p> <p>Obligation to inform the community for every activity,</p> <p>Managing a real life situation. Reactions of some clients may affect other clients or prospects.</p>	<p><b>Community management</b></p>	<p>Collaborating with ambassadors in order to explain critical issues to prospects and customers</p> <p>Supplying web Cafe with necessary informations</p> <p>Informing clients for every business decision (all types of decisions even technical ones if it affects directly the community)</p> <p>Adopting more transparent and a democratic approach</p>
<p>People who cheat force through social media and the community.</p> <p>Managing bank image and the fraude at the same time are complicated.</p>	<p><b>Management of fraude</b></p>	<p>An efficient information sharing system between different entities</p>
<p>Satisfaction and motivation of ambassadors</p> <p>Giving too much power may cause some problems if they want to leave</p> <p>Ambassadors are not paid, they are not employees. The relationship between the Bank and ambassadors is based on the common sense,</p>	<p><b>Management of ambassadors</b></p>	<p>Mostly trial and error method is used for the management of the Ambassadors. They are motivated by little gestures, or some gifts. Intrinsic motivation (Boudreau and Lakhani 2003) seems to be important here.</p>
<p>Staff shortage</p> <p>Having a homogeneous and transparent approach</p>	<p><b>Internal problems</b></p>	<p>Regular formation of customer services department</p>
<p>All customer demands can not be realized because of some reasons</p> <p>Announcing this causes also some customer complaints</p>	<p><b>Problems related to co-production and Labo</b></p>	<p>Products and services co-produced with clients are announced on the corporate site and on Labo</p> <p>Transparency and communication</p>

Two types of problems will be discussed here in detail.

### **Community management**

An open community may be difficult because this is a management of a real life situation. We can see reflections of every business decision on community reactions. According to community manager, Nicolas Hun, an open and live community is risky for some reasons. We will try to illustrate these reasons with his words.

-Mais si vous n'aviez pas votre communauté, vous le feriez (business model change)?

-Ah ben oui

-On le ferait encore plus facile.

-La communauté en fait c'est une des prises de risques, c'est que, on a un des effets de la communauté. Aujourd'hui toutes les prises de parole autour d'ING maintenant sont vraiment à quatre-vingt-dix pourcent faites ici. Elles ne sont plus sur les autres forums. Elles sont vraiment ici. Elles sont vraiment très centrées. Du coup le risque ici c'est de recentrer ici toute la satisfaction. Si on n'avait pas eu la communauté, on va se débrouiller de la droite à gauche. Ils vont parler, on va canaliser un peu. Et puis la vague va passer. Il y a un effet.

### **Ambassadors**

We want to describe first the importance and the significance of ambassadors for the community first.

«Les ambassadeurs sont adorables mais c'est quand même différents. Des mecs qui sont capables de produire les plus gros. Ils ont produit trois milles réponses. Donc des gens qui sont capables de bosser vingt-quatre heures sur vingt-quatre et d'être là dans les vingt minutes. »

As stated several times ambassadors have an important economic impact. However ING management is reluctant to give more power and authority to ambassadors. We can see the dilemma of the community management in these quotations.

-« Est ce que votre communauté va avoir d'autres responsabilités? Les ambassadeurs ? »

-« C'est une bonne question. J'aimerais bien. Après on a contraintes risks. Donc, donner plus de pouvoir à nos ambassadeurs c'est toujours compliqué. »

« Leur donner trop de pouvoir, ça veut dire, si un jour ils ne sont pas contents comment je le gère ? Comment je reprends la main sur ces choses-là ? Donc, j'aimerais mais voilà. »

« Leur donner plus de pouvoir sur la coopération, sur la communauté c'est des choses qu'on aimerait. Mais toutes ces choses sont compliquées à mettre en avant, parce que ce sont des gens qu'on ne paie pas. Ils n'ont pas d'autre devoir... que... »

« Ils n'ont pas de devoir envers nous. Ils n'ont pas de contraintes. »

« Donc du coup, il y a un curseur qui n'est pas évident à positionner. »

One another problem is the loss of ambassadors. They can leave ING Direct and Web café because of several reasons and this was the case after the business model change. This is loss of time and energy. Building a relationship with ambassadors, based on a mutual understanding is a very time demanding task.

“Sur la communauté on a quinze ambassadeurs, donc il y a nos ambassadeurs qui font la gueule.

On a potentiellement perdu je pense quatre-vingt pourcent.

« Pour quoi ? »

« Par rapport à notre nouvelle modèle qu'ils n'ont pas envie d'adhérer. »

When we analyze the interviews we find that the management of division of labor with ambassadors and other actors (Beta-testers) is not an easy task. More regulation seems to be necessary for an efficient functioning.

#### 4.3.5 Motives

Although motives can be classified into three big groups the initial ideas for building a virtual community was to unify all platforms in order to be the owner of all opinions, comments or recommendations.

Cost cutting was an important motive in almost all cases but ING Direct had a very efficient strategies in using Web café as cost cutting tool. So it was also an important outcome.

Nicolas Hun explains this:

Sur Facebook, twitter, on n'est pas propriétaire des avis, ils peuvent les effacer, ils disparaissent aussi les uns sur les autres . Ils peuvent décider un jour que pour les voir il faut payer.

Motives of ING Direct management for customer participation activity may be analyzed from different angles.

According to our first findings, ING Direct executives had clear cut objectives at the beginning of this community. The objectives can be classified in three categories.

- Business related objectives
- Financial objectives

ING Direct managed aimed at cutting costs and decreasing calls coming to customer services.

- Objectives related to customer relations

However we have recognized that motives also evolved and changed with the evolution of the community. We decided to use two types of analysis for motives. First we categorized their motives in Table 6. Second we analyzed the evolution of their motives because we believe that motives also should be analyzed in terms of phases (each phase represent a stage for the

community).

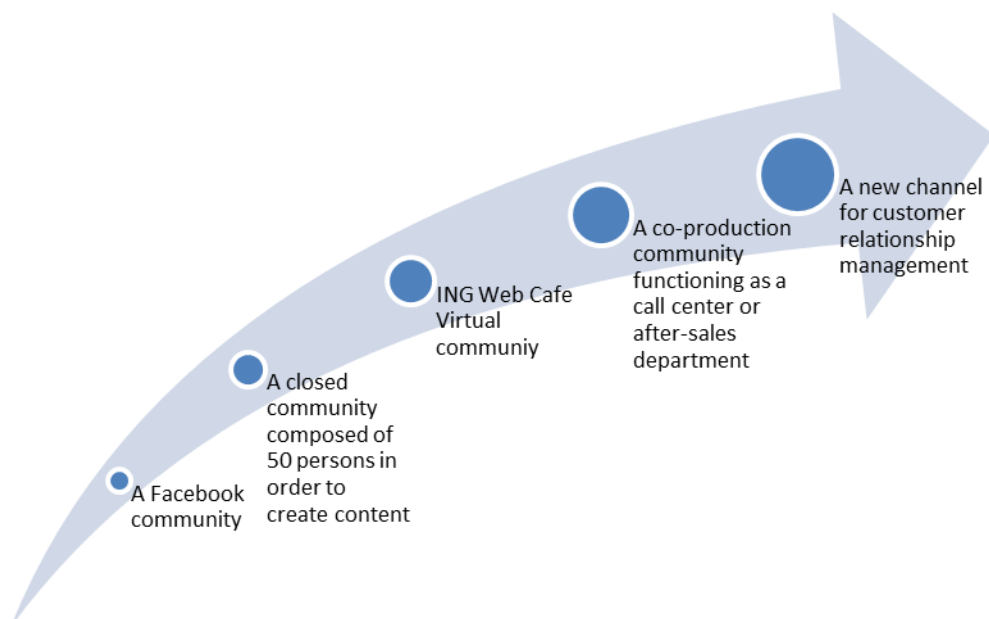
Table 40 Motives of customer participation activity in ING Direct

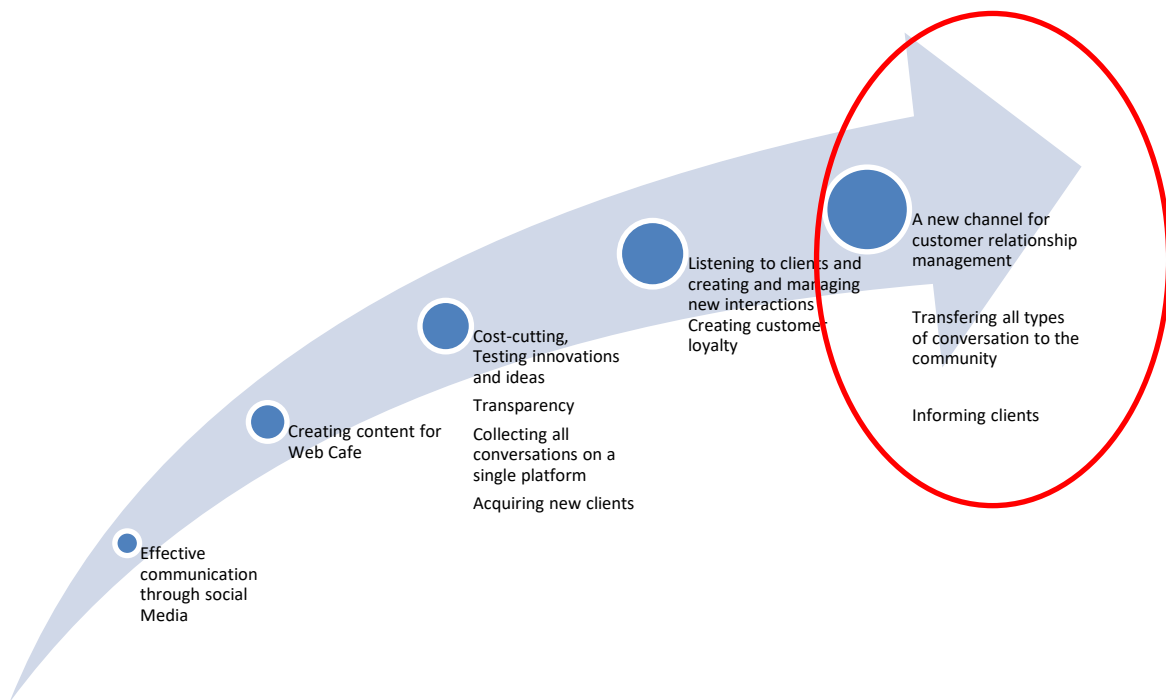
Motives		
Business-related motives	Financial Motives	Customer Relations
<ol style="list-style-type: none"> <li>1. Acquiring new clients</li> <li>2. Developing new services and products with clients</li> <li>3. Creating brand awareness</li> <li>4. Visibility</li> </ol>	<ol style="list-style-type: none"> <li>1. Cost-cutting, decreasing the number of calls from clients</li> <li>2. Publicity</li> <li>3. Testing innovations and ideas</li> <li>4. Paying less to Google and Facebook</li> </ol>	<ol style="list-style-type: none"> <li>1. Listening to clients and creating and managing new interactions</li> <li>2. Transparency</li> <li>3. Creating customer loyalty</li> <li>4. Collecting all conversations on a single platform</li> <li>5. Showing prospects the future relationship with ING</li> </ol>

As you may see in the Table 40 marketing research has never been an objective for ING Direct.

Their objectives are mostly interaction related.

Figure 8 The evolution of communities and motives in ING Direct





As you may see in the Figure 8, the evolution of motives is closely related to the evolution of the community. The more the community grows, the more it becomes a new channel for customer relationship management. We may see a loose management style at this last phase. Customers answer other customers' questions.

#### **4.4 CASE BNP PARIBAS FRANCE**

This project is managed by central marketing team of domestic markets. They built, managed and ended up two closed community in order to investigate different themes. The first project is repeated in three countries for the same theme:

- France BNP Paribas BDDF
- Belgium
- Turkey TEB

This case describes only BNP Paribas France customer participation activity and community building process. We may describe customer participation activity as a laboratory experiment in BNP Paribas France. These two online platforms are designed as market research activity through which bank managers can obtain information and customer insights about a specific theme. BNP Paribas had two communities with different concepts and population. The theme of the first online community was Ageing Population; the theme of the second community was Web Generation- Millennials.

Ageing population community lasted eight weeks. Millennials was much shorter. During the research process they realized only two co-production activity. This was organized mostly as a marketing research activity. They constructed and managed one closed community during approximately two months. The most significant part of this project was its international aspect. They realized the same thing in France, Belgium and Turkey.

### Ageing population Project

The objective was to understand consumers' reactions about ageing and retirement and long-term plans.

Co-production activity has been evaluated as a market research activity with satisfactory results.

We think that the historical analysis may not be relevant for this case since customer participation activities are not regular. This project began in 2014 and they launched the first Wave Customer Journeys in 2016. However we tried to analyze the impact of this customer participation activity on BNP Paribas in the table below:

Table 41      General analysis of BNP Paribas co-production activity (2014-2016)



Major outcomes	2014	2015	2016
Structural change	No information	No information	No information
Organizational change	None	None	None
Procedural change	No information	No information	No information
Concrete outcomes	Launch of the first community for research in three countries: Ageing population	Millennials community	No community for this year.
Change of customer participation activity	None	None	None

These two communities were used mostly as a research tool and unsurprisingly they did not have an impact on the Bank's internal procedures, they did not trigger any organizational or structural change either.

According to Angelique Fortune, there was a growing interest for communities in employees and in managers, especially for the first one. She explains this with her own words:

“On a fait ça sur trois pays, il y a quand même un intérêt grandissant des gens pour ce projet-là depuis qu'on a fait ça. Je veux donner un exemple, je vois les gens qui sont intéressés en interne, même la communication m'a contacté pour faire un article interne sur le sujet. »

This customer participation activity was designed as a market research. The whole project is perceived and accepted as an innovative method in order to investigate particular subjects or to

understand consumers' views. And perhaps, because of this perception BNP Paribas did not repeat the community or did not build a permanent one either.

After the evaluation period managers stated several times that they had satisfactory results but they declared also that communities cannot be integrated in the bank's working procedures in the near future.

#### **4.4.1 Processes**

This customer participation project is realized by BNP Paribas domestic markets marketing for three countries. They worked with IPSOS for the creation and management of the community.

When we listen to managers and IPSOS we understand that this community activity has been designed as a marketing research activity. These two communities may be compared to laboratory experiment. This process is composed of three basic and distinct phases (very similar to Cetelem).

First of all, the whole process is managed by IPSOS and clients and prospects are motivated by some incentives. We may not talk about a classical community here with its own rituals and objectives. This is a closed community designed for obtaining customer feedback.

**The first phase** is the preparation phase composed of several internal activities lasting several weeks:

The support of top management is described as critical for this activity. Managers of marketing

and research departments should work on different subjects after the approval of the project.

Main activities of this period as described by Angelique Fortune and Florence De-Bigault:

- Identification of the problem or a subject to investigate (preparing the framework of this activity with details),
- Choice of consultant company for the management of customer participation activity (after a call for bids),
- Designing the activity (decision about the duration of the community, defining criteria for sample selection, sample selection, choice of the main theme and sub questions)
- Preparing a protocol

Co-production activity begins with a clear theme or a question that is easy and interesting for consumers.

### **Phase 1**

#### **Identification of the need (Why do we need a community?)**

They began with the desire to develop a new client offer based on three pillars:

1. Understanding clients' expectation of future
2. Accompanying client during this period (in terms of advice)
3. Developing a simpler and more flexible offer

They wanted to unfold the process of becoming consumers' private partner in order to help him anticipate the future. The main objective was to develop a proposition of value with this community.

#### **Sample description and selection**

**This phase is very dedicated to identification of needs and problem. It is important for the success of community design.** At the beginning BNP central marketing decided to have two different groups: bank customers and prospects in order to understand both parties.

- Age 25-55
- Active young people to retired persons
- A sample reflecting the market characteristics
- Half of the group will be formed by BNP Paribas clients, the other half will be prospects.
- The duration of the community will be eight weeks.
- The name of the Bank will be revealed at the last phase.

Bank managers gave a very clear description for sample characteristics and the recruitment is realized by IPSOS.

One important issue at this phase is that consumers don't know the name of the Bank. The name of the Bank is revealed later. Consultants prefer to hide this information from community members in the first phase because of several reasons. Community members give more information about competitors, market trends, and new applications when they don't know the Bank.

### **The second phase, customer participation activity.**

Main activity is the management of the community. This is realized by Ipsos. Ipsos divided this phase into three steps:

Step 1 is the introductory step. Main objective here is listening to clients. They introduce themselves, they share personal information and they begin to exchange some ideas about main theme. It is possible to understand client expectations and to obtain market feedback or more information about competitors during this step. This step is extremely important.

BNP Paribas wanted to question "the perception of the future" in this first step. Bank managers wanted to know which types of measures community members take in order to get prepared for the future, their projects and their main concerns. IPSOS consultants generally organize a first

workshop at the end of this step in order to discuss customer feedbacks.

Step 2 is the test step. The workshop animator tries to push clients to discuss on certain subjects or answer some questions. The success of this step seems to be related to the first one.

Step 3 is the final step. It is called results.

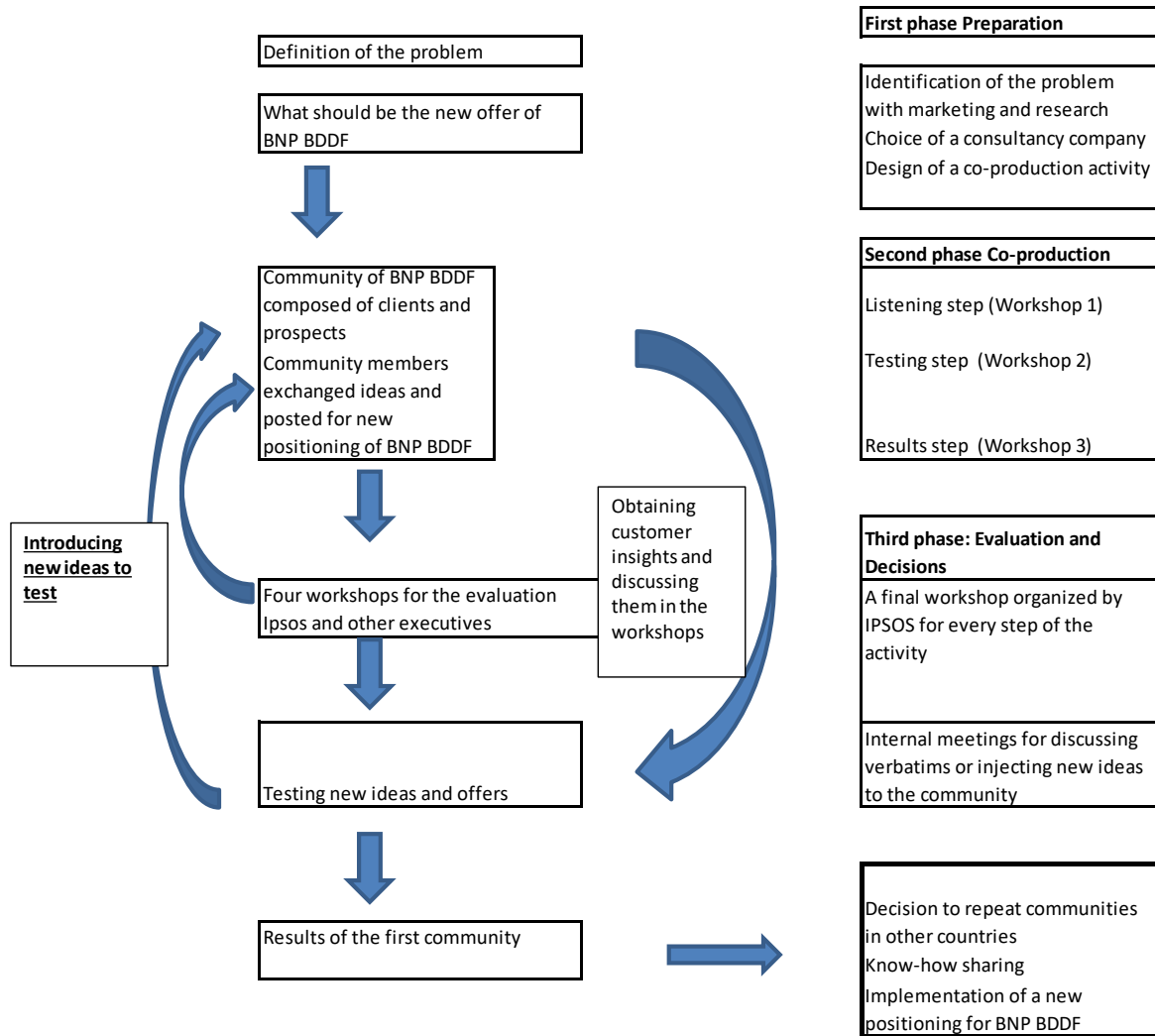
During the co-production activity Ipsos organized workshops in order to discuss the development of the community, some answers or some verbatim.

### **Evaluation Phase**

This final phase is important in terms of the continuity of the project. Evaluation is related to final decisions about the community, new products, new services or insights obtained during the community. Evaluation did not only take place at the end of co-production activity. Ipsos and BNP Central marketing management organized four workshops during the co-production activity. These workshops and other weekly meetings were necessary for discussing community members' proposals and verbatim. They are also important for introducing new ideas to test with the community.

We may say that the design is very similar with CETELEM's first community design. BNP and Cetelem they both worked with IPSOS. Processes are very clear and distinct. They had three basic phases. We may say also that BNP had very clear objective for this project.

Table 42 Processes of Ageing Population community



Communities designed by IPSOS are generally composed of three phases:

Since they perceived this method (using community) more **as a market research tool**, project managers mostly focused on advantages of this method. They describe benefits of using communities for these kinds of projects. As stated earlier communities provide continuous dialogue.

During the first community built for “Ageing Population” project:

1. They had the opportunity to obtain customer insights and to discuss them with other departments.
2. They had the opportunity to nurture the community with new ideas and propositions which are the results of workshops. The community also supplied several insights and ideas for these workshops. This was a reciprocal process.
3. They created a value proposition.
4. They had the opportunity of testing and re-testing this value proposition and other ideas and getting customer feedbacks on them easily.

As you may see, the community makes them work efficiently.

Angelique Fortune describes this process as a time saving and energy saving process because you may have direct dialogue with consumers and you may discuss feedback and insights.

Donc on avait, ce qui est intéressant dans le processus, je trouve c'est que en fait ce processus qui était sur une durée assez longue. On était en parallèle de ce forum client qu'on a créé, on avait le workshop avec les experts. Ce qui est intéressant c'est de pouvoir justement de s'alimenter des insights clients qui étaient sortis au début sur des questions très très large et de pouvoir injecter des idées.

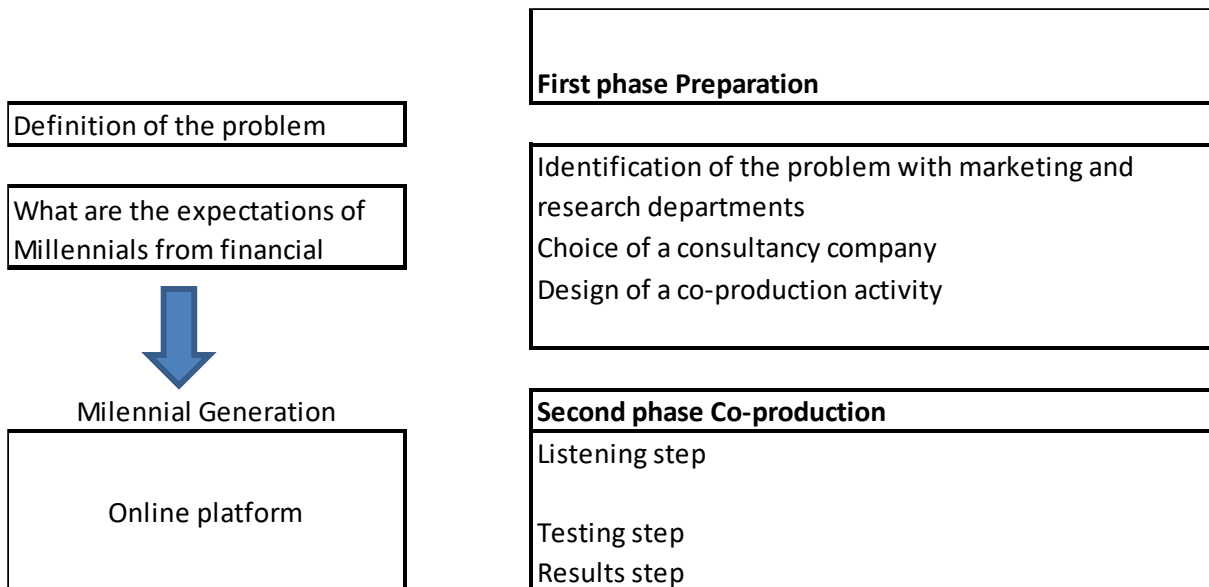
Listening phase is critical in terms of marketing research information. They learned a lot about consumers concerns...

They had two communities. The second community was about the Millennial generation. The central marketing theme worked with TNS Soffres in order to investigate and understand this young segment. They wanted to propose this to other countries.

Main objective of this online platform (with a very short duration) was to understand expectations of this generation from banks and their relationship with their bank (Their problems etc.) this was an online community with a very short duration and was designed as a market research activity like the first one. They conducted this research in order to see whether they could create interesting projects or not. The outcomes were satisfactory also but they did not continue with this project either.

Table 43      Plan of the second community in BNP Paribas France





You may see different phases of “Ageing Population” and “Save and Invest” projects in the table below. As you may see, they worked only with one community and they developed the “Wave 1”. Wave 2 has been developed with different methods. However we may say that the development and management of a community depend on two factors in BNP Paribas:

- The decision of the management for the research type
- Characteristics of the project (its concept, details, targeted population etc.)

Table 44 Evolution of Ageing Population project

Community for "Ageing Population" Working with experts, advisors and clients in order to illustrate and create customer journey	No community for the Wave two	
<b>Wave 1</b> Customer Journeys for "How to manage long-term personal projects?" Focus groups and one to one for refining the idea Preparation of customer journey for two segments  Young population Mature clients  Testing customer journeys with clients "How to manage long-term personal projects?"  Individual interviews  12 individual interviews in three countries in order to test different phases of customer journey	<b>Wave 2</b> Customer journeys for "save and invest" project  Focus groups and one to one for refining the idea Preparation of customer journey for one segment    Workshops with experts, marketing people etc. Roadmap definition for different countries	<b>Wave 3</b>
2014-2016	2016 February -	
Technical difficulties related to implementation		

This table displays different projects managed by central marketing team in BNP Paribas. They had a community in the Wave 1. They did not use a community for the second Wave and they were reconsidering to have a community for the Wave 3.

#### 4.4.2 Outcomes

According to our analysis the outcomes can be classified into five big categories:

- **Managerial** outcomes
- Outcomes related to **marketing research activity**
- Outcomes related to **new products and services**
- Outcomes related to **relationship with customers**

The table below illustrates details of the outcome. They had different types of outcomes but we may easily say that they could get a concrete concept, a value proposition from the community. Outcomes were satisfactory

Table 45 Classification of outcomes in BNP Paribas France

Managerial outcomes	Outcomes related to Marketing research	Products and services	Outcomes related to relationship with customers
Know-how sharing between different entities Customer participation activity facilitated communication and cooperation between different parties  Customer participation activity breaks down the barriers between different departments. These workshops brought together all experts of the banks  Facilitator of exchanges Simplification of procedures	Knowing consumer preferences  Identification of consumer needs  A bridge between consumers and company  They had market information during listening phase.  A time saving activity	Creation and development of "Customer Journey" project  Improvement of new services  Validation of ideas and feedbacks by clients  A value proposition justified by clients	This activity placed the customer at the heart of critical discussions  Emergence of a new trend of relations with clients. Direct dialogue with clients They are talking about a different relationship between participants and managers They appreciate this relationship

### Managerial outcomes

Besides several advantages of this co-production activity, the community and the outcomes serve as resource for other countries. The outcomes of this co-production activity have been very important for BNP Paribas. However they had some cross cultural outcomes also. We have decided to classify these cross-cultural outcomes in the Managerial side. What are these cross-cultural differences?

At the beginning as we indicated above, this co-production activity has been realized in three countries with the same design, similar processes and even with the same consulting firm. According to Angelique Fortune’s statements there is an important cultural difference between these three countries in relation to savings. This was so surprising for marketing managers also.

“En fait ce qu’on voit, il y a vraiment une grande différence culturelle par rapport à l’argent, extrêmement différent entre les trois pays qui n’ont rien à voir. Si je prends par exemple la perception du future, si je prends le cas de la France, la perception du future est extrêmement pessimiste, il y a une inquiétude, il y a une angoisse vis avis de la crise et la situation économique.”

“Les français sont quand même plus pessimiste. Ça c’est la première chose qui est très très perceptible.”

“Après ce qui est intéressant c’est de voir les comportements, les rapports à l’argent. En Turquie il y a peu de comportement d’épargne en fait. Les gens veulent vivre, profitent du présent. La population est jeune et ça c’est sorti très très fort.”

“Les français sont entre les deux:

“C’est bon. J’en profite. J’essaie de mettre un peu de cote pour les projets importants. Il faut que je trouve le bon équilibre entre les deux.”

“En Belgique c’est pas du tout ça. En Belgique les gens sont épargnants.”

“Et c’est vrai que ces différences culturelles étaient très nettement perceptibles.”

**One another important outcome** (very similar to CETELEM) was the emergence of a different working style integrating different departments and experts during workshops. The community seems to facilitate the cooperation and communication between different departments.

“Ce qui est intéressant dans ces workshops c’est de pouvoir associer les experts de la banque pour tous les domaines importants. On a associa les commerciaux, les spécialistes de l’assurance, on a associe les spécialistes produits, des spécialistes de l’épargne, de conduite de changement. Parce qu’en fait dans les projets qui sont ressorti dans les résultats, on a vraiment la mise en place d’une nouvelle relation client, du client avec sa banque par plus de proximité avec les conseillers, plus de conseil et d’écoute et ce sont des choses qu’on va pouvoir faire avec la conduite du changement.

The results were satisfactory because they had several concepts and a clear roadmap. In addition during the interviews realized in 2014, we had the impression that another community could be possible. However we see a concept change (customer journey project) and new methods. They decided to organize focus groups and one to one meetings with clients.

Originally the central marketing group recognizes the power and importance of this method for a new path or roadmap. On the other hand they also want to organize different activities for more

interesting results.

## **Outcomes related to marketing research**

As you may see in “Processes” part, this community is designed as a laboratory for BNP Paribas marketing team. BNP Paribas marketing team prefer to call it a laboratory experiment replacing some marketing research activities however this community seems to achieve more.

First of all they had important market information during listening phase. Customer feedbacks and insights were also beneficial for “Ageing population” project.

1. Outcomes related to marketing research were very satisfactory for BNP Paribas Central marketing team. They had the opportunity to obtain customer insights and to discuss them with other departments. Community provided them with necessary information about market trends, customer concerns and competitors.
2. They had the opportunity to nurture the community with new ideas and propositions which are the results of workshops. The community also supplied several insights and ideas for these workshops. This was a reciprocal process.
3. They created a value proposition.
4. They had the opportunity of testing and re-testing this value proposition and other ideas and getting customer feedbacks on them easily.
5. This was a real opportunity to co-produce with clients.

Angelique Fortune described this method as a time and energy saving activity and underlined the opportunity of having a direct relationship with clients. Despite several advantages and benefits of the community they did not build a permanent community. They continued with focus groups and one to one meetings for the rest of the project.

In addition they had surprising reactions from community members when they declared the name of the Bank. This information about the perception of BNP Paribas in France is very

interesting because marketing managers could easily see that this kind of activity (we can say an innovative approach may be) was not associated with BNP Paribas France in France.

Angelique Fortune explains reactions of consumers:

“Je pense que c’est l’impact de ça sur la perception de l’image de la Banque. Quand on a dit c’est BNP Paribas, c’est très drôle parce que les clients étaient agréablement surpris. On n’attendait pas ce qu’elle soit dans ce type de démarche. Pas du tout. “

“Ils pensaient que c’était soit une banque en ligne, soit une banque en fait étrangère qui voulaient s’installer en France, quelque chose de plus, d’une image d’une Banque plus dynamique pas un gros groupe comme BNP Paribas traditionnel. Ils trouvaient ça très positive qu’on ait cette démarche.

In addition this type of move, the management of a closed community by BNP Paribas nicely surprised its participants and its customers. As declared by Angelique Fortune customers were surprised. We may easily conclude that this kind of activity is not associated with BNP Paribas in participants’ minds. They were not expecting this type of move from BNP Paribas. This may be related to the bank’s image. In addition we may say that this move had a positive impact on the bank’s image.

Finally late findings reveal that communities may serve as an effective marketing research tool because marketing researchers are deeply informed about BNP Paribas’ image in three countries and financial advisors’ perception by clients. This was not shocking information for them but they learned more. They learned that there was a trust problem between clients and advisors. They learned that financial advisors are mostly perceived as salesmen who are trying to achieve their objectives instead of listening to clients.

## **New products and new services**

What did they obtain from this community? Did central marketing team obtain a concrete outcome from this customer participation process?

The answer is apparently yes. First of all we see the emergence of a need for a new type of client relationship from community members' discussions. **The framework of** this relationship is clear:

- More financial advice
- Closer relationship with with customer advisors
- More guidance
- More listening and more proximity.

They could also establish a road map for this new relationship through workshops and meetings. The focus of this roadmap is being partner with client and accompanying him or her for future projects. This value proposition was created with customers and validated by them.

One another comment was about the creativity of consumers....

They planned to do one to one meetings or more focus group for more detailed information. We believe that outcomes of this community were not satisfactory enough to fully develop a customer road map?

As we stated several times communities actually are a way of conducting research for BNP Paribas. And Angelique Fortune underlined benefits of this method and wants to try again for the Wave 3 if it is possible.

### **Outcomes related to relationship with community members**

Similarly with Cetelem, the results of this community put the consumer at the heart of critical discussions. They had a relationship with community members and they learned a lot from them. Although customer participation activities in BNP Paribas France are temporary, we see the

emergence of a different type of relationship between participants and managers even during this activity. This relationship was also appreciated by marketing managers as well according to Angelique Fortune statements.

On the other hand we do not think that this is not a very important outcome because we do not see an attempt to build a second community or to continue this relationship in a different way.

#### 4.4.3 Problems

Problems in this case may be classified into three big categories. First category is related to BNP it-self, the bank’s working style etc. We believe that managers’ preferences for different type research or the perception of communities should be in the second category. And the last category is related to financial products. We had a different comment from David Lardey about the impact of this complexity on the performance of communities.

Table 46 Problems related to community

PROBLEM TYPE	DETAILS
BNP working style	Resistance to change BNP's traditional working style Novelty of the projects
A preference for different working style	Desire to continue with different types of research A preference for focus groups and one to one meetings Some subjects may be difficult to investigate with communities because community members did
Intangibility of financial products	Intangibility and difficulty of financial products



We believe that problems are not too important for this case because this is a closed and temporary community in a controlled environment. Every phase of relationship with community members is planned and managed by the consultants. We may compare this type of activity to a laboratory environment where problems are controlled also. This is also related to the design of the activity. This is a market research design. Problems related to community management are overcome by Consultant Company.

In addition when we ask about the future role of communities in banking industry bank managers in BNP said that this is too early to integrate this type of activity in the Bank's working style. One reason for this could be traditional style of banks.

BNP Paribas central marketing team and BNP Paribas France had some other difficulties during the development and implementation of the project "Ageing population" and "Customer Journeys" (Wave 1). They were financial or technical problems but they were not directly related to the customer participation activity or to the community it-self. We did not categorize them in this part because of this.

However, we see a change in methods and concepts when we analyze interviews of 2015. David Lardey explained this change with the need of a different approach for more detailed roadmap. They used the community for the creation of the concept "Customer Journey" but they did not continue with the online platform for the development of different phases of customer journey and testing these phases.

According to David Lardey, customer journey requires a different activity or approach, in order to realize. He underlined the importance of a closer relationship or a personal relationship or one expert explaining concepts and scripts. Problems related to the customer participation activity are explained as follows by David Lardey:

“Parce que une plateforme ça coute moins chère des focus groups, quand on fait beaucoup de focus group ça coute cher. Mais il faut quelqu’un qui anime, qui explique, qui répond aux questions. Voilà, c’est plus difficile pour une plateforme ».

« Pour des parcours clients il faut quelqu’un qui explique qui fait vivre les concepts, en fait des scripts en présentant des cartoons. C’est plus difficile à organiser en termes de c’est-à-dire en termes de logistique. Je pense que une plateforme web c’est moins adaptée pour tous ces types de choses.

One another problem could be the subject being investigated by the community. As stated by Angelique Fortune some subjects such as private investments may be more difficult to investigate with communities because community members may be less reluctant to discuss their investment strategies with others.

And finally, one last comment was about the complexities and difficulties of financial products for customer participation. David Lardey explained the change of methods for the Wave 1 with this argument:

-“Ce sont les services financiers qui rendent difficile?

-« C’est possible, c’est possible. Si vous parlez de quelque chose qui est connu par tout le monde, qu’il n’y a pas beaucoup d’étape d’achat, parce que quand on présente un parcours client on est sur un parcours de vie donc on est obligé de mettre l’achat de crédit immobilier dans un contexte d’achat de maison ou le client ne sait pas juste d’acheter. Le client ne va pas souscrire d’un achat immobilier mais il a acheté une maison il n’achète pas un crédit immobilier. C’est un outil donc c’est moins direct et moins tangible que acheter une voiture, acheter je ne sais pas un bien de consommation courant dans un supermarché. Et les étapes ne sont pas forcément connus par tout le monde.»

-« Le fait qu’on soit sur la complexité des produits bancaires permet pas d’utiliser les

plateformes. »

#### **4.4.4 Motives**

According to our findings managers of BNP Paribas, they were not expecting real innovation from community results. Instead, they treat this method (customer participation method through communities) as an innovative research tool.

Motives were very similar for both communities. We may say that managers of the bank identified very clearly their objective for these two communities and they communicated these objectives to the consultant company. The first community had more satisfactory results because it lasted longer and it enabled managers to co-produce with clients (in parallel) owing to the flexibility of this method.

#### **Ageing Population**

Their main objective was very clear at the beginning of each customer participation activity:

They have decided to develop a new client approach or a new offer mostly based on three pillars:

- Expectation of future
- Accompanying client during this period (advice)
- Development of a simpler and more flexible offer

They wanted to know ways of becoming consumers' private partner in order to help him anticipate the future.

#### **Millennials**

Main objective of this research was to better understand millennials as a generation and their relationship with their banks.

#### 4.5 CASE TEB

We have questioned TEB and BNP Paribas for two and a half years. TEB was a part of an international co-production project including France, Belgium.

This project is managed by central marketing team of domestic markets. They built, managed and closed an online community in order to investigate a theme. The same sequence is repeated in three countries for the same theme:

France BNP Paribas BDDF

Belgium Fortis

Turkey TEB.

This case is based on the one to one interviews with Angelique Fortune, Beyza Selçuk, Derin Gürsoy, Seyhan Sertoğlu Ergen and Irmak Yeşilada. We have to admit that the method is almost same in France and Turkey. On the other hand results are different because clients are different and so are their expectations.

This case describes only TEB customer participation activity and community. Before going into the details we have to add that the co-production issue with an online community did not have satisfactory results for TEB managers. They had very concrete outcomes, similar to those of BNP Paribas France; they had a clear roadmap for new products and customer journey. On the other hand, TEB managers believe that focus group is a better method for banking industry in Turkey. We will discuss possible reasons of these comments in this case later.

We try to summarize the impact of online community on TEB with the following table.

Table 47      Impact of online community on TEB (per year)

Major outcomes	2012	2013	2014	2015	2016
Structural change			No information	No information	No information
Organizational change			None	None	None
Procedural change			No information	No information	No information
Concrete outcomes			Launch of the first community for research in three countries: Ageing population		No community for this year.
Change of customer participation activity			None	None	None

As you may see in the Table 41, the online community did not have an impact on TEB and did not trigger any organizational, structural or procedural change.

#### 4.5.1 Chronological Analysis

##### Ageing population

We begin with a historical background of the project.

##### 2012

BNP was interested in a project about the individual savings and retirement plans of its clients.

Central Marketing team discussed with Italy, Belgium, and France and Turkey details of this project.

They wanted to conduct an international research in these countries.

**The aim of this project was to understand consumer needs, perceptions & expectations regarding savings solutions and to prepare a solution.**

- Perception and definition of the future
- Plans for the future
- Worries about the future
- Financial plans for future

They planned a detailed customer research with an online platform (the details of the research will be given in “processes”)

2013

Discussions continued throughout a year. Central marketing team prepared a roadmap for “Ageing Population”. The research began at the end of this year.

2014

The research continued during the first quarter in France and Turkey. They had workshops during the research and they had a final workshop in June 2014. Country based evaluation process ended in the second half of the year. Solutions and products were different because consumers’ demands and expectations were different.

Every country worked on the results of this community. The most obvious demand of Turkish community members was a product facilitating savings. TEB tried to prepare a package in order to satisfy customer demands including:

Marifetli Account

Family Academy

Keep the change

Piggy bank

2015

In parallel with France and Belgium, the Ageing Population evolved to “Customer life time journey” project. Customer life time journey project began and they tried to adapt these products to “Customer Life Time Journey process”. Teb is now a part of this project.

In addition there is also an organizational change in TEB marketing department. TEB marketing director became a part of BDDF.

2016

Unfortunately Customer lifetime journey project lost its priority and stopped.

#### **4.5.2 Processes**

**This customer participation project is realized by BNP Paribas domestic markets central marketing team for three countries. They worked with IPSOS for the creation and management of the community. Processes of these three committees are very similar. Turkey is different from these two countries in terms of sample and timing.**

When we listen to managers and IPSOS we understand that this community activity has been designed as a marketing research activity. This process is composed of three basic and distinct phases (very similar to Cetelem).

First of all, the whole process is managed by IPSOS and clients and prospects are motivated by some incentives. We may not talk about a classical community here with its own rituals and objectives. This is a closed community designed for obtaining customer feedback.

As you may see in table 2, **the introductory phase** is the preparation phase composed of several

internal activities lasting several weeks:

**The support of top management** is described as critical for this activity. Managers of marketing and research departments should work on different subjects after the approval of the project.

Main activities of this period as described by Angelique Fortune and Florence De-Bigault:

- **Identification of the problem or a subject to investigate** (preparing the framework of this activity with details),
- Choice of consultant company for the management of customer participation activity (after a call for bids),
- Designing the activity (decision about the duration of the community, defining criteria for sample selection, sample selection, choice of the main theme and sub questions)
- Preparing a protocol
- Workshop rules and objectives, research design and key figures are identified in this period.

Co-production activity begins with a clear theme or a question that is easy to understand and interesting for consumers:

#### **Consumer needs, perceptions & expectations regarding savings solutions**

- Perception and definition of the future
- Plans for the future
- Worries about the future
- Financial plans for future

#### **Identification of the need (Why do we need a community?)**

They began with the desire to develop **a new client offer** based on three pillars:

- 1 Understanding clients' expectation of future



2 Accompanying client during this period (in terms of advice)

3 Developing a simpler and more flexible offer

As you may see the value proposition pillar is similar to BNP Paribas France's one. The main objective was to develop a proposition of value with this community based on:

Pedagogy and information

Accompaniment and expertise

Offer simplicity and flexibility

### **Sample design and sample selection**

**This phase is very dedicated to identification of needs and problem. It is important for the success of community design.** At the beginning BNP central marketing decided to have two different groups: bank customers and prospects in order to understand both parties. The similar sample design has been designed for three countries.

- Age 25-55
- Mix of males and females
- Mix of family status: married people, single people
- Active young people to retired persons
- A sample reflecting the market characteristics
- Half of the group will be formed by TEB clients, the other half will be prospects.
- A good mix between people with children and people with no children
- Limit of credit card: 2000 TL or more (except for younger people limit of credit card is 1500 TL)

The name of the Bank will be revealed at the last phase.

The duration of the community will be eight weeks.

Bank managers gave a very clear description for sample characteristics and the recruitment is

realized by IPSOS.

One important issue at this phase is that consumers don't know the name of the Bank. The name of the Bank is revealed later. Consultants prefer to hide this information from community members in the first phase because of several reasons. Community members give more information about competitors, market trends, and new applications when they don't know the Bank.

**The second phase, customer participation activity (online community is active and open at this time)**

Main activity is the management of the community. This is realized by Ipsos. Ipsos divided this phase into three steps:

**Step 1 (Exploratory step)**

Step 1 is the introductory step. Main objective here is listening to clients. They introduce them-selves, they share personal information and they begin to exchange some ideas about main theme. It is possible to understand client expectations and to obtain market feedback or more information about competitors during this step. This step is extremely important.

Consumers interact on the platform, share experiences and discuss their perceptions, needs, expectations regarding retirements, health, long-term care costs, and old people dependency.

BNP Paribas wanted to question **“the perception of the future”** in this first step. Questions were prepared by marketing managers. Bank managers wanted to know which types of measures community members take in order to get prepared for the future, their projects and their main concerns. IPSOS consultants generally organize a first workshop at the end of this step in order to discuss customer feedbacks.

**The first three weeks are dedicated to understand consumer needs, perceptions & expectations regarding savings solutions:**

- Perception and definition of the future
- Plans for the future
- Worries about the future
- Financial plans for future

In order to understand their perception and definition of the future **several questions** are asked at this stage: When will the future come? What are your plans for the future? Are you worried?

**First workshop** is organized just after the exploratory phase with a clear output: consumer needs and selected insights for creating an accompanying offer to be fine-tuned and concepts to be rewritten. Bank managers prepared some proposals and concepts at this workshop.

## **Step 2 (Co-production)**

**We may call this step as the test step.** It may take four or five weeks.

The workshop animator tries to push clients to discuss on certain subjects or answer some questions. The success of this step seems to be related to the first one. This step is about concept testing & co-creation:

- Elaborate and imagine the product & service ideas
- Test and fine-tune concepts of products and services

At the end of second step they could elaborate a value proposition based on customer trust.

## **Step 3**

Step 3 is the final step. It is called results. Final ranking and vote for the best set of ideas/

Concepts. During the co-production activity Ipsos organized workshops in order to discuss the development of the community, some answers or some verbatim. management organized four workshops during the co-production activity. These workshops and other weekly meetings were necessary for discussing community members' proposals and verbatim. They are also important

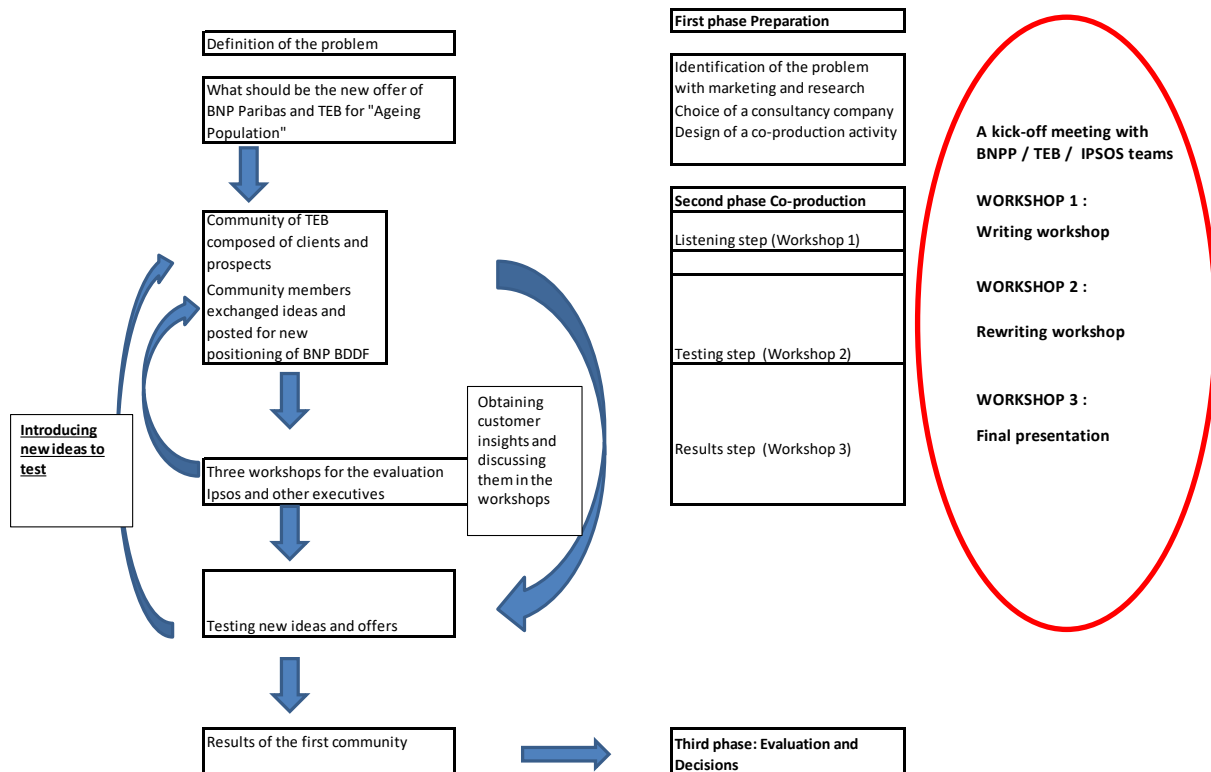
for introducing new ideas to test with the community.

### Evaluation Phase

This final phase is important in terms of the continuity of the project. Evaluation did not only take place at the end of co-production activity. Ipsos and BNP Central marketing and other countries discussed the outcomes after closing the community.

We may say that the design is very similar with CETELEM’s first community design. BNP and Cetelem they both worked with IPSOS. Processes are very clear and distinct. They had three basic phases. We may say also that BNP had very clear objective for this project.

Table 48 Processes of TEB community



Workshops (explanations)

We believe that the most striking part of this online community project is the workshop organization because TEB managers worked on the insights of the community, prepared products, re-injected them to the community and obtained community members' feedbacks. We believe that this is much more efficient way of cooperating with clients.

#### **Kick-off meeting**

A kick-off meeting with BNPP / TEB / IPSOS teams to determine the Community's name as well as the questions/activities and inputs for the community processes

#### **WORKSHOP 1:**

Ipsos calls this workshop as writing workshop.

Writing workshop

The BNPP / TEB / Ipsos team works on the insights generated by the community and write a first set of the concepts, offers and services, fine tuning the wording.

#### **WORKSHOP 2:**

Rewriting workshop

This workshop is designed as re-writing workshop. The BNPP / TEB / Ipsos team works on the

insights generated and the reactions of the first concepts to rewrite the concepts of offers and services, fine tuning the wording.

### **WORKSHOP 3:**

Final presentation

Presentation of the key learnings in regards to the exploratory phase, the test of offers and positioning. A final workshop organized by IPSOS for every step of the activity.

### **Customer life time journey project**

In parallel with France and Belgium Ageing Population evolved to customer life time journey aiming to support customers throughout their life stages. TEB managers changed their methods for this new project. They realized focus groups with customers and relationship managers (they call them RM) in order to understand deeply their needs.

Community for "Ageing Population"

Working with experts, advisors and clients in order to illustrate and create customer journey

### **Customer Journeys**

Customer Journeys for "How to manage long-term personal projects?"

Focus groups and one to one for refining the idea

Preparation of customer journey for two segments

Young population

Mature clients

Testing customer journeys with clients

"How to manage long-term personal projects?"

Individual interviews

12 individual interviews in three countries in order to test different phases of customer journey

2014-2015

2016

Technical difficulties related to implementation

No priority for this project

#### **4.5.3 Outcomes**

At the end of this online community, we may say that most of TEB outcomes are very similar with BNP Paribas France' ones because the project was international.

Before going into the details, we may easily say that this community was very useful in terms of market research and product development. As you may recall the online community research gives the management team the opportunity to work in parallel with respondents, to propose an offer, to revise it if necessary and to come up with a roadmap or product package at the end.

According to Derin Gürsoy the most tangible outcome is knowing the strong desire of Turkish people for saving. They were seeking advice and help for it. In other words, there was a strong focus for saving in community members.

“We may say that a majority of community members requested advice and new products pushing them to save”

Table 50 Outcomes of the online community

Outcomes			
Managerial outcomes	Outcomes related to Marketing research	Products and services	Outcomes related to relationship with customers
<p>Customer participation activity facilitated communication and cooperation between different parties</p> <p>These workshops brought together all experts of the banks</p> <p>Facilitator of exchanges</p>	<p>Knowing consumer preferences</p> <p>Identification of consumer needs and their future plans</p> <p>A bridge between consumers and company</p> <p>They had market information during listening phase.</p> <p>Information about TEB's image</p>	<p>A new product package revised according to community members' suggestions</p> <p>Validation of ideas and feedbacks by clients</p>	<p>Direct dialogue with clients</p> <p>This relationship fosters internal creativity.</p>

### Market research and customer expectations

They had very interesting outcomes. First of all TEB managers had the opportunity of knowing better customer expectations and attitudes about future, retirement and saving. They learned about their main concerns, their feeling of insecurity etc. In addition they could obtain information about the bank’s position and their expected relation with their bank.

We learned from our interviews and from reports that Turkish Community members



described the future uncertain due to several reasons: high inflation, economic uncertainty, political environment. These factors lead to feeling of insecurity. These expectations may lead to the importance of saving, difficulties about saving etc.

Another important outcome was about products. Since they could easily identify needs and expectations, they could also prepare new bundles and products for this segment.

In addition TEB managers learned a lot about following issues:

1. Turkish people saving attitudes
2. Turkish people spending habits
3. Short-term plans for the future
4. Long-term plans
5. Their interest in digital and online programs (giving them simulation opportunity for more concrete examples)
6. Their expectations from a bank ( an advantageous tariff, flexibility, a closer relationship, explanation of solutions with simple words)
7. Their main concerns:
  - Health and family protection
  - Financing education of children
  - Their difficulty of saving
  - High inflation

In addition TEB managers also learned that being rewarded and having a savings goal are very motivating for Turkish consumers.

8. Their strong desire for saving and the need for more advice in order to increase financial literacy.
9. Their criticism about banks in general

## **Products and services**

**TEB managers had the opportunity to create a comprehensive package for TEB clients after evaluating results of the community. The main result was the strong desire of community members for saving and they were asking support and advice for saving.**

**The majority of products were prepared with this focus.**

Piggy bank (A digital Piggy Bank could not be realized due to technical restrictions but they worked on a real Piggy Bank).

A dedicated campaign for saving

A dedicated financial advisor

Bundling of deposit and individual retirement accounts

Birikimli Account an account dedicated just for saving.

Marifetli Account (for young segment)

Credit card benefit (they could not do it with credit cards, they added a cash-back mechanism to debit card)

### **Suggestions of TEB positioning**

They also had suggestions for TEB positioning. According to our interviews with TEB managers and reports there were three distinct axes that should be considered for TEB positioning:

Anticipation (expertise, awareness...)

Accompaniment/support in a long run

Relation of trust (listening, a reliable interlocutor, a good level of professional expertise, consideration of familial preoccupations, advantages, rewards and loyalty programs, transparency and accessibility)

Community members expressed themselves freely about current positioning of TEB and for most of TEB customers TEB is generally seen as a sincere and intimate bank. They think that TEB is honest, reliable and respectable Bank.

## **Cultural differences**

One another important finding of the community is definitely cultural differences between countries. We repeat these comments for this case also because they were so surprising for Turkish managers as well. Turkish customers, different from their French and Belgian counterparts want to enjoy life and spend money. Turkish people (or at least community members) want to find right balance between saving and spending but they don't know how.

## **Comments about the community**

And finally we want to discuss the comments of TEB managers about online communities. According to most of TEB managers online communities are not an efficient way of co-producing with clients. They did not want to repeat this customer participation activity for other projects. They prefer focus groups for better results. We had the opportunity to discuss the possible reasons of this outcome:

Low response rate of community members

Cultural problems

Superficial answers from community members

Problems related to Turkish society etc.

Consequently TEB management did not repeat this customer participation project and details of this will be discussed in "Problems" part. They preferred other types of researches.

Is it a new relationship with clients?

Unfortunately this customer participation activity has been considered only as an online research for TEB. TEB managers did not say a word about dialogue between TEB and consumers because they did not consider it as a new dialogue or a relationship. On the other hand Derin Gürsoy underlined the importance of the community for increasing their creativity.

As you may remember we had similar comments from CETELEM and BNP Paribas.

“What do you think about the creativity of consumers and what do you think about the benefits of this online community?”

“There is one thing; this activity fosters our creativity (listening to clients). It pushes us. We may see another point of view; we may think differently, we may understand them better owing to this community. This is not related to the bundles or products. One another benefit is the power of this community in the Bank. The community helped a lot to convince top management and other departments about some issues. It provided us with the speed we need.”

#### **4.5.4 Problems**

According to the interviews with TEB managers and IPSOS consultants we have identified three big categories of problems:

1. Problems related to Turkish culture and society
2. Problems related to financial services.
3. Problems related to the Bank

Table 51      Problems and explanations (TEB Community)

PROBLEM TYPE	DETAILS
Problems related to Turkish society	Turkish customers are reluctant to take part in online communities because of cultural reasons. Trust problem Research culture
Problems related to Bank	Technical problems  Priority issues
Problems related to banking industry	Intangibility and difficulty of financial products Financial products are difficult to co-produce with clients Legal and governmental restrictions for new products

Although TEB had some satisfactory and tangible outcomes related to market research and new products and services TEB manager Derin Gürsoy underlined the importance of focus groups and one-to-one meetings for getting better results. TEB managers do not think that online communities are a better way for understanding customer expectations and for co-producing with them. We discussed possible reasons of this comments with Beyza Selçuk and Derin Gürsoy. Both of them did not want to organize a second online community emphasizing three factors:

1. Trust problem
2. Problems related to Turkish society
3. Problems related to the Bank

#### **Problems related to Turkish society**

We have to admit that this kind of community was an unusual activity in Turkish Banking system. Low participation rate and unresponsiveness of community members were critical

problems at the beginning of the community. IPSOS made two new infusions of clients and changed reward system in order to overcome these difficulties. Contrary to other countries IPSOS revealed the brand earlier in order to increase response rate. In addition, some subjects may be difficult to investigate with communities because community members did not want to discuss their investment strategies with other community members

Despite these measures taken to revive the community some members refused to talk about their personal savings because of cultural pressures.

Derin Gürsoy also underlined the familiarity of European people with market researches. Turkish cultural may lack this familiarity and this may also explain low participation rate at the beginning of this activity. Unfortunately Turkish community members were less interested in participating to the community.

“What was the real problem with the community, low participation rate or the content of dialogues?”

“Both indeed, participants were not answering properly to the questions.”

Both Irmak Yeşilada and Derin Gürsoy underlined the importance of incentives for higher response rates and satisfactory results.

### **Problems related to financial industry**

Both Derin Gürsoy and Irmak Yeşilada (IPSOS Turkey consultant) underlined the difficulty of cooperating with customers in financial industry.

Derin Gürsoy:

“It would be much easier if we sold shampoos but one-to-one interviews seem much better way for Banking.

Irmak Yeşilada compares banking industry with fmcg in terms of frequency of online community researches. As you may see in the dialogues below Irmak Yeşilada is much more optimistic about online communities in banking and she underlines its importance.

She says that banking is more difficult compared to fmcg for doing such researches but she also adds that there is more to do in banking.

Irmak Yeşilada:

“You may survive with creativity and imagination in other industries but you should listen to your clients in banking, you should do something with them.”

“People express better their problems related to their bank in online communities you may not get this amount of information in fmcg. In addition the Bank exists at every stage of their life, banks are important. We should ask their opinions. It is important. “

The most important question is “Are these demands realizable by banks? Are they doable?” this is critical question because these demands are generally difficult to realize.

Irmak Yeşilada also believes that co-production is more important for banking and telecommunication. She understands the risks and difficulties but she also emphasizes consumers’ reactions.

“The most important thing is using a language that clients can understand. It is difficult because products are complex and difficult. The bank should be close to its clients. This closeness is much more efficient. A closer relationship is also important for fmcg also but you can also catch client with creative things in those industries. The client may buy a product just because it is stylish or fancy. This is not the case in banking. Dynamics are very very different.”

As stated several times by TEB managers most of community members’ demand and suggestions were not realizable due to legal restrictions.

### **Problems related to the Bank**

Some technical problems and priority issues are in this category. Unfortunately these problems were important enough to change the future of the project.

#### **4.5.5 Motives**

According to our findings managers of BNP Paribas, they were not expecting real innovation from community results. Instead, they treat this method (customer participation method through communities) as an innovative research tool.

Motives were very similar for both communities. We may say that managers of the bank identified very clearly their objective for these two communities and they communicated these objectives to the consultant company. The first community had more satisfactory results because it lasted longer and it enabled managers to co-produce with clients (in parallel) owing to the flexibility of this method.

#### **Ageing Population**

Their main objective was very clear at the beginning of each customer participation activity:

They have decided to develop a new client approach or a new offer mostly based on three pillars:

- Expectation of future
- Accompanying client during this period (advice)
- Development of a simpler and more flexible offer

They wanted to know ways of becoming consumers' private partner in order to help him anticipate the future.



**CHAPTER 1: Introduction**

Section 1	Services
Section 2	Definition and classification of financial services
Section 3	Basic characteristics of financial services
Section 4	Evolution of financial services
Section 5	Consumers and financial services

**CHAPTER 2: Literature review and conceptual framework**

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**CHAPTER 3: Research methodology**

Section 1	Qualitative Research
Section 2	Methodological Choices
Section 3	Selection of Cases
Section 4	Data collection and Data Analysis
Section 5	Data Triangulation

**CHAPTER 4: Presentation of Cases**

<b>Section 1</b>	<b>Case studies</b>
	CETELEM
	Credit Agricole
	ING Direct
	BNP Paribas
	TEB

**CHAPTER 5: Cross Case Analysis****CHAPTER 6: Discussion**

Section 1	Discussion and Managerial Implications
Section 2	Research limitations and Future research perspectives

**5 CROSS CASE ANALYSIS**

Although communities seem to be very rare in financial industry compared to other sectors,

I have to say that different types of communities co-exist, each having different functions and objectives.

I personally believe that intellectual and innovative customer participation and online communities will evolve in the future and they will play more critical roles in financial world. Besides marketing functionalities they may have managerial or customer relationship functions. Leroy (2008) proposes three important functions for online community or a group of expert consumers: co-governance, co-management and co-CRM. Although I totally support online communities I believe that their management is not an easy task and online communities and business world need more time for the realization of Leroy's propositions.

The aim of this study is to understand online communities because of their impact on co-production in financial context. These platforms may be an efficient way of increasing customer participation.

On the other hand they may have even the power of changing business model or organizations because of their innovative potential.

As stated by Yin (2014), cross case synthesis is the most important part of the study. I began cross case synthesis with careful examination of each case and I focused on two things: first on similarities and differences between communities in order to identify their characteristics and to compare and contrast them. Second focus was on the history of the customer participation activity in these banks and financial institutions in order to see the evolution of these communities.

This cross case synthesis of banks includes two financial institutions that are managing open communities and three banks that closed their communities. This section is dedicated to study

findings and I will try to answer all research questions. The analysis will be based on two important findings explored at the end of our within case analysis.

According to research analysis three distinct customer participation types in financial industry or three different community types are identified. These customer participation activities are realized through different communities online or physical. We may say that they co-exist in financial context with different objectives and functionalities:

1. Market research (research communities)

This first community type is very close to a laboratory experiment. Each market research community in our study is designed as an online research. These communities' processes are very different from other two communities.

2. Innovation (innovation communities)

3. Cooperation, collaboration with clients (an open community with free customer participation activities)

The second finding is related to the evolution of these communities in time. Some communities (ING and Cetelem) evolved; we see a transformation of these communities according to needs and priorities of financial institutions. Others did not evolve, some became obsolete, and some are closed because banks do not need them anymore. We will also discuss the evolution in detail.

Table 52                      Characteristics of communities in financial institutions

	<b>Research</b>	<b>Innovation</b>	<b>Cooperation</b>
<b>Time</b>	Short-term	Long-term	Not temporary
<b>Processes</b>	Linear processes following clearly defined steps	Circular processes	No pre-defined steps and processes
<b>Meetings and workshops</b>	Regular internal meetings and workshops are held in order to discuss customer insights	No regular internal meetings or workshops. Meetings are organized if necessary	Regular reporting. Meetings are held in emergency situations
<b>Main function</b>	Testing predefined concepts and questions and co-production	Plenty of concepts can be tested	Answering consumers' questions, information

These three activities are different from one another in terms of objectives, outcomes and management styles.

The majority of customer participation activities in our research may be classified in the first group with market research objective. This co-production activity is organized through closed communities or customer meetings. Banks and financial institutions benefit from these communities.

Figure 9 Evolution of consumer communities in financial institutions

As you may see in Figure 9, not all communities in this research followed the same path. Cetelem third community in the Republic of Czech evolved from market research and innovation communities. However ING management transformed from a social media community to ING Direct community.

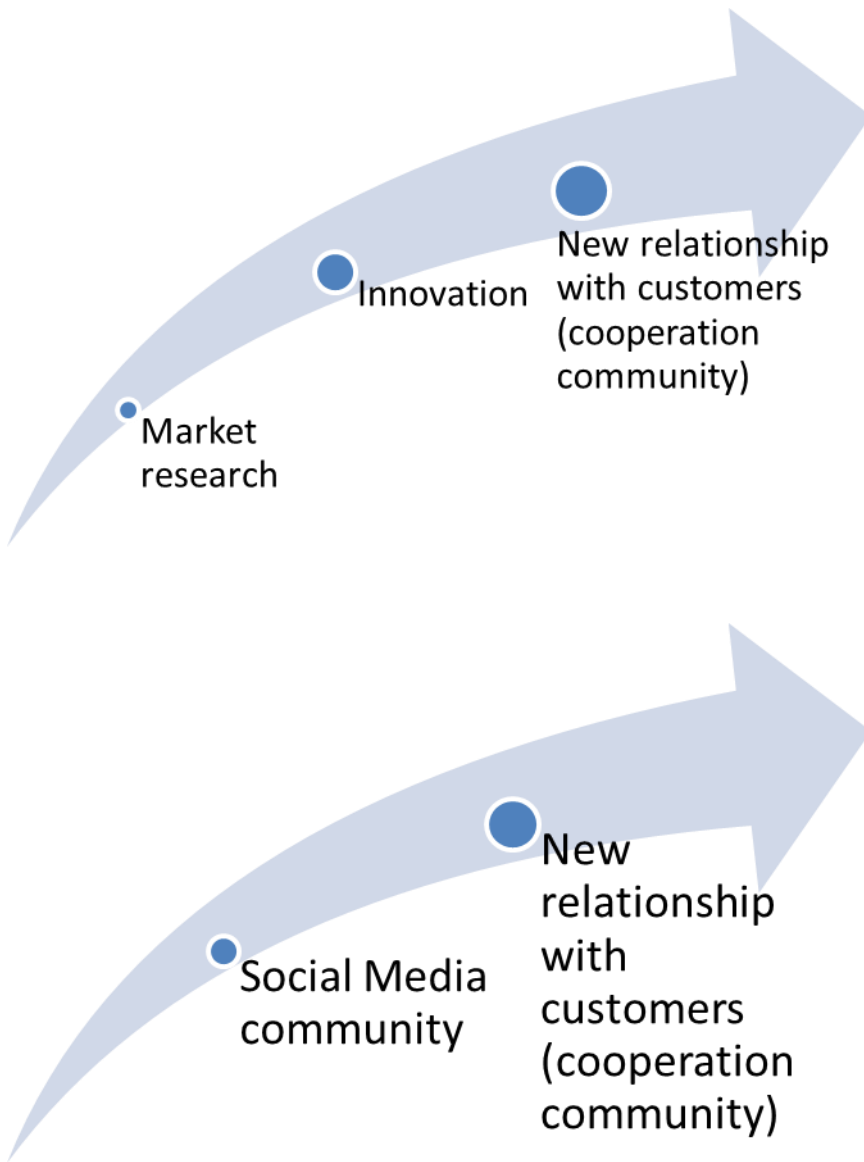


Table 53

Classification of Banks and financial institutions in terms of function and community style

Market research	Innovation	Cooperation and co-production
Cetelem first customer participation activity	Cetelem second customer participation	ING Direct
Credit Agricole		Cetelem community in Tzech Republic
TEB		
BNP Paribas		

During the analysis of these communities I realized that they have also some common points. First, all three types may provide information about market trends, competition and consumers' expectations. Even cooperation communities may provide information about market although they are not built for that purpose.

In addition banks benefit from deep consumers' insights and constructive ideas and these ideas help them to co-produce new products and services.

According to interviews, these communities are important for facilitating the communication and cooperation between different departments in financial institutions. As underlined several times by consultants and managers, communities are more powerful for emphasizing some problems and some concerns and may shorten the time necessary to solve them. Communities may easily convince other departments or top management about certain topics. I have to underline that cooperation communities are more powerful but even research communities may facilitate communication.

### **Market Research communities**

These communities are built and managed with a very clear objective. Obtaining market

information or getting consumer's views and expectations on a specific topic may be some of these communities' objectives. They are mostly short-term and small sized communities composed of clients and non-clients. Community members are gathered artificially by Consultant Company. These communities are built and managed by consultants in our research; they are designed as a laboratory experiment (decision about the duration of the community, defining criteria for sample selection, choice of the main theme and sub questions, even workshops, workshop rules are clearly defined and described before the community).

The management of these communities is realized according to pre-defined and strict plan; every week of community is organized in order to understand some reasons, obtain some information and/or to create or to co-produce a new service or a positioning. As there is a very clear plan, the management of these communities is easier. Community members do not mostly know each other.

### **Innovation communities**

First of all there is not clear cut boundaries and distinct differences between market research and innovation customer participation activities. You can easily develop new products and services with a marketing research community or you can improve existing ones. You can innovate. These two types are similar to each other in terms of size, management and the role of advisors. Main distinction seems to be "time" dimension here, the period of the activity. Innovation communities last longer and benefit from a closer relationship with customers. The management is able to realize certain conditions, customers' way of thinking, and customers' reactions. Actions in this second type of customer participation activity evolve around a question or an idea to test, however managers have time and opportunity to observe or exchanging ideas with customers about certain issues. These communities are also characterized by an ongoing conversation with customers. It is more difficult to manage this plenty of information about different topics.

Innovation communities, although they are generally managed actively by consultants are not designed as research communities. They may serve as a transition for cooperation communities if necessary.

### **Cooperation communities**

Cooperation communities are open communities, mostly public ones, easy to access by consumers and non-consumers. They are different from research and innovation communities in terms of motives, processes, outcomes and problems. We name them cooperation communities because a different cooperation exists between community members (at least some community members) and the bank. There are different actors with different roles in the community; there are ambassadors and beta-testers. These different actors have important roles, ambassadors try to answer consumers' or non-consumers' questions. Beta-testers test new applications and thanks to these actions community becomes a cooperative actor.

These communities may be more powerful compared to other types because they are online. Community members may post their demands, their problems and their complaints online and bank managers should carefully react to these problems in real time because these problems may involve several clients. They may even change a bank's procedures or rules.

They may also facilitate communication between different departments. These communities do also represent another relationship between consumers and the bank.

Cooperation Community is considered to be a separate entity in financial institutions. Objectives are more business-oriented. Main objective seems to be cost cutting using this community as a call center. Interviews also reveal that open communities are more difficult to manage but they are also efficient in managing brand and image.

Besides cost cutting, the open community is the most important contact point with consumers and prospects for ING Direct managers. This community seems to be more than a contact point, it is important because it also manages customer relations.



Table 54 Classification of communities

<p>Innovation</p> <p>Cetelem 2. Community</p>	<p>A new client relationship</p> <p>ING Direct</p> <p>Cetelem 3. community in Tzech Republic</p>
<p>Credit Agricole</p>	<p>Cetelem 1. Community</p> <p>TEB</p> <p>BDDF</p>
<p>Market Research</p>	<p>Market Research</p>

Table 54 classifies online communities into four distinct groups. Credit Agricole has been classified in a separate part because this is the only physical community.

However, online communities in the last group are much different than other communities:

Table 55 Characteristics of communities

	Market research	Innovation	Cooperation and co-production
<b>Management of the community</b>	Active management mostly by an outside agent, consultants	Active management by consultants	Loose management style
<b>Objectives</b>	Knowing better customers' opinion or attitudes about some issues, consulting clients about one issue	Innovation, developing or improving products and services with clients	Business related objectives Cost-cutting Innovation contact with clients
<b>Size of the groups and communities</b>	Small	Small	Medium or large groups are required for more cooperation
<b>Working style of the community (process and internal phases)</b>	Closed groups based on question answer style	A long-term activity with closed groups	Open communities with no time restrictions

Finally I want to discuss the position of the open community in the Bank besides its jobs or services. According to Nicolas Hun open communities function as live platforms therefore community members may react instantly to some conditions. The management has to take into account these instant reactions so the community has the power of changing certain routines or priorities of the bank.

After the description of these three community types I will analyze them in terms of objectives, processes, outcomes and problems in the next part.

### 1. What are the reasons and motives for engaging customers into a co-production activity?

The analysis of motives of our cases reveals that most important and common motivations are **innovation, co-production and market research**. Each bank or financial institution in this study wants to tap consumer creativity and to have consumers' insights.

According to my analysis, objectives of market research and innovation communities are very similar.

On the other hand I see also **an evolution of motives for open communities**. Cetelem third community that will be live at the end of 2016 is a good example of this evolution. Objectives change or evolve for open communities, business related objectives emerge and change the direction of open communities.

This evolution is clearly revealed in the Table below (Table 56 Motives of Cetelem). You may see that objectives of the first community are obviously about research and innovation. The first one was a research community; the aim was to test the positioning of Cetelem and to find a new one. Cetelem managers were very much interested in customers' opinions and insights related to this topic.

Objectives of the second community were not so different from those of the first one. However you can easily see the change in the third community.

Table 56            Motives of Cetelem for three communities

**First community**

Innovation  
Co-production  
Research  
Testing ideas, testing products  
Knowing better clients  
Taking a picture of consumers  
Testing a new positioning for CETELEM  
A closer method to follow clients

**Second Community**

Knowing new direction of consumer  
Being able to follow the change of consumer  
Innovation  
Research

**Third Community**

A closer contact with consumers  
Engaging clients  
After sales service  
It may be useful for contacting prospects  
Increasing customer loyalty  
A closer and longer relationship with customers  
Innovation  
Better optimisation of Cetelem website on google  
Cost cutting  
A new type of relationship with clients  
Increasing transparency

“A closer contact” and “a new relationship” with consumers become more important in the third community. Besides these concerns related to consumer relationship, we see the emergence of business related objectives such as cost-cutting or paying less for Google referencing. A direct access to consumer creativity and innovative ideas is still important but Cetelem managers want also to increase customer loyalty and to contact prospects

through this community. Cetelem managers aim at assigning some tasks to this open community as well.

You may see some common points between these two tables (Table 56 and Table 57) and between motives of ING Direct and Cetelem.

Table 57 Motives of ING Direct

ING Direct
Cost cutting (Google reference)
Advertising
Conversation and contacting clients
Transparency
Visibility
Dissatisfaction or disappointment of social media.
To show the prospects the future relationship with ING Direct
The impact of customer opinion
To decrease the number of questions of call center
Creating customer loyalty
Knowing consumers better
Following interactions and managing these consumers'

### **Outcomes and financial industry**

Important outcomes of the customer participation activities and online communities in financial

industry will be discussed in this part. You may find a quick summary of these outcomes in the table below (Table 58).

Table 58 Outcomes of online communities

<p><b>Business related outcomes</b></p>	<p>Cost cutting          Paying less for Google referencing          The community taking over some jobs          Time saving because projects are better qualified          Better assessment of projects, products and services</p>
<p><b>Outcomes related to market information</b></p>	<p>Identification of consumer needs          Information about consumers' preferences, spending habits or attitudes</p>
<p><b>New products and new services</b></p>	<p>New product or service ideas          Refining new product ideas          Testing applications and services          Validation of projects and positioning          Simplification</p>
<p><b>Intangible outcomes and Benefits</b></p>	<p>Increasing brand awareness          Visibility and better communication          Increasing communication and cooperation between different departments          Breaks down the barrier between different departments          Know how sharing          Advertising</p>

Obtaining market information seems to be the first important outcome of online communities whether they are closed or open. TEB managers had detailed information about spending attitudes of Turkish people and their saving habits as well. BNP Paribas, central marketing team could compare French, Belgium and Turkish clients owing to these communities. Cetelem could get market information about competitors. Besides financial institutions' managers

could easily obtain information about consumer preferences and reactions.

Financial institutions managers also had really concrete outcomes such as new products, a roadmap for new customer relationship or they could test or refine new products, ideas or applications. We may conclude that online or physical communities may provide sufficient information for developing a product or refining existing ones. You can also test some ideas or discuss with community members. A majority of managers appreciated this flexibility and gave us concrete examples of products developed with communities (clear road map for BNP Paribas, Touch ID for ING, Birikimli account for TEB etc.)

Managers also wanted to underline certain benefits of these communities. Angelique Fortune and Richard Tugdual De la Tour described it as a **“time-saving”** activity because any project; proposition or positioning could be easily validated by clients during communities. Or you can easily drop an uninteresting project after asking community members.

Besides, communities, whether they are open or closed may increase brand awareness but open communities may be more efficient for this kind of activity. They may provide visibility and better communication opportunities.

A majority of managers and consultants underlined the impact of these communities on working conditions and on relationship between departments. According to Denis Morlat these communities breaks down the barriers between departments and they facilitate communication. We believe that results of the community that are important for different departments may facilitate cooperation and mutual interaction between these departments.

I may cite several interesting outcomes of the communities in this section. However I believe that there are two important outcomes here. The first one seems to be the emergence of a new relationship between financial institutions and their clients. This new relationship (whether

these communities are closed or open) pushes managers to think and act differently and may increase their creativity as well (this statement is validated by TEB, Cetelem and Credit Agricole managers). Information coming from communities seems to provide a different point of view for managers. Bank managers say that clients or community members are not very creative or innovative but they push us to think differently. This new relationship that reveals different information about markets or consumer preferences may change internal working conditions as well.

Besides all these intangible and tangible outcomes, we believe that the most important outcome is the evolution of communities because several types of communities co-exist in financial industry and they evolve. According to our findings this evolution of communities (although CETELEM and ING Direct had different motives) mean a different approach for client relationship. This new approach underlining an egalitarian communication style between clients and banks does not seem to be easy for banks. In addition there is a transfer of some routine and client related tasks to the community that is not easy to manage at all.

### **Processes**

Third group of questions were related with the design of the processes. A detailed examination could better answer this question. At the beginning of this research my aim was to explore processes of this customer participation activity (Characteristics, similarities and differences between cases, important actors etc.) in order to unfold this fact in financial industry.

In order to answer questions of the research related to processes I used a classification method explained in outcomes part.

Table 59      Classification of communities



<p>Innovation</p> <p>Cetelem 2. Community</p>	<p>A new client relationship</p> <p>ING Direct</p> <p>Cetelem 3. community in Tzech Republic</p>
<p>Credit Agricole</p>	<p>Cetelem 1. Community</p> <p>TEB</p> <p>BDDF</p>
<p>Market Research</p>	<p>Market Research</p>

Table 59 classifies online communities into four distinct groups according to the outcomes. Credit Agricole has been classified in a separate part because this is the only physical community. The same classification can be used for processes because similar outcomes are the result of similar processes.

Communities built for market research purpose use a linear process (Cetelem first community, Credit Agricole and BNP Paribas France and TEB) composed of distinct stages such as preparation, co-production and evaluation. These phases are more detailed in BNP France, Cetelem and TEB. Credit Agricole, on the contrary used much simpler process because co-production activities were organized as focus groups. As you may remember these communities are temporary with a clear duration (they have a clear short term objective with three distinct phases).

According to this classification, innovation and cooperation communities use more circular process without distinct phases and evaluations. Innovation or open communities are mostly

continuous and they provide the opportunity to test several ideas.

Cetelem management prepares research questions for the community. Innovation communities may function for research and innovation purposes. Bank managers in Cetelem are invited to see and discuss community issues. Managers from other departments may propose new concepts to test and to discuss by the community. Workshops are not organized on a regular basis.

It is not easy to describe process characteristics in ING open community. ING management has very limited control over the open community; they do not prepare research questions. The community is a living organization for them, ING management work with them. There are not predefined concepts or issues to discuss, no regular meetings or pre-organized workshops. Meetings are held if necessary. Community management prepares regular daily and weekly reports. The community does have a different function.

#### **Do they have common characteristic?**

We may say that communities with different functions do have common characteristics. In other words, their function and their objectives determine their processes. Another analysis based on size, management style, function and actors because will be presented here in order to examine processes.

Table 60            Similarities and Differences

	<b>Market research</b>	<b>Innovation</b>	<b>Cooperation and co-production</b>
<b>Management of the community</b>	Active management mostly by an outside agent, consultants	Active management by consultants	Loose management style
<b>Objectives</b>	Knowing better customers' opinion or attitudes about some issues, consulting clients about one issue	Innovation, developing or improving products and services with clients	Business related objectives Cost-cutting Innovation contact with clients
<b>Size of the groups and communities</b>	Small	Small	Medium or large groups are required for more cooperation
<b>Working style of the community (process and internal phases)</b>	Closed groups based on question answer style	A long-term activity with closed groups	Open communities with no time restrictions

The table above compares these three community types in terms of size, working style, objectives and management. This comparison underlines differences of cooperation communities.

### **Size**

As you may understand size is important for communities. Although much larger communities (with more than 100.000 members) exist in other industries (example Nike+ community has 30 million members) communities in financial industry are much smaller and closed. Before this analysis we try to classify communities in terms of size. This classification is based on a simple search:

Small communities: 5-1.000 members

Medium sized communities: 1.000-100.000 active members

Large communities: 100.000+ members

Research communities and innovation communities are generally smaller in size. However, customer participation activity with cooperation may seem possible only with relatively bigger customer groups or communities (ING community seems to be a best example with its 602 users and 18245 active members). Despite some difficulties there are several types of benefits. First of all these open communities are important contact point for online banks or financial institutions without branches. Community may function as a separate entity but it may serve as a concrete new channel for clients and prospects.

### **Function**

As stated earlier market research and innovation communities are expected to realize different activities. However ING open community has a function and can give some services:

After sales services

Communication (contact point for all types of questions and answers)

Positioning

Cost cutting

Call center

We may say that the last community is closely related with business dynamics in one way or the other.

### **Objectives and management style**

Third, the last customer participation activity is different in terms of objective and organization also. Besides having a closer contact with clients ING Direct and Cetelem underline the importance of cutting costs through these communities. According to our findings there are

several possible objectives of financial institutions for having an online community:

- A closer contact with customers
- An open community that can answer clients and prospects questions
- Loyalty
- Cost-cutting
- Longer relationships with customers
- Assigning some functions of head quarter to the community
- Evolution of motives leads to the evolution of communities.

No time limit because time is important here and no distinct and separate phases in open communities.

**Who are the important actors in this process?**

We may say that involvement of third parties and consultants are much apparent in market research and innovation communities. ING Direct community is the only community of our research managed by an internal team.

Table 61      Detailed analysis of each case

	CETELEM	CREDIT AGRICOLE	BNP FRANCE	TEB	ING Direct
<b>Key actors</b>	Market research and marketing departments	A branch team with marketing department	Central Marketing team and BNP France marketing team	Marketing department with an international collaboration.	Marketing and Internet teams
<b>Employee involvement</b>	A partial involvement with parallel communities	An initial project of employees in order to improve softwares and internal processes	Employee workshops have been organized for later phases	Employee workshops in order to discuss ideas coming from communities	None
<b>Role of stakeholders</b>	Supportive role	Supportive role	Supportive role	Supportive role	Supportive role
<b>Role of advisors</b>	A critical role. Advisors are responsible of clients selection, community management, animation	Relatively less critical role compared to CETELEM and TEB	Advisors have a very critical role here. They build and manage the community, organize workshops and prepare reports.	Advisors have a very critical role here. They build and manage the community, organize workshops and prepare reports.	No advisor
<b>Characteristics of community</b>	Open/closed communities	closed	closed	closed	open
	The last community of CETELEM in Tczech Republic will be an open and permanent community.	A closed community composed of Credit Agricole Alpha Agence clients			open
<b>virtual - physical</b>	Virtual communities mostly temporary	Physical meetings based upon one specific subject	An online community built for marketing research	An online community built for marketing research	Permanent online community having different functions.
<b>temporary-permanent</b>	first one is temporary second one is permanent	physical meetings based upon one specific subject	A temporary online community	A temporary online community	Permanent virtual community
<b>small-big</b>					
	small	small	small	small	medium size

The Table above explains the details of these communities.

As you may see, advisors have a critical role for CETELEM, Credit Agricole, TEB and BNP France communities. They are responsible for the management of communities in most cases.

And finally there are two important differences underlining this activity: its design and its function.

### What are the problems?

As stated in methodology part I have identified three constructs at the beginning of this research, and a fourth construct emerged from interviews. I incorporated this fourth concept, “problems” in our thesis because managers’ reactions to problems (their way of handling them or their styles of overcoming these obstacles) were decisive for the continuation of this activity.

I tried to summarize difficulties and problems related to customer participation activity in financial industry.

Table 62 Problems

<b>Financial problems</b>	Budget problems
<b>Institutional problems</b>	Slower change Organizational problems Resistance to change
<b>Technical and IT related problems</b>	Prioritization of projects Development of products
<b>Community management</b>	Both open and closed communities are difficult to manage because community members need special attention, motivation and Management of community members' reactions Problems related to ambassadors Management of the labo Formation of customer relations center team. A homogeneous approach is necessary Characteristics of the technical people who knows programming Complain management is crucial for an effective community mechanism.
<b>Problems related to financial products</b>	Intangibility of financial products Some topics are not easy to investigate with online communities They require a closer and more intimate relationship it takes time to develop new services and products because of the complexity of financial products financial services are not very interesting

We will try to explain important problems.

### **Community management**

According to our findings management of the community, whether it is closed or open is the most important problem that may have an effect on the outcome. Community management requires a special technic even for small online communities. Community members need a listening and sharing phase (which is a least formal process of the research communities) in order to feel better and share their own ideas.

According to our findings, **transparency, more egalitarian relationship with community members and building an equilibrium between taking and giving** (giving community members enough time for listening to them and asking for their opinions) are important for community members (even in closed communities they want to know for whom they work for). Another important finding is that community members must be allowed to share personal information, must discuss on different topics (topics that are not related to business or products or services) for better performance. Monsieur Denis Morlat and Mrs. De-Bigault underlined the necessity of an open managerial approach and exchanges in order to keep community members' interest alive to the community. Continuous discussions and questions on a business related subject may be boring and tiring for them. One way of overcoming this difficulty is finding softer themes and topics in order to make members feel more comfortable in the community.

“La difficulté est tester sans arrêt des offres et des nouveaux produits ou des nouveaux services. Ils ne vont pas sentir comme une communauté. Ils vont se lasser et ils vont partir. C'est pour ça qu'on a fait ces sujets un peu globaux »

Florence De Bigault underlines the importance of this phase and personal needs of community members with the following quotes:



“Une communauté de Co création qui ne fait que du Co création et qui n’a pas aussi des phases d’écoute c’est une communauté qui va avoir mal à vivre dans le temps. Ça peut exister dans des communautés B2B. Après si tu veux les faire vivre tu ne peux pas les faire vivre. C’est épuisant, il faut que ça soit une communauté où tu prends et tu donnes. Tu donnes du temps pour les écouter. Je crois que c’est dans cet équilibre entre donner du temps et prendre des idées des clients tu peux faire vivre une communauté.

Closed and temporary communities seem **to require an active management and real animation** not only they have limited time for co-producing ideas and insights but these communities may also lack initial motivation and participation will at the beginning. One reason for this lack of motivation **could be complexity and intangibility of financial products. Cultural differences** also may be one good explanation for this lack of motivation because as we see in the case TEB some cultures are less open to discuss financial matters with other community members.

One another important problem is the assessment of the abundance of information coming from the permanent community. Different from a classical research, managers had a lot of information difficult to categorize.

Second important problem is having an open community in financial industry. According to the results, major problem is the anxiety or uneasiness of managing an open community where anyone can come and posts negative ideas and criticisms. We think that this uneasiness is more apparent in financial industry because of bad image of banks and other institutions.

We will try to explain this uneasiness with Monsieur Morlat’s own words:

“Et puis après ce n’est pas une décision facile à prendre pour une banque. De se dire « je vais laisser les clients dire ce qu’ils veulent sur le site internet mais bon ? »

« Quand on est une marque de bricolage, qui fait plutôt du bricolage haut de gamme etc. il n’y a pas trop de risque. »

-Pourquoi ?

- Parce que ils sont sur un produit (ici on donne l'exemple de Bosch) ou On a moins, sur un secteur et sur un produit, et puis en Allemagne, là où elle est née la marque les gens vont dire du mal. Mais pour un organisme crédit, il y a beaucoup de gens qui ont envie de dire des choses pas gentilles.

-« On l'a vu sur d'autre... mais même sur notre communauté (he talks about the second community), quand on avait dit que c'était Cetelem....c'était juste.

-Et puis on à une mauvaise image en France c'est sûr. Dans les autres pays, pas toujours.

On the other hand, management of an open community requires different skills and actions.

As stated by Nicolas Hun, most of the problems require an instant reaction and involvement of the community manager and top executives. Before the analysis of problems we want to underline two important issues. First of all, problems related to the characteristics of financial products (intangibility, heterogeneity etc) were not mentioned and defined as a problem. Second, as you may see in the table transparency is used as an essential strategy by the ING Direct Management.

### **Management of an open community**

According to our findings from ING case, management of an open and live community requires certain different skills such as **interactivity and proactivity**. An open community may be difficult because this is a management of a real life situation. We can see reflections of every business decision on community reactions. According to community manager, Nicolas Hun, an open and live community is risky for some reasons. First of all **every business decision (even the simplest ones) is open to criticism by community members** and prospects. In addition the management should explain reasons of it sometimes. One another important thing is **the management of satisfaction** which is really difficult to restore and to endure. We will try to illustrate these reasons with his words.

-Mais si vous n'aviez pas votre communauté, vous le feriez (business model change)?

-Ah ben oui

-On le ferait encore plus facile.

-La communauté en fait c'est une des prises de risques, c'est que, on a un des effets de la communauté. Aujourd'hui toutes les prises de parole autour d'ING maintenant sont vraiment à quatre-vingt-dix pourcent faites ici. Elles ne sont plus sur les autres forums. Elles sont vraiment ici. Elles sont vraiment très centrées. Du coup le risque ici c'est de recentrer ici toute la satisfaction. Si on n'avait pas eu la communauté, on va se débrouiller de la droite à gauche. Ils vont parler, on va canaliser un peu. Et puis la vague va passer. Il y a un effet.

Nicolas Hun also underlines the importance of a different type of organization for customer management since this team is responsible for every answer of ING (homogeneity of answers is crucial here). One another issue about managing an open community is the management of ambassadors. We want to describe first the importance and the significance of ambassadors for the community first.

“Les ambassadeurs sont adorables mais c'est quand même différents. Des mecs qui sont capables de produire les plus gros. Ils ont produit trois milles réponses. Donc des gens qui sont capables de bosser vingt-quatre heures sur vingt-quatre et d'être là dans les vingt minutes. »

As stated several times ambassadors have an important economic impact. However ING management is reluctant to give more power and authority to ambassadors. We can see the dilemma of the community management in these quotations.

-« Est ce que votre communauté va avoir d'autres responsabilités? Les ambassadeurs ? »

-« C'est une bonne question. J'aimerais bien. Apres on a contraintes risks. Donc, donner plus de pouvoir à nos ambassadeurs c'est toujours compliqué. »

« Leur donner trop de pouvoir, ça veut dire, si un jour ils ne sont pas contents comment je le gère ?

Comment je reprends la main sur ces choses-là ? Donc, j'aimerais mais voilà. »

« Leur donner plus de pouvoir sur la coopération, sur la publication c'est des choses qu'on aimerait. Mais toutes ces choses sont compliquées à mettre en avant, parce que ce sont des gens qu'on ne paie pas. Ils n'ont pas d'autre devoir... que... »

« Ils n'ont pas de devoir envers nous. Ils n'ont pas de contraintes. »

« Donc du coup, il y a un curseur qui n'est pas évident à positionner. »

One another problem is the loss of ambassadors. They can leave ING Direct and Web café because of several reasons and this was the case after the business model change. This is loss of time and energy. Building a relationship with ambassadors, based on a mutual understanding is a very time demanding task.

“Sur la communauté on a quinze ambassadeurs, donc il y a des ambassadeurs qui font la gueule.

On a potentiellement perdu je pense quatre-vingt pourcent.

« Pour quoi ? »

« Par rapport à notre nouveau modèle qu'ils n'ont pas envie d'adhérer. »

When we analyze the interviews we find that the management of division of labor with ambassadors and other actors (Beta-testers) is not an easy task. More regulation seems to be necessary for an efficient functioning.

### **Budget problems,**

Providing necessary financial resources in order to construct and to manage a community has always been a problem for Cetelem and some other cases. Besides internal decision making problems, this budget problems is also slowing down the activity.

### **Technical problems**

Technical problems seem to be more important for an open community. They have a different impact on closed communities: they may slow down the development process of new products or

they may change the direction of certain projects (Case BNP and case TEB).

## Summary

As an initial step we reviewed carefully each case for a detailed cross case synthesis. I analyzed all key findings, categories and I had the opportunity to compare and contrast different types of communities. This analysis considered also chronological history of each community, their different processes and their different dynamics because we also wanted to see the evolution of these communities in time. As a result; three different types of communities are identified: research communities, innovation communities and cooperation communities and the evolution was a reality for some banks.

The cross case synthesis of banks includes two financial institutions that managed to have an open community and three that closed their temporary research communities. For cooperation communities we may not talk about a direct replication because their evolution is different and they followed different paths. The evolution exists for both but the speed of this evolution, their needs, and priorities were different. We may not compare their outcomes since we do not have enough information about CETELEM third community.

However we may talk about a direct replication for Credit Agricole, TEB, BNP and for the first community of CETELEM. They were all research communities and these research communities were very similar in terms of objectives, processes, outcomes and problems. They followed similar sequence of events. We may say that they repeat and replicate each other.

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## 6 DISCUSSION

This dissertation contributes to marketing literature and in service industry in various ways. First of all the study is based on a detailed literature review that explores previous works related to co-production. This detailed literature review also reveals the lack of empirical studies about co-production and communities in financial context. This study is one of the initial studies that investigate managerial dynamics of communities in financial context. This longitudinal study has been conducted between 2013 and 2016, after the economic crisis of 2008. I believe that timing of

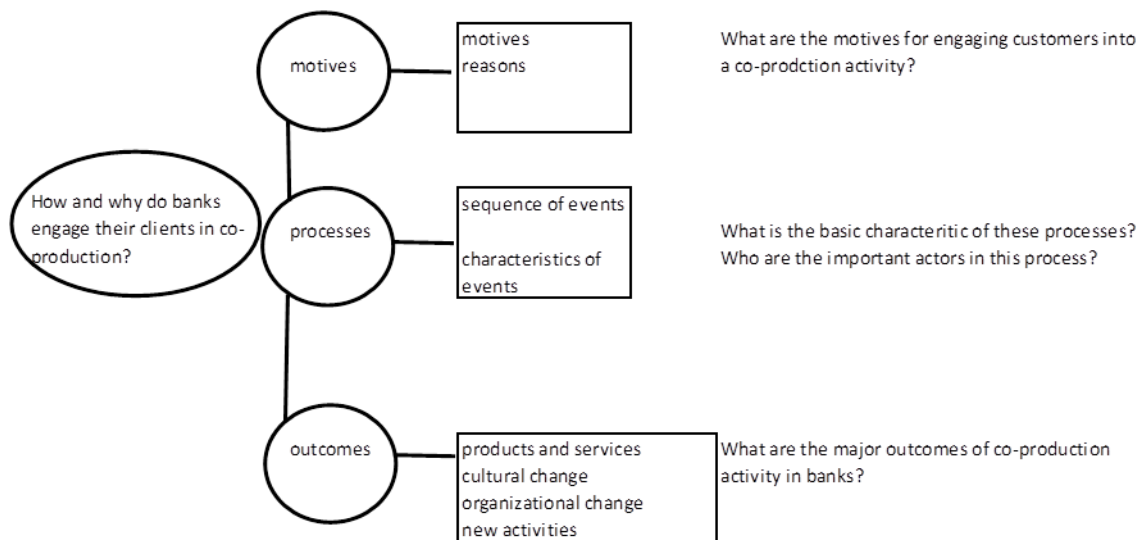
the study is also important. European financial market was highly competitive; banks were operating in a new environment where economic fundamentals had changed. The customer was also different. I had the opportunity to make a research in a significant period where new strategies are needed in financial world. I believe that intellectual and creative contribution of customer can be an important opportunity to co-produce new strategies for banks and for financial institutions in post-crisis era.

The first point we want to discuss is the scarcity of virtual communities in banking and possible reasons of this scarcity. The analysis of five European banks shows that community building and management of open communities in financial context are relatively rare compared to other industries. Companies from other industries use virtual communities for various reasons, especially for communication, for brand management or advertising. Banks and other financial institutions seem to be unwilling to take this step. I believe that the main reason for this scarcity in financial context is the reluctance of management because of open harsh consumer criticisms and bad image of financial institutions. During the research, bank managers underlined the difficulty of managing these open criticisms posted online, challenging bank strategies, applications.

The managerial parts and features of this process, the process of building and managing a community by focusing on four major constructs are investigated in this study. The analysis of these banks shows that three important dynamics feed building and managing a community in financial context: customer centricity, managerial support and the need for innovation.

Our central research question is:

“How and why do banks engage their clients in co-creation?”



After the analysis of five different customer participation styles with five different communities, we have identified three different community types operating in financial industry (research, innovation and cooperative communities that are open). Each of them has different functionalities and processes. First of all I had the opportunity of comparing physical community of Credit Agricole with other communities. I believe that physical communities composed of live and face to face meetings are relatively rare in banking and virtual communities are more preferred. Research communities, built and managed with a very clear objective are mostly short term and small sized communities composed of clients and non-clients. Obtaining market information or getting consumer's views and expectations on a specific topic may be some of these communities' objectives. These communities are built and managed by consultants in our research; they are designed as a laboratory experiment.

Innovation communities are not very different from research communities in terms of objectives and functionality. The main target is innovation. These two types are similar to each other in terms of size, management and the role of advisors. Main distinction seems to be "time" dimension here, the period of the activity. Innovation communities last longer and benefit from a closer relationship with customers. Managers have time and opportunity to observe or



exchanging ideas with customers about certain issues. These communities are also characterized by an ongoing conversation with customers. Innovation communities, although they are generally managed actively by consultants are not designed as research communities. They may serve as a transition (or a previous step before cooperation communities) for cooperation communities if necessary.

Cooperation communities are open communities, mostly public ones, easy to access by consumers and non-consumers. They are different from research and innovation communities in terms of motives, processes, outcomes and problems. We name them cooperation communities because a different cooperation exists between community members (at least some community members) and the bank. There are different actors with different roles in the community; there are ambassadors and beta-testers. These communities may be more powerful compared to other types because they are online.

The second finding of the research is the evolution of some co-production communities. Communities evolved in ING and CETELEM and previous communities served as a basis for open communities (as content and community members). I want to discuss motivations and characteristics of financial institutions that have evolving communities. First of all motivations of ING and CETELEM were more business related such as cost-cutting. Second managers of CETELEM and ING Direct talked about one important issue: the necessity of direct relationship and closer and more transparent contact with customers. They also underlined the possibility of transferring some marketing tasks to the community as well.

Another important discussion can be about the characteristics of financial institutions that preferred and managed an open community. Both ING Direct and CETELEM are financial institutions without branches. This preference may be explained by the lack of branch network. An open community could be an efficient way of having direct relations with bank clients.

The results of the study also shows that motives, advantages and outcomes are not radically different in financial industry from other industries or sectors. However there are some problems specific to financial context. In this section we will try to discuss each construct separately and interpret its impact for financial industry.

Motives: Our first question is about the motives of banks and financial institutions for engaging their clients in co-production activity or in online community. According to our findings, motives of financial institutions are not much different from motives of other companies. **Research, innovation and co-production of new products** and services are most **common motives** and **the majority of** banks had these objectives before building a community. However motives of open communities were different, they were more business related. Main motive for open communities was cost-cutting, that is quite understandable for every company. Besides cost-cutting (profit and business related motives), increasing consumers' loyalty, having a closer contact with clients, engaging them and assigning the community new tasks are also important motives for cooperative and open communities. These communities were also expected to have a positive impact on brand image.

Processes: According to our findings, these three different community types have different processes. The first type of communities has a linear process based on classical market research phases. Innovation communities have cyclical processes; these communities are characterized by rich information and customer insights and relatively loose management. Different from first two community types we cannot talk about any pre-defined or described processes for our cooperation community, ING Direct. ING managers do not actively manage the community. They interfere when necessary or they announce new messages or post information. Proactivity seems to be most critical thing for managing an open community according to interviews and ING Direct

managers. Outcomes are also very positive especially for cooperative communities; on the other hand they have different problems and difficulties.

Problems: We also investigated problems of community management in financial industry in order to better understand the concept. The development of our investigation brought forward an important issue in terms of community management in financial sector: to a large extent, most communities in banking are closed and temporary communities, built for market research and innovation purpose. We also analyzed problems related to management of community in order to understand this scarcity. Some problems were specific to financial industry. Besides financial, technical and organizational problems, the most important problem seems to be the reluctance of bank management for building an open community because of the possibility of open and harsh criticisms. The bank management was afraid of dealing with open criticism and consumers' reactions because these both may have a negative impact on the banks' image in Europe. This anxiety is closely related to the bad image of banks and financial institutions in Europe (especially credit institutions). On the other hand, open communities are also considered to be an efficient way of managing these criticisms and convincing criticizing consumers. To put in other words, banks may benefit from open communities for a better image.

According to interviews an open community is considered as an option and discussed several times internally by all bank managers in all institutions. They were very much aware of the difficulties of managing an open community in financial sector.

The second important problem is the efficient community management in financial industry. In research and innovation communities community management is realized by third parties, (consultants) ING Direct's open community is managed by the bank's managers. Community management realized by internal resources may require a different approach, proactivity and organizational change because online community management may be a real

challenge. In addition, internal dynamics, complexity and intangibility of financial services and resistance to change may also complicate effective community management. Corporate resistance to change was considered to be another important problem.

There are also some findings related to the difficulties of financial industry. The majority of managers underlined the complexity of financial products because it takes longer to co-produce with clients. One another issue is confidentiality problems. Some topics are not easy to discuss in communities, clients need more time and more intimate relationship to talk about their investment choices. Finally clients find financial services less interesting; they do not prefer to participate in communities because of this. These problems underline the importance of long-term relationship and closer contact for communities in financial world.

Outcomes: Our analysis revealed that there were also common and different outcomes for these three different community types. As stated several times by Von Hippel (2006) and Kozinets (1999) online communities are **efficient mechanisms for marketing research**. Our findings also supported their results. All communities in our study were also a good source of information about consumers, competitors, markets etc. Online communities have been investigated since 1990's for their contribution to idea generation and inspiration (Kozinets (2002, Kozinets et al. 2008; Prahalad and Ramasvamy 2004; Von Hippel 2006). Our findings also support this; almost all bank and financial institution managers stated that communities were a good source of innovation and idea generation. These five communities in our study provided bank managers with an opportunity of knowing better their clients, their way of thinking, expectations, lifestyles, their concerns and expectations.

Marketing literature also suggests that online communities are also effective for successful product launch (Gruner et al. 2014), innovativeness (Fuller et al 2008, Boudreau and Lakhani 2009), idea generation and insights (Luo and Toubia 2015), market research (Eric Von Hippel 2006,

Kozinets 1999, Kim et al. 2008). Study findings are also consistent with these findings; bank managers underlined the positive impact of communities on the development and testing of new products and services. Customer participation activity with communities is also beneficial in terms of creating new products and service ideas, refining them and validating some new projects. Managers preferred these ongoing conversations and discussions with clients because of their time saving, simplifying and cost-cutting effects related to different projects and products.

Besides, according to our findings, communities were also important in increasing brand awareness (Seraj 2012), visibility and better internal communication and cooperation (Ramasvamy and Gouillart 2010), know-how sharing and breaking down the barriers between different departments because community members' propositions and interpretations were critical for banks. In addition to innovation and market research related outcomes, the majority of managers believed that it is possible to take efficient cost cutting measures owing to open and cooperative communities and these communities may take over some internal tasks.

Marketing literature also suggests that involving users in new product development process may enhance and increase creativity and may produce more creative ideas (Kristensson et al. 2007, Füller et al. 2008). However, contrary to expectations, our findings do not fully support this finding. The majority of bank managers stated that customers are not exceptionally or significantly creative or innovative by themselves but they help bank managers to see another point of view and to think differently. A regular and ongoing conversation with customers seems to provide interesting and useful insights that are important for new products and managerial creativity.

### **Managerial Implications**

From a practical perspective this research aims at providing managers with a framework and tools for managing the processes of customer participation in financial world. Findings of the

research ensure several **practical implications** for managers and marketers in financial industry. First of all, top management encouragement and support, a transparent and customer centric approach, time and engaging necessary internal resources are critical for an effective and long lasting community in financial context. Understanding and respecting community dynamics are also important even in closed and temporary communities built for market research. Our findings indicate that listening to clients and considering their propositions may be very beneficial for a successful community management in financial industry.

There are several factors contributing to the success of customer participation activity in financial context. The first one is the duration of co-production activity. The more a community functions longer the more functional it becomes with creative ideas and solutions. The second factor is the active management of the community. Managers who want to manage an open community in financial institution should consider having an active community management with proactivity and transparency. A clear, well defined objective with an interesting and attractive concept is the third factor contributing to the success of the customer participation activity. An interesting and attractive theme or concept could help to attract more community members and to push them to share more. This attractive theme appears to be important for the continuity of the conversation between community members. Besides content of the platform and other factors, the size of the community seems to be an important indicator for a well-functioning community. Our findings indicate that medium or large groups (communities with more than 10.000 members) are more efficient and more functional in terms of innovativeness and cooperation.

Effective and open communities may also have a positive impact on brand image because these communities are also good indicators of a different approach and customer-centricity.

These open and cooperative communities may also be an important contact point for online banks and financial institutions. The ongoing conversation between bank managers and

clients (or between clients) may help clients who want that their voices heard. Although communities may require more attention in financial industry because of complexity of products and services and banks' image, these communities may also be an important new channel for managing customer relations. Online communities in financial industry may be the source of a new relationship between clients and banks but managers should overcome confidentiality and trust issues. I believe that a long-term view and relationship based strategies could be better for overcoming confidentiality issues in community management and for obtaining better results.

### **Study limitations and future research**

First of all, this is an exploratory study investigating customer participations in five different European financial institutions. I would like to investigate and analyze more cases with different applications in order to see more diversity. A research with higher number cases in financial setting could give more solid outcomes.

I am also aware that our study is lacking the client side of the story. The interaction between community members, their motivation and their contribution deserve more attention in order to see also the impact of ongoing conversation in this sector. In addition, studying dynamics of interaction between community members and the bank managers could give more clues about efficient community management in banking and in financial institutions. I believe that investigation of community dynamics should be considered for future research in order to achieve a more comprehensive view of customer participation.

One another limitation could be decoding style. All these interviews, meetings, and e-mails and reports are decoded and analyzed by one researcher, the author of this thesis because of limited resources. This type of decoding could bring some bias to the study. A subjective interpretation of data is also possible because of this decoding style.

Although this research provides managerial dynamics of co-production, our sample included mainly retail banking departments; therefore its findings are limited to retail banking area. Investigation of customer participation in corporate banking, treasury or in other departments could give different results. One final limitation could be the geographical scope of our thesis. This study is about European banks and European financial institutions' online communities and our findings could be limited with this geography. Community dynamics, management style or priorities and community types may be totally different in other countries and in other geographical zones. One possible reason for this difference could be cultural differences. Different cultures do probably have different values and diverse relations with money. Financial institutions may also be perceived more positively or negatively in other countries. These varied meanings and monetary relations may have an impact on the communities, their functions and community members' contributions.

Undoubtedly financial institutions do currently an important role for societies' economic development, individual and social well-being and welfare. Communities will have a growing role in financial world described by digitalization, cost effective measures and slow growth especially after 2008 financial crisis. Customer participation seems to be an inescapable way of overcoming difficulties of this industry and innovating. It may also transform the industry.

Consequently detailed research is required in order to encourage and understand co-production in this industry. I would propose two critical research areas for this purpose. First of all, a research studying interactions of community members with each other or with bank managers could provide us with interesting clues about the future role of customer participation in this industry. We could understand motivations and purpose of customers for taking part in this kind of activity owing to this type of research. We could also see or guess the impact of their contribution. In addition, cross cultural studies could give us some idea about different managerial dynamics for co-production in various cultures.



Titre : LA PARTICIPATION DU CONSOMMATEUR DANS LES SERVICES FINANCIERS :

DYNAMIQUES ET EVOLUTION

Mots clés : co-production, création de valeur, Co création, service logique, les services financiers, les communautés virtuelles

Ce travail comprend une analyse détaillée des pratiques managériales des communautés virtuelles dans le secteur bancaire. Nous nous sommes intéressés aux dynamiques managériales de la co-production parce que la plupart des études liées à la coproduction concernent les produits et les consommateurs. De plus, la littérature actuelle sur la coproduction manque des investigations empiriques dans les services financiers.

Nous avons commencé par proposer des définitions pour pouvoir comprendre et analyser les concepts que nous mobilisons. La participation des clients a été définie comme la mesure dans laquelle le client est impliqué dans la production et le dévouement du service (Dabholkar, 1990). La coproduction est également définie comme engageant les clients en tant que participants actifs dans le travail de l'organisation (Lengnick Hall et al, 2000).

Nous avons identifié quatre courants importants qui expliquent chronologiquement la participation du consommateur au développement de nouveaux produits/services: Marketing des services, l'approche managériale, la participation basée sur l'innovation, l'approche qui critique la participation du consommateur. La question de recherche centrale est "Comment et pourquoi les banques engagent-elles leurs clients dans un processus de co-production?" Nous avons identifié quatre dimensions au début de la recherche pour pouvoir comprendre les dynamiques managériales. Les dimensions étaient l'objectif, le processus, les résultats et les problèmes de la participation du consommateur. Nous avons décidé 'à étudier cinq différentes institutions financières Européennes. Nous avons réalisé une conception de recherche des études de cas multiples afin de répondre à cette question dans un contexte financier.

Nous avons identifié différents types de communautés chacune ayant des fonctions et des

objectifs différents : communautés de recherche, communautés d'innovation, communauté de coopération ouverte avec des activités. Ces trois types de communauté ont des processus différents. La deuxième découverte est liée à l'évolution de ces communautés avec le temps. Certaines communautés (ING et Cetelem) ont évolué; Nous voyons une transformation de ces communautés selon les besoins et les priorités des institutions financières. Quant aux caractéristiques de ces institutions, processus et problèmes, l'analyse de ces banques montre que trois dynamiques importantes alimentent la construction et la gestion d'une communauté dans un contexte financier: client-centricité, soutien managérial et besoin d'innovation. D'après nos observations, le problème principal porte sur la gestion de la communauté. Il est difficile de gérer une communauté ouverte où n'importe qui peut venir et publier des idées et des critiques négatives. Les problèmes techniques, bureaucratiques et budgétaires existent aussi.

La recherche, l'innovation et la coproduction de nouveaux produits et services sont les motifs les plus courants. Cependant, les motivations des communautés ouvertes étaient plus liées aux affaires. Le principal motif d'ouverture des communautés était la réduction des coûts, outre la réduction des coûts, l'augmentation de la fidélité des consommateurs, le contact plus étroit avec les clients, leur engagement et l'attribution de nouvelles tâches à la communauté. Comme indiqué plusieurs fois par Von Hippel (2006) et Kozinets (1999), les communautés en ligne sont des mécanismes efficaces pour l'étude du marché. En plus, les communautés sont également importantes pour accroître la notoriété de la marque (Seraj 2012), la visibilité et la meilleure communication interne et la coopération (Ramasvamy et Gouillart 2010), le partage du savoir-faire et l'élimination des barrières entre les différents départements.

Title: CUSTOMER PARTICIPATION IN FINANCIAL SERVICES: DYNAMICS AND EVOLUTION

Keywords: co-production, customer participation, financial services, service logic, value creation, online communities

This work investigates managerial dynamics of customer participation and its evolution in financial context. We are interested in managerial dynamics because most of the studies related in co-production is about consumers and the current literature on co-production lacks empirical investigations in financial services.

Despite its increasing popularity in the last decade co-production is not a new phenomenon. Customer participation has existed since a very long period of time especially in services marketing and is still evolving in different industries. The following definitions have been adopted for this research. Customer participation has been defined as "the degree to which the customer is involved in producing and delivering the service" (Dabholkar 1990, p. 484). Lengnick–Hall et al (2000) define co-production as "engaging customers as active participants in the organization's work". A comprehensive analysis of marketing literature about co-production and consumer participation issues leads us to four different approaches: a services marketing approach focusing on largely customer participation, a managerial approach that puts the customer at the center of co-creation process, an innovative approach where the customer actively takes part in innovation, a critical approach focusing on working consumer concept.

The central question for the research is "How and why do banks engage their customers in co-production? Four constructs have been selected in order to answer this question: motives, processes problems and outcomes. Five European banks have been selected for the study. A detailed multiple case study analysis revealed three different community types: market research communities, Innovation communities, Cooperation communities. Another contribution is about

the evolution of these communities in time. Some communities (ING and Cetelem) evolved according to needs and priorities of financial institutions.

The analysis of these banks shows that three important dynamics feed building and managing a community in financial context: customer centricity, managerial support and the need for innovation. In addition, these three different community types have different processes.

Problems of community management in financial industry are also investigated in detail in order to better answer “how” question. Besides financial, technical and organizational problems, the most important problem seems to be the management of open and harsh criticisms. The second important problem is the efficient community management in financial industry. In addition, internal dynamics, complexity and intangibility of financial services and resistance to change may also complicate effective community management.

According to our findings, motives of financial institutions are not much different from motives of other companies. Research, innovation and co-production of new products and services are most common motives. However motives of open communities were different, they were more business related. Main motive for open communities was cost-cutting, besides cost-cutting, increasing consumers’ loyalty, having a closer contact with clients, engaging them and assigning the community new tasks are also important motives.

According to our findings, there are also common and different outcomes for these three different communities. As stated several times by Von Hippel (2006) and Kozinets (1999) online communities are efficient mechanisms for marketing research. Our findings also supported their results. Besides, communities are also important in increasing brand awareness (Seraj 2012), visibility and better internal communication and cooperation (Ramasvamy and Guillard 2010), know-how sharing and breaking down the barriers between different departments.

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## 7 APPENDIX

### Appendix 1

List of bank managers and advisors

BNP Paribas France	Angelique Fortune	David Lardey	Florence De- Bigault	
TEB	Beyza Selçuk	Derin Gürsoy	Seyhan Sertoğlu Ergen	Irmak Yeşilada
CETELEM	Denis Morlat	Olivier Luquet	Florence De- Bigault	
CREDIT AGRICOLE	Richard Tugdual De la Tour	Xavier Castan	Jean-François Morin	
ING Direct	Nicolas Hun	Valerie Le Yen	Sebastien Tiadina	

## Appendix 2

### Exemple 1- Questions CETELEM Denis Morlat

1. Pourriez-vous nous raconter un peu le début du projet ?
2. Pourriez-vous nous raconter comment est-ce que vous gérez cette communauté ? Qui est responsable de cette communauté ?
3. Selon la littérature sur la co-production il y a beaucoup d'articles rédigés qui disent qu'il faut commencer par interne. Faut-il commencer en interne ?
4. Comment étaient les résultats de la communauté ?
5. Quand on compare avec d'autres banques on voit que votre cas est beaucoup plus intéressant. Vous avez eu la chance de gérer deux communautés différentes et comparer les résultats.
6. Est-ce que vous avez toujours des relations avec votre communauté ?
7. Pourriez-vous nous parler un peu du processus de la sélection. Comment avez-vous trouvé des clients ?
8. Est-ce que c'était vous qui dirigeait depuis le début ?
9. Pourriez-vous nous dire pour quoi vous avez choisi cette méthode ?
10. Que pouvez nous dire sur le rôle l'encouragement du top management ? Est-ce qu'ils ont encouragé ?

## Appendix 3

### Questions CETELEM Denis Morlat

1. Pourriez-vous nous donner un peu d'information sur le processus?
2. Comment rémunérer les consommateurs?
3. Qui sont les acteurs importants ici selon vous?
4. Pourriez-vous nous raconter un peu les phases de cette opération?



## Appendix 4

### Questions CETELEM Denis Morlat interview

1. Pas de communauté en Mars avril mai pour l'année de 2013. Vous étiez le premier ?
2. Est-ce qu'on peut dire que vous avez fait un plan d'action pour les autres?
3. Vous avez décidé de travailler avec Ipsos. En mai?
4. Et maintenant qu'est-ce que vous testez les nouveaux produits les nouveaux services? Vos idées?
5. Est-ce que vous avez reçu des idées intéressantes ?
6. Pour quoi vous voulez faire ça?
7. Vous allez utiliser Google pour cette communauté?
8. Vous pouvez peut être le gérer comme une communauté de marque?
9. Vous allez utiliser ça pour le brand awareness et pour le CRM?
10. Vous allez utiliser un critère de sélection différente?
11. A la fin de cette communauté vous pensez que vous allez vivre un changement culturel?
12. Est-ce qu'il y a une date définitive finale pour cette communauté?
13. Qu'est-ce que vous pensez sur les évaluations des consommateurs?

## Appendix 5

### Questions CETELEM Denis Morlat

1. Pourriez-vous nous parler un peu les aspects dynamiques ?
2. C'est le marketing qui travaille sur ça en France ?

C'est-à-dire que cette nouvelle communauté a change un peu votre façon de

3. Pourriez-vous nous décrire votre principe de travail pour la seconde communauté ? Est-ce que c'est la même façon avec la première ?
4. Est-ce qu'il y a toujours trois communautés parallèles ? Une communauté client, une communauté Yooling et les salaries qui discutent les verbatim ?
5. Vous avez commencé quand? En juin ?
6. Qu'est-ce que vous avez fait pour surmonter ce problème ?
7. Et pour la France?
8. Est-ce qu'ils font tout à fait la même chose ? C'est une communauté permanente et fermée ?
9. Il n'y a pas une date finale ?

## Appendix 6

### Questions CETELEM Denis Morlat

1. Pourriez-vous nous donner un peu détails sur les communautés virtuelles? Vous avez lance votre communauté permanente en République Tchèque au début de septembre? C'est la même façon de travailler?
2. Est-ce qu'ils font tout à fait la même chose ? C'est une communauté permanente et fermée ?
3. Il n'y a pas une date finale ?
4. Et pour la France?
5. Qu'est-ce que vous avez fait pour surmonter ce problème ?
6. Est-ce qu'il y a toujours trois communautés parallèles ? Une communauté client, une communauté Yooling et les salarés qui discutent les verbatim ?
7. Pourriez-vous nous décrire votre principe de travail pour la seconde communauté ? Est-ce que c'est la même façon avec la première ?
8. C'est-à-dire que cette nouvelle communauté a change un peu votre façon de travailler ?
9. C'est le marketing qui travaille sur ça en France ?
10. Pourriez-vous nous parler un peu les aspects dynamiques ?
11. Pourriez-vous nous dire un peu sur les raisons ? C'est à cause de la compétition ? Est-ce qu'il y a d'autres choses?
12. Vous pensez à faire une communauté ouverte ? Ça peut être quand ?
13. Est-ce qu'on peut dire que c'est dans votre plan d'action pour l'année 2015 ?
14. Pourriez-vous nous donner quelques exemples des résultats concrets ?
15. Est-ce que vous avez pu intégrer des nouveaux services et des nouveaux produits sur la France ?
16. Vous les avez réalisés dans certains pays ?

17. Est-ce que vous avez le problème interne juste avant le début ? oui ça pas été si simple que ça. Mon chef, elle a été convaincue elle a beaucoup pousse. Donc il faut quelqu'un qui est bien place qui dit « oui c'est ce qu'il faut ».

18. Le budget?

19. Les éléments qui facilitent et qui bloquent ?

## Appendix 7

### Questions de ING Nicolas Hun

1. Vous êtes toujours la seule communauté ouverte chez ING ?
2. Quel était l'objectif initial au début ?
3. La communauté quel Age a-t-elle ?
4. Pourriez-vous un peu nous parler de votre façon de gestion de communauté ? Quels sont les différents acteurs ? Est-ce que vous faites quelques choses pour les motiver ?
5. Vous n'êtes plus la seule communauté ouverte dans le groupe. Si vous étiez une banque grande ? Est-ce que votre taille, votre type d'organisation vous donne des avantages ?
6. C'est le marketing qui est en charge en général ?
7. Vous pensez que la communauté a changé chez vous ? Ça a changé quelque chose ?
8. Est-ce que vous avez évolué votre site internet ?
9. C'est votre site internet qui est reflété sur le site ?
10. Pourriez-vous nous parler des problèmes, des risques ?

CASE STUDY PROTOCOL

**A. Case study questions, propositions**

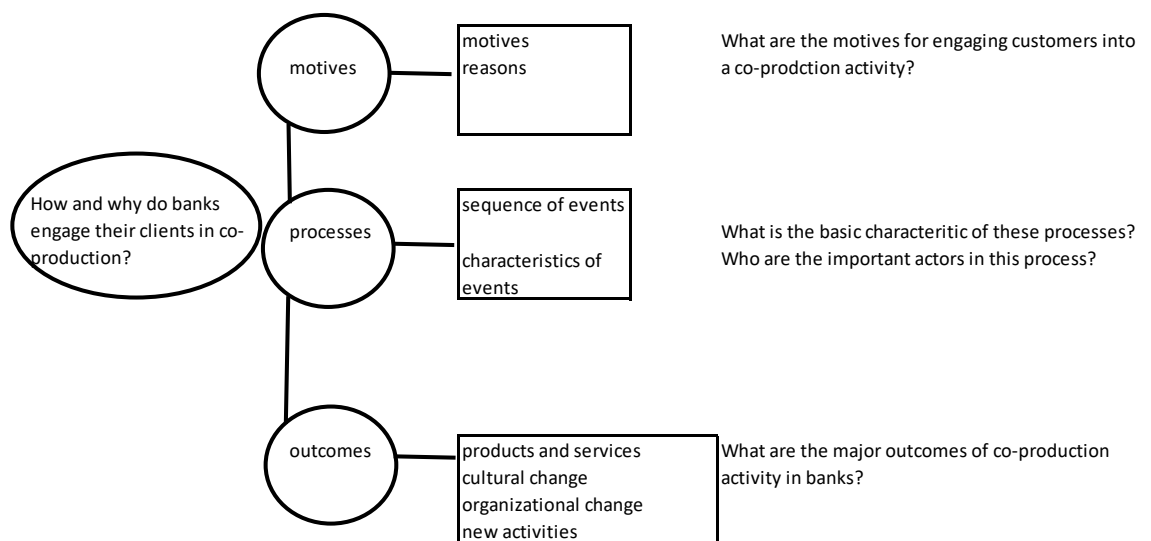
This multiple case study research is designed in order to investigate online and physical communities in financial context. This is an exploratory study in order to understand customer participation management in financial institutions.

Theoretical framework for the research consists of co-creation and co productionrelated articles in marketing literature.

Our central research question is:

“How and why do banks engage their clients in co-creation?”

Sub questions related to constructs:



This case study protocol is prepared for guiding the case study and the research. This is also a standardized agenda for a better research.

**B. Data collection procedures**

a) Names of cities and contact persons:

Interviews will be realized in five European banks:

BNP Paribas France

TEB

ING Direct

Cetelem

Credit Agricole

Meetings should be arranged by e-mails or py phones. Interviewees should be contacted a few weeks before each interview.

BNP Paribas France	Angelique Fortune	David Lardey	Florence De-Bigault	
TEB	Beyza Selçuk	Derin Gürsoy	Seyhan Sertoğlu Ergen	Irmak Yeşilada
CETELEM	Denis Morlat	Olivier Luquet	Florence De-Bigault	
CREDIT AGRICOLE	Richard Tugdual De la Tour	Xavier Castan	Jean-François Morin	
ING Direct	Nicolas Hun	Valerie Le Yen	Sebastien Tiadina	

b) Data collection plan

The majority of information during the research will be collected through interviews with bank managers in order to understand dynamics of co-production activity in financial context. We will try to reach internal reports or documents for additional information. Observation and participation of internal meetings could be quite useful .

According to our data collection plan the duration of interviews will be three years approximately.

Bank managers, advisors will be interviewed between the years 2013-2016.

Each interview shoul last one hour (approximately). The table below is prepared after the research.

	Dates	Duration (Months)
BNP Paribas France	July 2013-June 2016	36
TEB	Avril 2014-September 2016	29
CETELEM	September 2013-November 2016	37
CREDIT AGRICOLE	June 2013-November 2016	40
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c) Expected preparation prior to site visits

Interviews or other prior data should be reviewed in order to track the course of the inquiry. An e-mail of introduction will be sent to each manager or respondent to introduce the project and the interviewer.

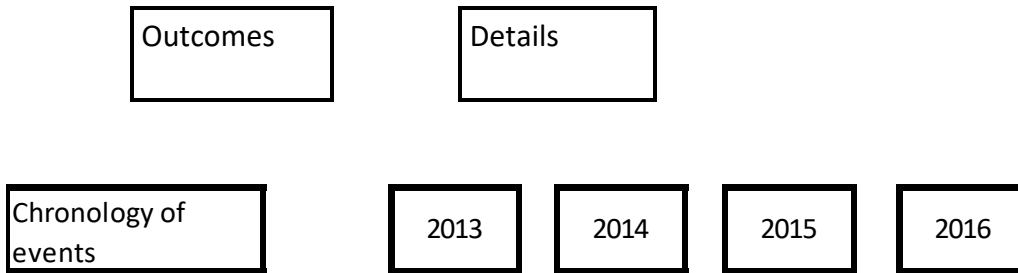
C. Outline of case study report

Two different reports will be prepared at the end of investigation . Within case study analysis will be written for each case separately, this report will describe basic characteristics of each case and will analyze the customer participation activity. Within case analysis will also contain these headlines:

- Chronology of events (in order to describe the history of customer participation and its evolution in time)
- Construct and category based details for each case: Processes, outcomes, motives and problems (solutions also if any)



- Within case study analysis will also describe important actors, events during this period. Every information in each category should be analyzed separately in order to describe the overall background, processes, outcomes and motives. Critical informations will also be discussed.
- Example of reports



#### Cross case analysis

This analysis will be based on the findings and insights about customer participation activity and communities. This report should also compare and contract these five cases in terms of categories, communities and findings.

#### D. Case study questions

Yin (2003) describes five types of questions, each at different levels. Case study protocol contains only two types of questions: questions asked of specific interviewees and questions asked of the individual case (these questions should be answered by the investigator).

- We used a series of different questions in order to understand and to describe the evolution of customer participation in financial context. You can find an example of these questions at the end of this case study protocol.
- The second level of questions are:

What are the real motives of banks for engaging their clients in co-production activity? (likely sources of evidence: interviews, e-mails and reports).

What are the outcomes of co-production in financial context? Are these outcomes important for the continuity? (likely sources of evidence: interviews, e-mails and reports). Do banks give some incentives for better results and outcomes?

What are the basic characteristic of these processes? (interviews with advisors, observation of online communities, interviews with managers).

An e-mail of introduction

To whom it may concern,

I am a PHD student at the University of Paris Sud and I am conducting a research in order to investigate customer participation projects and applications in order to understand its organization and its general dynamics in financial setting. The research will be conducted in the form of interviews. We kindly ask you to give your time and experience for these interviews during a specific period.

Thank you very much in advance.

Sincerely

Madame, Monsieur,

Bonjour,

Je suis une doctorante à L'université Paris Sud qui prépare une thèse sur la co-création dans le milieu financier. Je travaille avec Mme Professeur Florence Durieux. Je vous écris pour présenter mes recherches et pour vous demander la permission de faire des entretiens avec vous et vos collègues pour comprendre les dynamiques de la participation du consommateur dans le contexte financier.

L'objectif de ma recherche est d'analyser le processus de la co-création dans les forums ou dans les communautés virtuelles et comprendre le management.

Votre blog [www.ingdirect.fr](http://www.ingdirect.fr) ouvert et accessible a tout le monde pour poster les idées ou pour poser des questions et partager des commentaires est très intéressant pour ma recherche. En plus votre blog est une approche très réussie et bien connue a cause de votre positionnement dans le marché.

Je serais très reconnaissante si vous pouviez m'accorder un entretien. On peut aussi échanger sur

mail pour des recherches scientifiques.

Bien cordialement

<http://www.ritm.u-psud.fr/chercheurs/meral-ozcan/>

