

DIGITALIZING FOR SURVIVAL

**A CASE STUDY OF POSITIONING IN THE DIGITAL
REVOLUTION OF BANKS**

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Digitalizing for Survival: A Case Study of positioning in the digital revolution of banks

Abstract:

The Swedish banking sector is facing a crossroad. The services that once were at the core of the banking industry are being challenged by technological innovations, and the previously so stable industry sees new competitors enter the market.

The purpose of this thesis is to investigate the reasoning behind one of Sweden's largest banks choice of positioning itself as a digital frontrunner (Nordea, 2018). This thesis also serves to uncover the key characteristics that an organization's positioning strategy should include to be resilient in a digital revolution. Within a theoretical framework, including positioning, organizational identity, sensemaking, and dynamic capabilities, a case study has been conducted to explore Nordea's choice of path. Through both a qualitative industry comparison and a qualitative in-depth study, the authors reveal that the process of sensemaking has enabled a Nordea's change in positioning strategy, ultimately resulting in its current positioning as digital frontrunners. Additionally, this thesis finds that Nordea has been able to differentiate from two of its largest competitors due to its choice of positioning. Conclusively, these findings indicate that due to the character and the dynamic capabilities associated with its current positioning strategy, Nordea is set to endure the future of the financial services market.

Keywords:

Positioning, Sustainable Competitive Advantage, Digitalization, Dynamic Capabilities, Organizational Identity, Sensemaking

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Definitions

Digitalization: is regarded as the changes associated with the application of digital technology in all aspects of human society (Stolterman & Fors 2004).

Digital innovation: is defined quite broadly by Fichman (2014) as a product, process, or business model that is perceived as new requires some significant changes on the part of adopters and is embodied in or enabled by IT.

Fintech: A new financial industry that applies technology to improve financial activities. Defined by Schueffel (2016).

Neo-bank: A completely digital bank that provides a digital combination of a checkings account and savings account with no local presence.

Traditional bank: The original type of bank that handles customer depository and loans with a local presence.

Innovation: is defined by Dibrell et al., (2008) as an idea, practice, or object that the adopting individual or organization regards as new.

Organizational agility: a means of identifying and responding to rapid environmental challenges in a timely manner (Kuusisto, 2017).

Positioning: takes advantage of a specific aspect of the brand- and organizational identity at a given point in time, in a given market, and against a defined set of competitors (Urde & Koch, 2014).

Positioning strategy: The company chosen strategy for brand communication, which can be designed from an outside-in (market orientation) or an inside-out (brand orientation) perspective (Urde & Kock, 2014).

PSD2: European union Payment service directive for the use of customer payment data. Brought into full effect latest 17 September 2019.

Sustained competitive advantage: is defined by Barney (1991) as “the continuity of benefits and application of unique value creation strategies asynchronously with potential competitors that are not able to copy such benefits.”

1. Introduction

The banking industry is experiencing a rapid transformation. Digitalization is revolutionizing the industry at its core, and the ever so large and interconnected banks are facing a difficult strategic decision. With technological giants such as Apple influencing the banking industry (Nordea, 2019) and neo-banks providing completely digital services (Revolut, 2019), how should the traditional banks position themselves in order to stay relevant?

1.1. Problematization

Digitalization is taking place on a global scale across industries. It is transforming the entire business landscape, creating new markets, demands, products, and services, and the banking industry is no exception. Customers are handling their finances in a more mobile and flexible way with less interaction with physical branches and banks to pursuing digitalization more rapidly than ever before (Kotarba, 2016). While the four largest banks in Sweden, Handelsbanken, SEB, Nordea, and Swedbank all have reported substantial digital simplifications of their offers, they still struggle with complex IT-systems that hinders them from moving fast in the transformation (Handelsbanken, 2019; SEB, 2019; Nordea, 2019; Swedbank, 2019). Additionally, the new digital landscape has contributed to a need for increased cyber and informational security (FI, 2019). New legislation such as PSD2 forces banks to share their customer data upon customer requests by providing APIs and transparency, which has further taken away competitive power from the banks (Botta et al. 2018). In conclusion, a rapid digitalization of the industry is putting pressure on the banks to adapt to a pace that many large actors are struggling to keep up with.

In the meantime, fintechs, who are not only meeting current customer demands but are pushing for increasingly personalized, faster, and cheaper banking services, are stealing market shares from the larger players. In Sweden alone, more than 240 fintechs are operating in a variety of segments involving; Wealth and Cash management, Capital, debt and equity, Payments and transfers, and Insurtech (Gromek, as cited in Teigland et al. 2018). Also, neobanks, that are digital banks that exist without branches are entering the market and are offering completely digitized versions of traditional financial services (Okunevych & Hlivecka 2018). While Fintechs solve parts of the innovation demand with their innovative flexibility and relatively small size compared to traditional banks (Gromek, as cited in Teigland et al. 2018), and big techs such as Apple and Google can provide digital payment solution (Nordea, 2019; Google, 2019), the banks still need to become more fast-moving.

This thesis serves to investigate the reasoning behind one of Sweden's largest banks, Nordea's, positioning as a digital frontrunner (Nordea, 2018). By investigating this

choice of positioning, this thesis aims to shed light on and further understand the underlying drivers that can come to shape an organization's choice of positioning. With regards to the ongoing digitalization of the banking industry, the authors will also discuss if Nordea's positioning is set to endure the rapidly changing climate of the banking industry. Conclusively, this thesis aims to uncover key characteristics that an organization should possess for its positioning strategy to be resilient in an industry undergoing digitalization.

The authors thereby aim to discover important considerations of strategic positioning for organizations in an industry undergoing a disruptive transformation. These conclusions thereby aim to provide guidance for strategic positioning in a broader range of organizations and industries undergoing rapid transformation.

1.2. Research gap

A previous study by Slattery and Nellis (2005) has been made on the topic of positioning strategies within the banking industry. studied the implications that recent events in the regulatory landscape have had on banks that are pursuing a market-oriented approach in the UK. However, this approach focused on regulatory impact and did not take technological advancement into account.

Previous research by Holmlund, Strandvik, and Lähteenmäki (2017) sheds light on top executives' prospective sensemaking of current business challenges in retail banking by addressing individual mental models. However, the focus of this research is thereby more directed towards exploring internal, cognitive processes, and individual sensemaking. While Holmlund et al.'s research succeed in identifying the individual interpretations of the company's situation, similar to the context of this thesis, it contrasts the role of sensemaking in this thesis, namely to explore the collective sensemaking on an organizational level. Thereby, Holmlund et al.'s research does not cover what effects this may have on organizational identity and strategic objectives, which is one of the research questions for this thesis.

Sia, Soh, and Weill (2016) performed a study of how DBS, a large Asian bank, responded to digital threats and opportunities by adopting a digital business strategy. The purpose of the study performed by Sia et al. is very similar to the purpose of this thesis. However, their findings did not provide evidence for if the adopted strategy would be resilient to a continued changing climate. In research by Brandal and Hornuf (2017), the authors traced the transformation of the banking industry after digitalization in Germany. Brandal and Hornuf did, however, focus more on the fintech perspective and that relation which did not give a full view of how the banks strategized in this change.

Other research within the scope of digitalization of the banking industry has mainly been focused around the effects of internal digitalization and efficiency measures rather than positioning (Scott, 2017).

This thesis aims to fill these research gaps by providing a case study of how positioning strategies are formed in a changing financial climate and how they can be resilient towards external threats.

1.3. Purpose and research questions

The purpose of this thesis is to contribute to the research within the area of digital positioning strategies in the changing financial sector. More specifically, this thesis aims to create a more in-depth understanding of the choice of strategic positioning in a large financial organization and how the organization can make it sustainable.

The following two research questions have been formulated to fulfill the purpose of this thesis.

Q1: What has enabled Nordea's positioning as a digital innovator?

Q2: How is Nordea set to endure the future in the financial services market?

1.4. Delimitations

This thesis has been delimited to only perform an in-depth case study on Nordea and only a comparative study of Handelsbanken, Swedbank, and SEB. This delimitation was imposed due to limited time to conduct interviews and review public communication. Also, the same level of access to other banks was not available at the time of the study. The use of one in-depth case bank, therefore, allowed the authors to perform a deeper analysis.

The thesis is further delimited to the Swedish banking industry since the corresponding parts of the study would have been excessively time-consuming if annual reports for all markets had to be mapped and analyzed. Furthermore, the study is limited to retail banking services since that was the only divisional access provided by Nordea.

1.5. Review of Nordea

Nordea's roots date back to the 1820s when they were founded in Copenhagen, Denmark (Nordea, 2019). The organizational scheme is a result of a long historic merger of over 300 banks into one single entity which resulted in the largest financial corporation in the Nordics. Denmark, Finland, Norway, and Sweden are Nordea's core

markets, and 25% of their total revenues are generated in Sweden by serving 4,1 million Swedish household customers. This makes them the third-largest bank in the Swedish market (Nordea, 2018). In recent years, Nordea has invested heavily in digital innovation through both internal development and external collaborations. As a result, Nordea has been recognized with several awards for its digital innovations. One example is “Top Digital Innovation” in 2017 by Informa (Informa PLC, 2019).

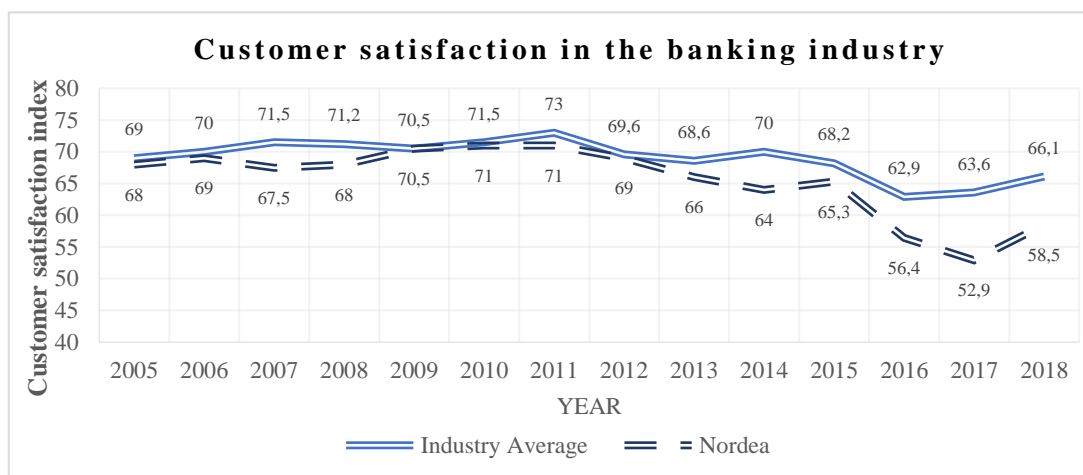


Figure 1. Customer satisfaction in the banking industry

However, data from Svenskt Kvalitetsindex (Bloomberg 2019; SvD, 2019) shows that Nordea has had low customer satisfaction compared to the industry standard. With an index above 75 represents a very satisfied customer and an index below 60 indicating that the company is struggling to keep its customers, Nordea scored a value of 58.5 in customer satisfaction in 2018.

2. Theoretical framework

A theoretical framework has been constructed to increase the depth and nuance of the analysis of the results. This framework serves to (1) identify Nordea's positioning strategy historically, (2) address the forces which have shaped Nordea's positioning strategy and, (3) evaluate the sustainability in Nordea's positioning strategy.

2.1. Positioning

Positioning was introduced to the world of advertising for more than 50 years ago (Urde & Koch, 2014). Since then, it has evolved into a management concept and a vital tool in determining business and brand strategy. Urde and Koch define positioning as highlighting the distinctive features of a brand and making them attractive to customers and stakeholders. Competitive positioning, on the other hand, is defined by Attia and Hooley (2007) as an analytical process emphasizing external conditions of industry, competition, and customer needs. Essentially, the character and strength of the different factors that influence the process and logic behind an organization's choice of positioning vary depending on what positioning strategy it has. Uncovering the strategy behind the positioning is thereby crucial in identifying the underlying forces that determine an organization's positioning.

A critical aspect of an organization's positioning strategy is its approach to external and internal forces (Gromark & Melin, 2011; Gyrd-Jones, Helm, & Munk, 2013). An organization's positioning strategy may thereby be market- and/or brand-oriented. Based on previous research in this area, Urde and Koch (2014) have distinguished five schools of positioning that can be used to identify where on the scale between market- and brand orientation an organization's positioning strategy is.

Each school is categorized by and linked using metaphors, to a game. The five schools are separated along the spectrum of the two different approaches to positioning. The first metaphor and most market-oriented positioning strategy is a puzzle, a strategy focused on optimization and built upon extensive market and customer research. This positioning strategy is characterized by actors identifying lacking pieces in the market puzzle to exploit unmet customer needs and wants. Wordplay, where it uses cognitive psychology and rhetoric to exploit the meaning of words and reach desired brand associations. An example of the wordplay positioning strategy is Cola-Cola's "The Real Thing" campaign, where they argued to be the choice of the young generation, and consequently implied something less positive about their main competitor, Pepsi. An actor with the wild card poker strategy focuses on identifying and creating uncontested market space through creativity and innovation. Chess is about coordinating to create fit between competition and market demand, and company resources and capabilities using both industry analysis and resource management. The last and most brand-oriented

positioning metaphor is domino, a strategy where the actor selects its market positions based on brand identity and values. Volvo Cars are an excellent example of the domino strategy, where positioning around values such as safety is based on their internally rooted core values, mission, but also their track record of safety features and innovation and essentially brand identity.

The choice of school depends on the answers to two questions; how the intended position is defined, and how the process of positioning is implemented. The firm's school of choice thereby implies a paradigm: market-oriented or brand-oriented positioning strategy.

Based on the results from this thesis, only the Chess and Domino metaphors are applicable within the scope of the two research questions. These two positioning strategies are, therefore, explained in more depth below.

Domino: Brand-oriented positioning

In the domino school, an organization is guided by its' brand identity. This results in an inside- out approach, which implies that satisfying the needs and wants of the customer and non-customer stakeholders occur within the boundaries of the brand identity and is influenced by the organization's mission, vision. Urde, Baumgarth, & Merrilees (2013) suggest that brand-oriented firms with a visionary approach often become more market-driving rather than market-driven. Urde et al. (2013) suggest that also brand-oriented firms often evolve into a mix of the market- and brand orientation in order to maintain the relevance of the brand to its customers as their need evolve.

Chess: Market- & brand-oriented positioning

The foundation of the "chess school" is a brand-oriented approach with influences of market orientation. A market-oriented positioning is when the organization responds to the needs and wants of its market to satisfy the needs and wants of the customer and non-customer stakeholders. According to both de Wit and Meyer (2010), and Porter (1985), the key to formulating strategies is coping with industry competition. Also Kotler, Keller, Brady, Goodman, and Hansen's (2009) definition of positioning: "act of designing the company's offering and image to occupy a distinctive place in the minds of the target market" belongs to the market-oriented approach.

Market orientation suits firms requiring a strong customer focus (Urde et al. 2013). The Chess school has the foundation in a brand approach but strategizes to find a position on the market that fits the market demand. It strategizes to make the best move based on both the external forces and brand identity. Hence the chess school is more outside-in than the domino school.

2.2. Strategic groups

Strategic groups can be defined as groups of firms within the same industry, making similar decisions in key areas, and are commonly used to describe the competition (Porter, 1985). The grouping is based on the organization's characteristics and strategies which is determined by analyzing the scope of activities and resource commitments of the actors. In this thesis, the authors' defined the scope as digital versus local presence and resource commitments as the degree of technological innovation.

2.3. Organizational identity

As discussed previously, an organization's positioning strategy may be market- or brand-oriented to varying degrees. An actor may either match their choice of market position to the results of extensive market and customer research or selects it based on brand identity and values. The two positioning strategies that are of most relevance within this thesis, domino and chess are both towards the brand-oriented spectrum of this scale. Conclusively, a thorough theoretical framework on how organizational values and brand identity evolves over time is needed in order to understand the motivations and underlying factors that have enabled Nordea's current positioning, and thereby answer the first research question.

Discussions around organizational identity tend to be connected to Albert and Whetten's (1985) definition of identity as that which is core, distinctive, and enduring about the character of the organization.

To explain how and why actions are produced, repeated, and attributed meaning in an organization, Peter Berger and Thomas Luckmann (1966) emphasize the role of languages and cognition mediated by social processes. Also, previous sensemaking research has shown that language, talk, and communications enable situations, organizations, and environments to be talked into existence (Mills, 2003).

Sensemaking is activated in situations of discrepancy (Weick, 2003). As soon as the state of the world seems different from the expected state of the world, efforts are made to construct a plausible explanation. In line with previous research, (Coopey et al. as cited in Brown, 2000) and Mills (2003) attribute the sensemaking process as a central role in determining behavior when dealing with uncertainty. This is defined by Corley and Gioia (2004) as "a collective state wherein organization members found themselves without a good sense of who they were [...] or a sense of what the future held for them as an organization."

Corley and Gioia also argue that sensegiving performed by management can be used to alter the organizational identity if it successfully creates favorable tools to accelerate a sensemaking process. Gioia and Chittipeddi (1991) define sensegiving as: "the

deliberate attempt to shape the interpretations of others.”. Also Weick (2003) emphasized the fact that so-called stimulus for action such as diagnoses, plans for implementation and strategies are as much a product of action, as they are prodded to action, and De Geus (1988) suggest that also strategic planning dialogues serve as occasions for organizational learning.

2.4. Sustainable Competitive advantage

Sustainable competitive advantage is defined by Barney (1991) as “the continuity of benefits and application of unique value creation strategies asynchronously with potential competitors that are not able to copy such benefits.”. There are two main views on sustainable competitive advantage and one additional view that builds on the second. The Industrial-organizational view (IO) defines SCA as a value creation that withstands the external forces (Porter, 1996). Essentially, Porter argues that a competitive strategy is all about “finding a position in the industry where the company can best defend itself against these competitive forces or can influence them in its favor.”

The second main view is the Resources based view (RBV) and attributes a sustainable competitive advantage to the firm’s distinct resources and capabilities (Barney, 1997). Teece, Pisano, and Shuen (1997) define resources as a firm-specific assets that are hard to copy or replicate, while Amit and Schoemaker (1993) consider all inputs that can be transformed into products within a company as resources, including intangible assets (Makadok, 2001; Helfat & Peteraf 2003; Hoopes, Madsen, & Walker, 2003). Capabilities are how an organization utilize its resources to create value and are thereby not measurable monetarily.

The third and additional view is the Dynamic Capabilities Approach (DCA), introduced by Teece et al. (1997) and builds on the RBV but also argues that the capability to adapt to changing environments needs to be added to the RBV framework for the business to have long term sustainability. The DCA distinguishes ordinary capabilities, which are the capabilities that are static and could be imitated within a company, from dynamic capabilities such as the ability to change and detect threats. Teece argues that dynamic capabilities functions as adaptors of ordinary capabilities and helps an organization to sustain its competitiveness in a changing industry. The capabilities can be categorized into three levels (Winter, 2003; Teece, 2007; Helfat & Winter, 2011):

Operational: Ordinary capabilities that are necessary to make a living

First-level dynamic capabilities: Capabilities that enable a firm to innovate and transform resources and shift operational capabilities

High-level dynamic capabilities: Boosters for the first level dynamic capabilities

Wilson (2012) proposes the incorporation of the IO, RBV, and DSC frameworks in order to describe how organizations can sustain competitive advantage in changing environments. The integrated positioning approach (IPA) contends that to regain or establish competitive advantage an organization “must confront the imperatives of the 3P’s; (1) Positioning – relocating itself in new space in the industry; (2) Picking – putting together a bundle of heterogeneous resources and operational capabilities that supports its external positioning; and (3) Propulsion – developing and launching the dynamic capabilities required to unite heterogeneous resources with unique position to achieve a competitive advantage”.

The integrated approach is according to Wilson (2012), advantageous in industries that are shaken by uncertainties and increased external threats from Porter’s (1996) five forces that consist of:

- 1) the extent of rivalry between competitors
- 2) threat of entry
- 3) threat of substitutes
- 4) power of buyers
- 5) power of suppliers

These forces are threats to industries since they reshape the business landscape and have great influence over the future of the industry.

Even though an organization succeeds in putting together a bundle of heterogeneous resources and operational capabilities, the company will not achieve sustainable competitive advantage without a propulsion effect that takes the company from the old to the new position. The ability to succeed with the second step, i.e. putting together the right organizational capabilities, is called “first-level dynamic capabilities.” If a company does not have these skills, they will not achieve competitive advantage. Secondly, the ability to make the most use of these organizational capabilities is called “higher-level dynamic capabilities.”. In order to sustain competitive advantage, a company needs to have higher-level dynamic capabilities as well since having only the first-level dynamic capabilities would only create a temporary competitive advantage and not a sustainable competitive advantage.

3. Method

The following section is dedicated to the method of this thesis and includes the overall research strategy and the research design, which is an in-depth review of the two qualitative studies conducted to answer the research questions. Lastly, we discuss the quality of the research in terms of reliability and validity.

3.1. Research strategy

The authors aim to answer the research questions of this thesis through a case study approach. Since the thesis concerns a relatively unexplored phenomenon, an exploratory approach has been considered appropriate. A qualitative research method with quantitative elements is used through this thesis. A qualitative study is well suited for a study with an exploratory approach, given that it intends to generate rather than test theory (Bryman & Bell, 2011). The exploratory nature of the study thus implies an inductive research approach.

Qualitative content analysis has been used throughout this thesis. Hsieh and Shannon (2005) define this as a subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns. Patton (2002) finds that this method is especially suitable in identifying core consistencies and meanings, which is well suited for our research purpose since it enables us to capture the motives behind the strategic decision. This approach may seem quantitative at first, yet it aims to explore the usage of the words inductively. A qualitative content analysis was thereby the most suitable choice for this thesis.

By combining primary data with multiple sources of secondary data, the authors aim to provide a more nuanced answer to the research questions of this thesis (Cavaye, 1996). The combination of two qualitative studies enabled further analytical depth throughout the thesis in addition to the increased validity, which will be further discussed under the section of reliability and validity.

3.1.1. Case study approach

In order to build a more in-depth understanding of why Nordea choose their positioning strategy, the authors have taken a case study approach. The case study approach enables a deeper understanding of analyzing a single case object (Dubois & Gadde, 2002; Aberdeen & Yin, 2003). Additionally, a case study allows for a more complex research setting, which makes the approach suitable in the context of a quickly evolving, complex banking industry. Our choice of conducting a single case study enables further analytical depth (Bryman & Bell 2011; Dubois & Gadde, 2002), and is in line with

Siggelkow (2007) who argues that a single case study richly can describe the existence of the phenomenon.

In accordance with Mitchell (1983) and Yin (1984), who finds that the crucial question for a case study is how well the theory is generated out of the findings, this is aligned with the inductive approach which has been used throughout the thesis.

3.1.2. Case selection

Since perception and motives were of vital importance for this study, access and collaboration were two deciding factors in the choice of case object. Nordea was the best option in these aspects, as well as being one of the largest financial institutions, which caused the authors to find this choice appropriate.

3.2. Research design

Two qualitative studies have been performed to answer the research questions. The first study aims to contrast between the four largest banks on the Swedish market by comparing the digital focus in their Annual reports. The second study is an in-depth analysis of Nordea to provide a richer understanding of their digital strategizing. The studies will together build a foundation for a complete analysis of how Nordea's positioning strategy will help them the future in the financial services market.

3.2.1. Study 1: A summative content analysis

The first study was conducted with an inductive approach to word-focused summative content analysis in accordance with Potter and Levine-Donnerstein (1999). The summative study started with a frequency counting and review of the wording used in the four banks' annual reports from 2018.

The keywords that the authors found associated with a digital focus were then selected as the basis for the study. In order to secure validity, all keywords were also adjusted for tense. All words with similar spelling but a non-digital contextual meaning was excluded. The selected keywords included words like Digital, Technology, Mobile, App, Online, Fintech, and Web and were counted for each bank's annual report between 2015 and 2018 in a manifest content analysis (Potter & Levine-Donnerstein 1999). In line with the method for a manifest content analysis, where keyword frequency is counted and compared between study subjects, the frequency of word use for the four banks, were then measured and compared.

With the manifest content analysis as a basis, a latent pattern analysis was performed in accordance with Hsieh and Shannon (2005) where the context of the underlying keywords was analyzed and coded to establish a contextual pattern. The contextual

usages of the keywords were mapped on a two-dimensional axis with digital versus local on one axis and the degree of innovation on the other (Figure 2).

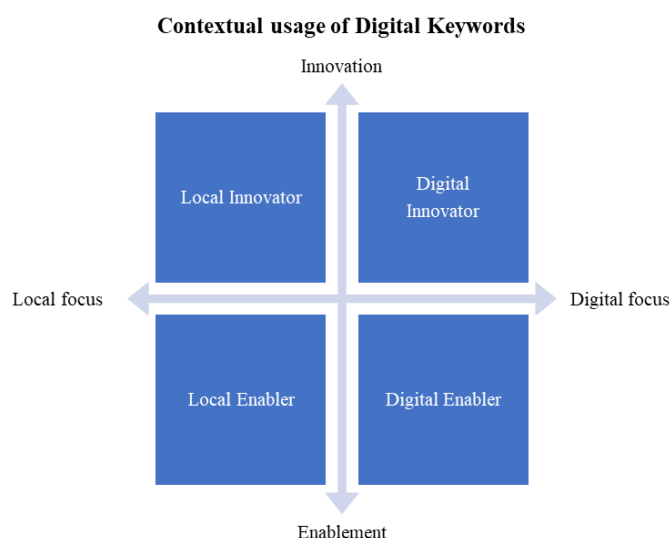


Figure 2. Contextual use of Digital Keywords

3.2.2. Study 2: A conventional content analysis

In Study 2, multiple primary and secondary qualitative data sources have been used to achieve a fuller picture of the company and phenomenon. The primary sources were two semi-structured group interviews with two Nordea employees. These were held to gain an inside perspective on Nordea's positioning strategy. The secondary sources include publicly available data such as annual reports and press releases. Study 2 has followed the method of conventional content analysis in accordance with Hsieh and Shannon's (2005) definition. This process involves identifying patterns through repeated analysis of both data sets and thereby deriving suitable coding categories directly from the data.

Primary Sources

Both of the interview subjects have been involved in Nordea's digitalization strategy and are therefore considered to be a fair representation of Nordea in this matter. The interviewees are thereby able to give both an accurate overview and valuable insights of how the internal process has proceeded and is thereby an accurate source of information from Nordea's perspective.

In accordance with the explorative character of this study, the interviews were semi-structured, which enabled the interviewees to control the direction of the interview. An overall focus and outline were created in advance of each interview with a list of open-ended questions (Appendix 1). The interview subjects were informed about the overall focus of the interviews beforehand, but since the authors remained flexible to adapt and add additional questions when needed throughout the interview, further depth and a more nuanced understanding of the phenomenon as a whole could be achieved.

Each interview was assigned one of the research questions (Appendix 1). The first interview focused on why Nordea has its particular digitalization strategy, and the interviewees were asked questions to elaborate on the historical process of Nordea's digital strategy. During the follow-up interview, our focus was directed towards Nordea's current digital strategy. During this interview, the interviewees were asked to elaborate on the future, which Nordea currently envisions and how Nordea's strategy will position them in the competitive landscape going forward.

Both interviews were held in private conference rooms at the office and lasted between 30 and 60 minutes each. All interviews were recorded so that our full focus could be directed towards the interviewees rather than having to keep detailed notes during the interview. The recordings were transcribed within one week after each interview, and a two-step conventional content analysis was used to analyze the interview protocols, which is described in detail below.

In this thesis, we have strived to anonymize the interviewees as much as possible. We have therefore left out names and gender in the results section, and all answers should be regarded as a product from both interview participants from Nordea. The participants will be referred to as "The strategy team" in order to represent their job descriptions and their connection to each other.

Secondary sources

Annual reports published by Nordea between the years 2000-2018 has been collected to get an overview of Nordea's strategic focus historically. By limiting the scope of data to the areas that are relevant for this research, an initial selection of areas was made based on relevance to our two research questions. Only data that relate to business- and positioning strategy has, therefore, been included in the data collection.

Press releases collected from Nordea (2019) were also included in order to discover data which risked having been excluded from the annual reports but could contribute with a more in-depth understanding of the phenomenon. By limiting the data to the relevant scope, press releases were collected using the following search terms: digital, fintech, and innovation. The final selection of press releases included in the data set was made based on a subjective assessment of relevance based on the titles.

Design of the conventional content analysis

Since study two aims to recognize patterns across elements, the pattern form of latent content analysis is used in accordance with Potter and Levine-Donnerstein (1999). The researchers have used a two-step process of conventional content analysis to analyze the two sets of data generated by the primary and secondary sources.

In the first step, the two data collections were analyzed separately. All data were read repeatedly to both obtain a sense of the whole as well as to identify key concepts and

patterns (Hsieh & Shannon, 2005). Both authors completed individual initial analyses of the two sets of data to ensure accurate interpretation of the data. Using continuous analysis both during and in between readings, overall patterns were identified, and the concepts were gradually clustered together. An inductive category development was used to identify the categories. This process allowed the researchers to go through the data in detail repeatedly and generate suitable categories and names for categories from the data instead of using preconceived categories (Kondracki & Wellman, 2002).

The following categories and subcategories for the secondary and primary data sets, respectively, were generated and named accordingly:

Primary

- External threats
- Organizational change
- Digital strategy
- Customer demands

Secondary

- External threats
- Values & vision
- Digital strategy

As a second step of the conventional content analysis, the results from both the primary and secondary sources were compared and contrasted to further investigate possible patterns and relationships across the two separate data collections. The results from both data collections are presented collectively in Results, Study 2.

3.3. Reliability and validity

Reliability is measured in the consistency of wording and phrasing in the execution of the interviews (Hair, Money, Samouel, & Page, 2007).

Because of the nature of qualitative studies, validity cannot be calculated (Hair et al. 2007). The authors used multiple sources of data, as recommended by Bell and Bryman (2007) in order to ensure validity and credibility in the research. The number of independent, secondary data sources further strengthens the credibility of both Study 1 and Study 2, and the use of triangular methodology strengthens the quality of research by using multiple sources of data. However, all data that has been used in this thesis is the product of each bank and can, therefore, be regarded as biased. Although, due to the purpose of this thesis, no other source that Nordea would be able to provide answers for our research question.

Theoretical validity estimates to what extent the same result can be produced by using different measurement methods. As mentioned previously, this thesis uses triangulation to ensure high theoretical validity.

Interpretative validity estimates the degree to which the researchers correctly depict the opinions given by participants. This was achieved through recording and transcription of both interviews and the completion of separate initial analyses by both authors. While an inductive approach was used, the two studies were executed sequentially, with study 2 following studying 1. The authors' interpretation thereby adds another dimension of subjectivity, which is challenging to account for and may influence the results. Due to the chosen treatment of anonymity, we are not including any original recordings. Doing so, this consequently remains an issue of reliability.

Communicative validity concerns how well the researcher communicates the process to the reader. The thesis assumes a constructivist perspective in the sense that people are assumed to create their own social realities (Bryman & Bell, 2011). By using carefully argued interpretations and claims, and adequate evidence to support these, we assess the communicative validity to be of an adequate level.

As findings of qualitative studies do not intend to be used for generalization, the reader can estimate in which context or how the findings are relevant and useful to transfer to other cases (Widerberg, 2006), which in turn limits the external validity.

3.3.1. Triangulation

The triangular methodology strengthened the quality of research and was achieved through two qualitative studies and three different sources of data: one summative content analysis, and one conventional content analysis, assessing both the interviews and the Annual reports. In the case of the secondary data, the number of independent sources used in the qualitative study further strengthens the credibility.

4. Results

In this section, the authors will present the result which has been separated into two parts, in line with the two studies. Study 1 will present a frequency comparison between focus in the annual reports of the four largest banks in Sweden, followed by a summative content analysis of the banks' digital focus after 2015. Study 2 will provide an in-depth review of the annual reports of Nordea between 2000-2018 in the aspects of industry assessments, transformational programs, values & vision and, digital strategy. The study will also present findings from interviews conducted with senior decision-makers in the same aspects as the review of the annual reports. The findings from the two studies combined aims to provide the result of this thesis that will lay the foundation for answering the two research questions.

4.1. Study 1 - Summative content analysis

Between 2010 and 2018, the total use of the Digital category increased for all four banks. The banks that had the most substantial frequency increase was Swedbank, who increased their use of the digital keywords with 160 and Nordea with 149. Nordea uses 184 digital Keywords in 2018 (Figure 3), which is an increase with 100% between 2015 and 2018 (Figure 2). This shows that they had a continuously higher growth rate in their communicated digital focus. Handelsbanken had the lowest use of the digital keywords in 2018 and has since 2015 had a continuous decrease except for 2017 when there was a small increase of 6 additional word counts. Nordea is using digital keywords 4,42 times as often as Handelsbanken 2018, which is an evident transition from 2015 when Handelsbanken was using them 1,3 times as often. Swedbank and SEB have both small changes in their digital focus with a decrease of 26 and an increase of 33 Keywords.

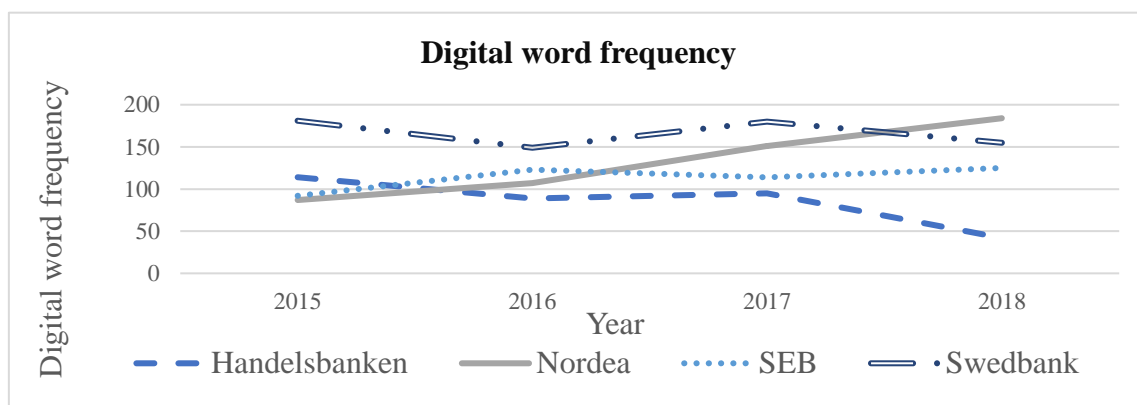


Figure 3. Digital word Frequency

Three contextual categories have been derived from the context of the four banks' use of digital keywords:

- 6) Innovation with a focus on new digital solutions as a core competitive strategy
- 7) Digitalization to simplify internal processes and traditional banking offers
- 8) Local personal service as core competitive strategy with digital solutions as enablers

In Nordea's annual report 2015, Nordea's digital focus was in line with the second and the third category, the digital wording was used in the context of (2) simplifying the traditional service offering and (3) digital solutions as enablers. In 2016 the focus shifts to only a minority of the contextual patterns in the strategy and narrative segments focused on local personal service. The main focus in that year is instead (2) digitalization as a simplifier with the influence of (3) innovations as customer offering. In 2017, Nordea's focus was split between category (1) and (2) with a majority of their focus being dedicated to the second category. In 2018, Nordea divided their digital focus equally among the first and second category, this is illustrated in the CEO Letter, where the CEO Casper von Koskull accounted for their digital progress:

“During 2018, we have launched an array of new services and solutions for our customers, in addition to improving availability and accessibility.” and “We aim at serving our customer faster and more efficiently. Besides the launch of our financial robot advisor Nora, our service robot Nova, is now live in all markets, helping our customers to chat with their bank.” (Nordea, 2018)

Since 2016, Handelsbanken has continuously shifted its focus towards the third category to strengthen their personal service by digital applications. Between 2016 and 2018, their digital focus has been mostly redirected from category (2) to category (3). The digital simplifications are still promoted as competitive advantages but rather in the context of ensuring high quality, personal service.

“At the same time, we do not believe that even the best digital services can replace the need to meet with a real live representative of the Bank from time to time – whether at a branch, by phone or a remote meeting. In our experience, the digitalization of our banking services has by no means eliminated the need for personal contact” (Handelsbanken, 2018)

SEB was first to have significant growth in category (1), but during the years that have followed, they have divided their digital focus equally between (1) and the (2).

“We are changing our ways of working and have invested in and launched new customer interfaces in all segments, as well as a number of new services, including remote advice.” (SEB 2016)

Swedbank was the company that mentioned digitalization the most in their annual reports from 2015, and they directed almost 100% of their digital focus to category (2). However, this focus shifted in 2017 when they incorporated both an innovative focus as well as a focus on the local personal offers, which led them to become the bank with the most divided digital focus. Their contextual proportions were divided as follows, 1/5 in (1), 3/5 (2), and 1/5 in (3). Concerning the changing financial landscape, Swedbank states that:

“...we have over 7 million private customers, and with new digital contact points, it is becoming much easier to stay in touch with them. “....” This does not mean that face-to-face interactions have no value. On the contrary, for certain types of transactions, a human relationship is always important, which is why we see our physical distribution network – our branches and those of the savings banks – as an important complement to the digital channel and a differentiating factor in an increasingly digital banking landscape.” (Swedbank 2017)

This diverse digital focus of the four banks resulted in a split banking industry in 2018. (Figure 4).

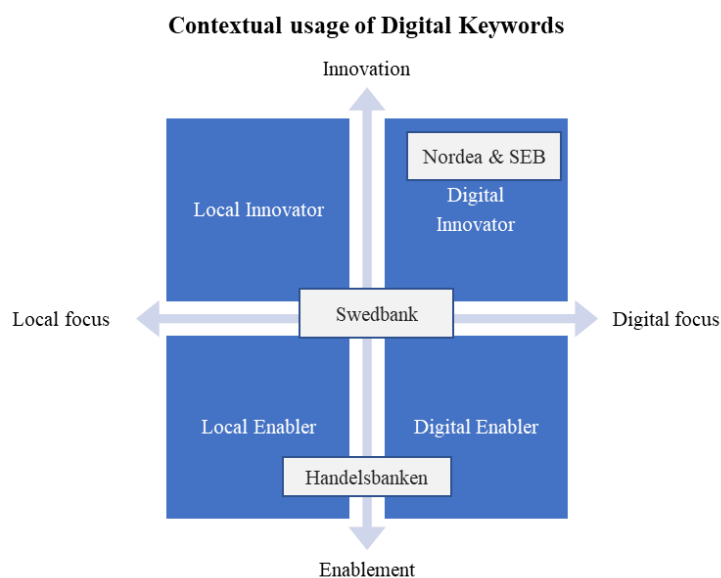


Figure 4. Contextual use of Digital Keywords Banks

4.2. Study 2 - Conventional content analysis

Nordea’s communication around their values has in their annual reports been contextualized around the keywords Focus, Speed and Performance until they were changed to Great Customer Experiences, It is all about People and One Nordea team in

the 2007 report. Also, the vision was revised from “We will be valued as the leading financial services group in the Nordic and Baltic Sea region.”, to “The leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders.”

The annual reports showed a continued focus on Nordea’s aim to deliver great customer experiences to set the strategic agenda for Nordea’s target to shape the future relationship bank while the strategy was set back in 2012 in connection to Nordea’s “2015 Plan”, an extension of their previous “New Normal” plan, both plans originating from the vision that was set back in 2007 - to achieve closer customer relationships.

Nordea’s customer focus was also recognizable in initiatives like The Simplification Program. This business transformation plan was frequently mentioned in the 2014 annual report as a response to the main disruptive forces in the banking industry at the time: balance sheet and operational regulations along with digitalization and technology. It was aimed to deliver on what was defined by Nordea as their three strategic capabilities at the time: Agility, Scale, and Resilience,¹ which in turn would result in great customer experiences. In this context, there was a lot of focus on the Group Simplification Unit, which was formed and assigned primary responsibility for the transformative strategy. The program was estimated to require a 30-35% increase in IT investments over the upcoming 4-5 years.

In 2016, Nordea observed four crucial behavioral changes in their customers, which became a new focus, not only for the annual report of that year but for the strategic focus as well. The changes were:

- Inpatient & empowered: 24/7 availability and immediate delivery.
- Knowledgeable: specialized and tailored advice that complements the research we have done ourselves.
- Integrated and connected: integrated into my process and connected/compared with peers.
- Require relevance: personalized products, services and interaction.

The strategy team explains that three aspects traditionally have been viewed to constitute the value proposition that Nordea strives to deliver to its customers: The best products, at the best price, and the best expertise around that offer. However, The strategy team explains that they have come to add a fourth parameter that focuses on how Nordea interact with its customers, and that this distinguishes Nordea from the other platforms. The strategy team states that while this customer relationship mindset is deeply rooted in their values, it is also incorporated into a separate customer vision.

¹ Nordea’s three strategic capabilities

Nordea formulated their first customer vision in 2015, and it had an explicit reference to their earlier definition of great customer experiences, namely “easy to deal with, relevant and competent, anywhere and anytime, where the personal and digital relationship makes Nordea my safe and trusted partner.”.

The strategy team explains that it is the simplification of their customers’ lives, which is their first and greatest driver of customer satisfaction. It is not really about the prices or the products. “It is simplicity and accessibility, which is top of mind when our customers think of us.” The strategy team explains. The strategy team also explains that there are other banks, in Sweden particularly, which are doing this really well. When asked to compare Nordea to its competitors in this area, The strategy team explains that they are quite not there yet, but that digitalization is Nordea’s opportunity to become a leader in this area. They continue, “Still today, it is incredibly difficult to be a Nordea customer in some aspects. So there is definitely room for improvement, and we will continue to simplify it further.”.

The strategy team explains that digitalization has gone a little faster in the US and to some extent, even the UK. Consequently, Nordea is still looking very much in the banking industry for inspiration. The strategy team adds “The American and English actors are really sharp when it comes to digital advice capacity, and they have been pioneers when it comes to robot advice, for example.” However, they also mention that while other markets may be ahead of Sweden in terms of digital solutions. The strategy team highlights the fact that there are more customers in the digital channels in the Nordics. The strategy team also explains that Nordea is able to collaborate with digital frontrunners on other markets: “Since we are in completely different markets we can work together, share challenges and how we make them opportunities. They are quite aggressive in their efforts to become a digital bank and how they work with fintechs, for example.”. The strategy team also states, “here and now, the banking industry, or perhaps not now, but in recent years, has never been so much threatened by change.”.

When asked to explain what Nordea’s transformation process has looked like over the past years, The strategy team begins with a particular situation that arose back in 2016 as a result of an extensive report covering external forces: “We saw four different warning signs on the market: rapidly changing customer behavior and expectations, new competitors disturbing our market, a stricter regulatory environment, and disruptive technologies.” The strategy team explains that these forces were monitored closely by Nordea and that the situation was described as VUCA - an acronym of volatility, uncertainty, complexity, and ambiguity.

The strategy team explains that digitalizing to increase customer satisfaction was somewhat of a paradoxical choice, for their retail banking business in particular. They

acknowledge the fact that Nordea currently has millions of customers who never meet their advisors, and add that this means they have great potential to grow their business with the help of digitalization. "We know that we have a very good business, but it is incredibly old-fashioned.", The strategy team explains. The strategy team also address some of the complexities Nordea associates with digitalization by highlighting the difficulty of creating trust in an environment where the bank never meets with its customers physically. The strategy team explains that it is something that they are working to overcome this, but explain that they have a long journey left when it comes to creating trust in the digital format. The Strategy team adds, "Our success story is very focused on the advisory business, and the majority of our business is done in a physical office.". They explain that once there were several new people in the management, including a new CEO, they had explained the situation to the management. Once it became clear that Nordea potentially could lose a large share of their earnings because of digitalization, The strategy team explains a moment when they sat down and thought "what should we do to survive?".

In June 2016, Torsten Hagen Jørgensen, Group COO, announced that Nordea had established a new Group Digital unit to push the digital agenda forward across all divisions (Nordea, 2016). "Digital development is key to Nordea's future success," he says in the press release. The strategy team confirms this process and explain how one of them was assigned to a new unit that was responsible for the digitalization of one of the areas within Nordea's retail banking business.

When asked about how they work to predict customer demand, The strategy team answers, "We do not, and cannot, have all the answers. We have to experiment and then analyze and evaluate the experiment. Some fail, and then we learn from them, and some are amazing, and that is when we escalate it." The strategy team explains that this mindset and their willingness to experiment with their business model came as a result of their new strategy.

The strategy team continues to explain how Nordea, as an organization, has changed throughout the past years. They have recruited rather aggressively from both competitors and hired from other industries which have been facing similar challenges. The strategy team adds, "We have changed our entire way of working. One example is that we now work in cross-functional teams, but in general, we have a more agile way of working today.".

In the 2016 annual report, there was one element in the Simplification Programme, the Core Banking Platform (CBP), that stood out since it had the highest priority after critical compliance work. This project was highlighted as the most critical enabler of Nordea's ambition to transform into a scalable, resilient, efficient, and digital

relationship bank by 2021. When The strategy team is asked what Nordea's largest challenge in order for Nordea getting truly fast and flexible, they answer: "Nordea is the result of hundreds of mergers. We have built a well-functioning front-end to our customers. However, we still have this backside that is incredibly fragmented, and we have not invested in building a proper back-end core until now."

One of the aims of CBP was to create a channel-neutral customer experience, both assisted and digital. The strategy team confirms this vision, "we all have a vision of being or moderately digital, but we also believe that we all have a little different way of implementing it. There are a few players who are more focused on physical offices." The strategy team explains that around half of their customers prefer to meet Nordea in digital channels and that the rest do not, they explain "and that is fine, that is precisely what we want. We want to move from the slightly aged business model to a new omnichannel experience for our customers".

The strategy team draws connections to other industries that recently have undergone digitalization, everything from the taxi industry to the music industry, and summarizes the situation by saying, "everything is threatened."

While the strategy team elaborates on their recent progress, stating that their direction is incredibly sharp:

"We are very comfortable saying that we will survive these challenges and that we are the bank of the future. But we also want to become the bank of the future even faster, and that is the pressure we have on us. It is not easy, and we have worked incredibly hard with the cultural aspects, agile and IT transformations, but give it five to ten years, and we are absolutely at the forefront."

The period between 2015 and 2017 is referred to as the ramp-up phase of Nordea's transformation journey, and the execution phase began in 2018. Nordea's target is to become the leader in the Nordics in terms of profitability, employee satisfaction, and customer satisfaction by 2021.

5. Analysis

In this section, the results will be analyzed and assessed in the context of the theoretical framework. Similarities between the findings of the studies and the models of the theoretical framework will be used to conclude the implication of the research findings.

5.1. The story behind the positioning

In order to be able to answer what has enabled Nordea to position themselves as a digital innovator, it is critical to understand what caused Nordea's digital strategy to change in 2016. While the entire industry was under significant threat, Study 1 reveals that Nordea was alone in accelerating their digital strategy in 2016. A series of events have thereby been identified which, from a sensemaking perspective, are likely to have affected Nordea's digital strategy.

Study 2 shows that Nordea shifts in values, from speed, focus, and performance, to softer, more customer-oriented values in 2007. This was complemented by a new strategic agenda - to shape the future relationship bank. According to Berger & Luckmann's research on language, and its effect on organizations, the symbolic change of communicated values should have had an essential effect on Nordea's business strategy. Accordingly, the long-term ambition for strategic initiatives following this shift, such as the "New Normal" and the "2015 Plan" was to achieve deeper customer relationships.

Both of these strategic initiatives have aimed to deliver on this long-term goal by focusing on Agility, Scale, and Resilience, which were Nordea's strategic capabilities at the time. This strategy is in line with findings in Study 1 that Nordea's digital focus previously belonged to the second category of digital usage: digitalization as a simplification of internal processes and traditional banking offers. While this contrasts the other two, more customer-driven approaches, Study 1 findings also show that this category of digital usage was used exclusively by all actors at the time.

However, despite Nordea's strong customer focus, their customer satisfaction score is decreasing rapidly between the years 2011 and 2014. The particular situation is characterized by high uncertainty (Corley & Gioia, 2004), and the process of sensemaking is thereby applicable. Sensemaking theory suggests that this will lead them to engage in retrospect sensemaking to eliminate identity discrepancy. Furthermore, the replacement of multiple people among the senior management the following year could be a strong indication that Nordea's organizational identity was challenged as a consequence of sensemaking. This indicates that the discrepancy was large enough for Nordea to direct its resources towards making sense of the situation to eliminate the identity discrepancy, which is in line with previous sensemaking research (Weick,

2003). Furthermore, any actions or stimulus for action such as diagnoses or strategies are as much a product of action, as they are prods to action. The actions that set in relation to the sensemaking process will thereby contribute to the continuous strengthening of the organizational identity until future uncertain situations arise that will disrupt the process.

The manners in which Nordea's strong internal values and the core values of Nordea as a brand, along with externally communicated value propositions are matched, fit well into Urde and Koch's (2014) definition of dominoes as a school of positioning. An identity-based position as such, suggests that Nordea acts in line with the brand-oriented approach. In times of rapidly evolving customer needs, this has excellent explanatory value for Nordea's low customer satisfaction score since it indicates a strong commitment to customer-orientation as a value rather than a genuine customer-oriented approach. while lacking the ability to translate this into customer-oriented actions

This positioning strategy will minimize the organizational sensemaking in terms of organizational identity until strong enough disruptive forces can challenge the very core of Nordea's identity. Consequently, as this positioning strategy also aligns the organization's communicated values with the organizational values, Nordea's positioning will remain stable.

In 2016, Nordea's customer satisfaction score fell even further and is now below 60. 60 is a limit set by SKI to indicate that the company is struggling to keep its customers.

Study 2 findings indicate that Nordea was in a particularly pressured situation during 2016. According to The strategy team, Nordea formed a strategic group that was in charge of conducting an extensive industry analysis. The result was presented to the management and communicated both internally as well as externally in Nordea's annual report 2016. Nordea described their external situation as VUCA - an acronym of volatility, uncertainty, complexity, and ambiguity. Both the external analysis itself and the communication of its findings should have affected Nordea's sensemaking process. In addition to detecting the complicated situation characterized by uncertainty, the internal and external communication of the findings played a particularly important role in establishing the situation as shared sensemaking internally. Mills address this phenomenon as one in which situations and environments are talked into existence.

When Nordea's customer satisfaction paradox became evident, its identity was challenged. Consequently, the process of sensemaking was initiated to re-establish their organizational identity, and large parts of Nordea's management was replaced. However, while the customer satisfaction score may have been the initial trigger, it was not until the management was replaced, the strategic group had been formed, and the industry analysis had been conducted and communicated that Nordea decided on a new digital strategy. It is thereby possible that in order to finally disrupt the organizational identity, a parallel process of sensegiving was performed by the new management, and

that the successful creation of tools in accordance with Corley and Gioia ultimately enabled the sensemaking process to accelerate and Nordea's new digital strategy to be formed.

The following quote by The strategy team truly captures the internal sense of urgency at the time: "here and now, the banking industry, or perhaps not now but in recent years, has never been so much threatened by change." The strategy team explains in detail how Nordea identified the four external disruptors, the rapidly changing customer behavior, and expectations, new competitors disturbing the market, a stricter regulatory environment and disruptive technologies which in 2016 affected the industry as a whole, and The strategy team mentions that Nordea could lose a large share of their earnings because of digitalization. The strategy team describes the internal process as culminating into a situation where the new management finally sat down and thought, "what should we do to survive?".

5.2. The positioning

While Nordea's customer-centric values have remained consistent, Study 2 shows that Nordea now sees simplicity and accessibility as the main drivers of customer satisfaction. Study 2 also states that Nordea has shifted its focus to a more customer-centric approach, which is illustrated by the use of data-driven experiments. Conclusively, Nordea's shifted focus indicates a transition from domino to chess in Urde and Koch's (2014) schools of positioning. This is in line with previous research by Urde et al. (2013) showing that brand-oriented firms often evolve into a more market-oriented approach in order to meet their customers changing needs. Additionally, the concepts that are typically used by firms with chess as positioning strategies, such as industry analysis, resource management, capabilities, and strategic planning, are well-aligned with previous findings in Study 2 and Nordea's actions and strategies since 2016.

This positioning strategy has enabled Nordea to align and adapt their strategic focus to external forces, both in terms of customer needs and competition. Study 2 findings also state that Nordea sees digitalization as their opportunity to become a leader in terms of simplification towards the customer and thereby also increase customer satisfaction.

5.3 Sustainable competitive advantage

Nordea's reorganization in 2016 into a flatter and more agile organization (Nordea, 2018) enabled the implementation of a new scope to their core business. By establishing sections for open banking and creating initiatives for collaborations in financial development with fintech companies, they created and adapted resources for continuous and innovative product development. These actions were decided by the management

and implemented by the newly formed strategic groups and sequentially resulted in new products such as Nova, their robot advisor being released.

Study 1 shows that there was a segregation of strategic focus among the four analyzed banks. Nordea and SEB had a clear digital focus from 2016, which advanced towards the first, more innovative, and solution-oriented category. Nordea's choice of digital focus is strengthened by the findings in Study 2 in The strategy team's describes its strategic focus. Handelsbanken, on the other hand, progressed their focus in the opposite direction, towards an enforced physical presence with digital tools as enablers for meetings and close personal service in line with traditional relationship banking. Swedbank was the only bank that demonstrated a split focus in their strategy after 2016, and their focus advanced equally towards innovation as it did towards local presence. While all banks have increased their digital focus, none of the banks remained entirely in the second category (2) where all of them started. The different focus among the four banks enables the grouping of three strategic groups (Porter, 1985), where digital presence is positioned on one axis and innovation on the other. SEB and Nordea are considered to be part of the first strategic group, the digital innovator. Handelsbanken is part of the second group, the local enabler, and Swedbank is part of the third strategic group, the local innovator.

This process shows a very similar pattern to the first stage of the Integrated positioning framework (IPA) and hence the Industry organizational approach (IO), where the company is guided by its external environment in order to find the optimal positioning. The positioning enabled a product development which was built upon newly adopted resources and capabilities in terms of developers and new knowledge within the organization. Once again, these adoptions show similarities to the (IPA) where resources and capabilities are bundled into cross-functional groups within the organization. The operational capabilities were picked in order to achieve the goal of the positioning strategy.

Additionally, the result from study 2 shows that much focus on the reorganization was put into making the organization more agile and quick-moving in their decision making. Being flexible and able to seize opportunities that arise is what defines dynamic capabilities together with the ability to sense future customer demands and to reconfigure efficiently (Teece et al., 1997). The strategic groups in Nordea have this purpose, and given that they succeed in their mission, they are very likely to fulfill the criteria of the third stage in the (IPA). If the capabilities are as dynamic as the indicated, but not confirmed, by Study 2 they enable and boost the reconfiguration of the heterogeneous resource bundle into organizational capabilities that will achieve competitive advantage through Nordea's positioning.

This analysis concludes that the Integrated positioning framework indicates that Nordea has organizational capabilities that ensure at least a temporary competitive advantage.

The question is, however, if they also could have sustainability in their competitive strategy? The agility of the strategic groups shows strong similarities with first level dynamic capabilities in their reconfiguration essence. However, they are not the only dynamic capabilities that could be observed in Study 2. The CEO and the rest of the management showed definite signs of creating high-level dynamic capabilities in their ability to provide sense giving in the organization. They boosted the strategic groups and provided them with ownership and knowledge from untraditional recruitments. This, in addition to the communicated goal of becoming a faster-moving organization, indicates that the management has triggered the sensemaking process using sensegiving.

Since 2016, Nordea's new digital strategy has been executed, and Nordea has gone from being a local enabler to a digital innovator. Because Nordea has improved their customer satisfaction score between 2017 and 2018, there should be sufficient evidence for suggesting that the management's act of sensegiving could be a high-level dynamic capability, that, according to (IPA) will make Nordea's temporary competitive advantage sustainable.

6. Discussion

This section will provide a summary of the conclusions that the authors drew from the thesis. The authors will also make suggestions for how the findings can be applied both theoretically and practically as well as provide suggestions for future research.

6.1. Conclusion

What has enabled Nordea's positioning as a digital innovator?

The series of events leading up to 2016 are crucial in understanding the sensemaking, which has shaped Nordea's organizational identity and the outcome of Nordea's digital strategy in 2016. While Nordea establishes a clear customer focus in 2007, which comes to shape Nordea's strategic agenda for many years, their customer satisfaction is decreasing rapidly in the following years. This paradox triggers a sensemaking process which shapes the series of actions that Nordea takes in response. Multiple people in the management were replaced, including Nordea's former CEO. Nordea also conducted an extensive industry analysis, and the dramatic results are communicated both internally and externally. The findings threatened the entire industry and Nordea in particular. The strategy team describes a situation where the new management sat down and thought, "What should we do to survive?". Nordea responded by translating their customer-oriented values to a strategy of customer-orientation. Consequently, by redirecting their focus from pure brand-orientation to a more market-driven positioning strategy, Nordea could utilize digitalization in their efforts towards higher customer satisfaction and thereby go from a local enabler to a digital innovator.

How is Nordea set to endure the future of the financial services market?

In order to stay resilient in the future of the financial service market, an actor needs to be well prepared for a changing climate. According to the (IPA), an organization will be capable of handling a changing climate if they have first-level and high-level capabilities. The findings in study 2 show that agility is one of Nordea's main focuses and that they have made significant changes towards becoming more agile. Additionally, the increase in customer satisfaction in 2018 indicates that management's sensegiving was a dynamic capability that had a propulsion effect on the strategic groups. These findings imply that Nordea will be resilient towards changes in the financial service market if they maintain their current first-level and high-level dynamic capabilities.

6.2. Limitations and shortcomings

The findings in this thesis are based on a data collection for more than one sources in order to increase the validation of the findings. Nevertheless, there are a few points of critique that should be brought forward. The interviews were held with two persons at Nordea and although both of these individuals are considered most reliable, they are both employees of Nordea and could have had their own view of what did occur, separate from other Nordea employees. Additionally, the annual reports that were used as the basis for the summative content analysis are all products of Nordea's own creation, meaning that they are probably written to show a favorable side of Nordea. This critique can, however, be made to all of the annual reports that were used from Handelsbanken, SEB, and Swedbank as well, which minimizes the risk of the banks being analyzed unfairly.

Furthermore, a higher number of interview participants could have made the findings more nuanced increased the validity of the thesis. The same critique is valid for the number of analyzed banks as well. A higher number of banks would have provided a more detailed and broader view of the financial industry in Sweden. Finally, as per usual when performing a qualitative method, including interviews, the formulation of questions can be criticized for being leading or not sufficient for the purpose of the thesis.

6.3. Implications

Tentatively, the thesis may illustrate a pattern between the theoretical framework and the factors that have enabled Nordea's choice of positioning, and thereby contributed to the current research gap in strategic positioning in the banking industry. Additionally, this thesis aims to shed light on the interconnectedness between organizational structures, brand identity, and positioning. Additionally, given the context of this thesis, the process of sensegiving has been identified as a high-level dynamic capability that can enable sustained competitive advantage, further strengthening the connection between organizational structures, positioning, and key strategic objectives.

6.3.1. Practical implications

This thesis illustrates how sensegiving can have substantial implications for how a new positioning strategy can be developed in an organization. Understanding sensegiving as a high-level dynamic capability and the implications it has on organizational identity is therefore particularly valuable to organizations that want to adopt a more agile organizational structure or want to adapt to market dynamics faster. This thesis indicates that sensegiving can facilitate sensemaking through initiatives that measure and assess both the internal and external environment. However, as soon as the sensemaking

process is triggered, additional resources will be needed to support the organization in its efforts to stabilize the situation and ensure a beneficial outcome. Conclusively, this thesis highlights the importance of positioning strategy in order to achieve sustainable competitive advantage.

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8. Appendix

8.1. Appendix 1: Interview outline

8.1.1. Overall outline for the first interview:

- 1) What has been Nordea's competitive positioning historically?
- 2) What did Nordea see as its competitive advantage between 1990 up until today?
- 3) How has digitalization affected the relationship Nordea has with its customers?
- 4) Do you believe that your competitors have identified the same main external forces or threats as you have? (Regulatory, technology, competition, customer behavior)
- 5) Would you say that Nordea acts faster today compared to previously in order to stay relevant to customers?

8.1.2. Overall outline for the second interview:

- 1) What is the future relationship bank?
- 2) What changes in the financial service market are you anticipating within 5 years and 10 years?
- 3) What will Nordea's main role be in this development?
- 4) What does Nordea see as its competitive advantage? What is it today? What will it be within 5 years and 10 years?
- 5) When looking at Nordea's business model, what potential threats do you see to sustaining defensibility?
- 6) How do your competitors work with customer satisfaction?
- 7) Focusing on your key attributes, such as becoming fast and agile, do you see any harm in losing your core strengths as a large financial institution?
- 8) When it comes to customer demand, how do you handle the uncertainty in terms of what customers will request in the future? How do you work to predict desires?
- 9) What is Nordea's view on in-house development of digital services versus external collaborations with fintechs?
- 10) Which actors, trends and markets are you looking at/benchmarking against?
- 11) Do you have any role models? (Countries, companies, divisions, industries, etc.
- 12) Have your concerns increased in terms of the threat of new entry from bigtechs?
- 13) What do you view as Nordea's role when additional bigtechs enter the market?
- 14) What are your competitive advantages compared to bigtechs?