COMPETING THROUGH INTERPRETATION

HOW FIRMS MAKE SENSE OF CUSTOMER SWITCHING BEHAVIOR IN THE SWEDISH DIGITAL FUND DISTRIBUTION MARKET

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Abstract:

This study examines how firms interpret customer behavior when the same observable patterns support multiple plausible explanations. Focusing on the Swedish digital fund distribution market, it addresses a central puzzle: despite transparent pricing, relatively homogeneous offerings, and low formal switching costs, customer switching remains limited and incumbent banks retain most private fund assets. The study combines ten interviews with representatives from five fund distributors with structured responses from 60 retail investors. The findings suggest that customer behavior does not provide a clear basis for strategic inference. Customers frequently emphasized price as important while reporting limited willingness to switch providers, indicating that the same behavior may reflect price sensitivity, inertia, trust, familiarity, and low engagement. Firms operating under highly similar market conditions nevertheless developed fundamentally different interpretations of what drives customer decisions, leading to distinct strategic priorities and competitive positionings. The study contributes to research on customer switching behavior and managerial cognition by showing that observable customer behavior constitutes ambiguous signals requiring interpretation before they can guide strategic action. The findings suggest that firms compete not only by responding to customer behavior, but also by reinforcing different competitive logics over time.

Keywords:

Customer switching behavior, managerial cognition, sensemaking, strategic interpretation, financial services, behavioral finance

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Writing this thesis has been both intellectually demanding and deeply rewarding. What began as a question about why customers do not switch providers evolved into a broader exploration of how firms interpret ambiguous market signals and construct the logic of competition itself. We are grateful to have had the opportunity to pursue this project.

Yours sincerely,

Nathan & Tilda
Stockholm, 11 May 2026

1. Introduction

1.1 Background

Fund investing is deeply embedded in Swedish household finance. In 2024, Swedish retail investors collectively held approximately SEK 2.6 trillion in privately managed fund savings, excluding pension assets. Despite the rapid emergence of lower-cost digital investment platforms, nearly 85 percent of these assets remained distributed through legacy banks with comparatively higher fee structures (Finansinspektionen, 2025).

At first glance, this outcome appears difficult to reconcile with the structure of the market itself. The Swedish digital fund distribution market is characterized by relatively homogeneous offerings and high transparency. Customers can generally access the same funds across competing platforms, compare prices relatively easily, and transfer assets without direct switching costs (Stigler, 1961; Klemperer, 1995). Under such conditions, standard economic reasoning would predict substantial customer mobility and strong competitive pressure toward lower-cost providers (Klemperer, 1995; Pick & Eisend, 2014). Yet switching remains limited, and market shares continue to shift only gradually despite the increasing availability of cheaper digital alternatives (Finansinspektionen, 2025).

The puzzle, however, is not simply that customers fail to switch providers more frequently. More fundamentally, it is unclear what customer behavior actually reveals about why customers behave the way they do. Limited switching may indicate satisfaction and loyalty, but it may equally reflect switching costs (Burnham et al., 2003), inertia (Polites & Karahanna, 2012), status quo bias (Samuelson & Zeckhauser, 1988), perceived risk (Featherman & Pavlou, 2003), trust (Mayer et al., 1995; Gefen et al., 2003), habit (Ouellette & Wood, 1998), or limited engagement in financial decision-making (Kahneman, 2011).

This ambiguity becomes particularly visible when comparing observed behavior with how customers describe their own decisions. In this study, many respondents identify price as an important factor in platform choice while simultaneously reporting that they have never seriously considered switching providers. Stated preferences and observed behavior therefore fail to align in any straightforward way. Such discrepancies between stated preferences and observed behavior have long been documented in consumer research (Ajzen, 1991; Sheeran, 2002). If price is truly decisive, persistent inertia becomes difficult to explain. Yet if inertia dominates customer behavior, it becomes

equally unclear why price features so prominently in how customers describe their decisions.

For firms, the ambiguity in customer behavior creates a fundamental strategic problem. Firms do not directly observe underlying customer motivations. Instead, they rely on imperfect and indirect signals when constructing explanations of customer behavior (Daft & Weick, 1984; Weick, 1995). These signals include outcomes such as retention patterns, customer flows, switching behavior, and stated preferences, from which firms must infer what customers value and how competition should be approached. However, when the same behavioral patterns plausibly support multiple explanations simultaneously, customer behavior ceases to provide clear strategic guidance. Strategic decisions therefore depend not only on customer behavior itself, but on how firms interpret and assign meaning to that behavior (Walsh, 1995). Firms must first determine what customer behavior is believed to mean before they can decide how to compete.

Existing research offers numerous explanations for why customer switching may remain limited, including switching costs (Burnham et al., 2003; Pick & Eisend, 2014), behavioral biases (Kahneman & Tversky, 1979; Samuelson & Zeckhauser, 1988), trust (Mayer et al., 1995; Gefen et al., 2003), and perceived risk (Dowling & Staelin, 1994; Featherman & Pavlou, 2003). While these perspectives explain potential drivers of customer behavior, considerably less attention has been devoted to how firms interpret such behavior when multiple explanations remain simultaneously plausible (Daft & Weick, 1984; Walsh, 1995; Weick, 1995). As a result, firms may face substantial uncertainty not because customer-related information is absent, but because its strategic meaning remains fundamentally indeterminate.

1.2 Problem Discussion

The ambiguity surrounding customer behavior creates a significant challenge for strategic decision-making. Firms must continuously make decisions regarding pricing, positioning, communication, platform design, and customer engagement based on assumptions about what customers value and what drives their behavior (Gavetti, 2005; Kaplan, 2008). Yet the available customer-related signals may remain internally inconsistent and open to competing interpretations.

The ambiguity in customer-related signals creates a fundamental strategic tension, as the same observed market behavior may support entirely different strategic conclusions (Daft & Weick, 1984; Weick, 1995). Limited switching, for example, may be interpreted as evidence that customers primarily prioritize trust, familiarity, and convenience over price

(Gefen et al., 2003; Mayer et al., 1995). The same behavior may also be interpreted as latent price sensitivity suppressed by inertia, status quo bias, or limited customer engagement (Samuelson & Zeckhauser, 1988; Polites & Karahanna, 2012). These interpretations imply fundamentally different competitive strategies, yet observable customer behavior alone may not resolve which interpretation is more accurate.

The problem is therefore not simply that customer behavior is complex. Rather, it is that customer behavior may not transparently reveal the motivations firms seek to understand. Firms do not compete based solely on objective market conditions or directly observable customer preferences. Instead, strategic action is shaped by how managers interpret and assign meaning to market signals (Daft & Weick, 1984; Walsh, 1995; Weick, 1995). Strategic priorities consequently depend not only on customer behavior itself, but on how firms selectively interpret and prioritize customer-related signals (Ocasio, 1997; Walsh, 1995).

This ambiguity is strategically consequential because firms allocate resources, design customer experiences, determine pricing structures, and position themselves competitively based on assumptions about what customers value (Gavetti, 2005; Kaplan, 2008). When customer behavior supports multiple plausible explanations simultaneously, firms risk emphasizing competitive dimensions that customers do not actually prioritize while overlooking others that may be more important.

Interpreting competition as interpretation-dependent carries broader implications for market competition. When firms act on their interpretations through pricing structures, communication strategies, platform interfaces, and customer interaction practices, they reinforce particular assumptions regarding what matters in competition (Kaplan, 2008; Kaplan & Orlikowski, 2013). Certain competitive dimensions may therefore become dominant not necessarily because they fully explain customer behavior, but because they become repeatedly reproduced through firm behavior and competitive interaction.

Despite the strategic importance of these interpretive processes, existing research has largely examined customer behavior and managerial interpretation as separate phenomena. Research on customer switching behavior has identified a broad range of mechanisms that may influence retention and switching decisions, including switching costs, trust, inertia, and perceived risk (Burnham et al., 2003; Pick & Eisend, 2014; Polites & Karahanna, 2012). At the same time, research on managerial cognition and sensemaking has demonstrated that firms do not respond directly to external environments, but construct interpretations of them (Daft & Weick, 1984; Walsh, 1995; Weick, 1995). However, considerably less attention has been devoted to how firms

interpret customer behavior specifically when observable outcomes remain consistent with multiple competing explanations simultaneously. This raises an unresolved question regarding how firms determine which interpretation of customer behavior should guide strategic action when customer motivations cannot be directly inferred from observed market outcomes.

Addressing this question is important because firms routinely make strategic decisions based on interpretations of customer behavior, despite uncertainty regarding which interpretation most accurately reflects underlying customer motivations.

The Swedish digital fund distribution market provides a particularly suitable context for examining this problem. The combination of product homogeneity, low formal switching barriers, high transparency, and persistent customer inertia creates conditions in which customer behavior becomes especially difficult to interpret, as observable outcomes may remain consistent with multiple competing explanations of customer decision-making (Burnham et al., 2003; Pick & Eisend, 2014). The market therefore provides a setting in which firms must make strategic decisions despite customer behavior remaining persistently open to competing interpretations.

1.3 Purpose and Research Question

Customer behavior is commonly treated as a source of strategic insight. Firms routinely analyze retention patterns, switching behavior, and customer preferences to infer what customers value and how competition should be approached (Gavetti, 2005; Kaplan, 2008). However, observable customer behavior does not necessarily reveal the underlying motivations firms seek to understand. When the same behavioral patterns remain consistent with multiple plausible explanations, customer-related signals become open to interpretation rather than straightforward indicators of customer preferences.

The purpose of this study is therefore to examine how firms construct strategic interpretations of customer behavior under conditions of interpretive ambiguity. Focusing on the Swedish digital fund distribution market, the study explores how firms make sense of customer-related signals, how competing interpretations of customer behavior emerge and are prioritized, and how these interpretations shape strategic decision-making.

The research question thus is:

> *How do firms construct strategic interpretations of customer behavior when observable market behavior supports multiple plausible explanations?*

By examining how firms construct strategic interpretations under conditions of ambiguity, the study contributes by explaining how firms construct strategic interpretations when customer behavior remains compatible with multiple competing explanations.

1.4 Delimitations

The study is confined to the Swedish retail fund distribution market and does not seek to generalize directly to other national markets or financial product categories. Fully automated investment services and mandatory pension structures are excluded, as these contexts constrain customer choice through design rather than through the behavioral and psychological mechanisms that are the focus of this study. The objective is to generate theoretical insight into how firms interpret customer behavior under conditions of ambiguity rather than to predict customer behavior or establish statistically representative patterns.

1.5 Disposition of the Thesis

Chapter 2 reviews the literature on customer switching behavior and managerial interpretation and develops the research gap motivating the study. Chapter 3 presents the conceptual framework used to analyze how firms construct interpretations of customer behavior. Chapter 4 outlines the research design and analytical approach. Chapter 5 presents the empirical findings. Chapter 6 analyzes these findings through the theoretical framework, while Chapter 7 discusses the study's contributions, implications, and avenues for future research.

2. Literature Review

2.1 Customer Switching Behavior

Research on customer switching behavior examines why individuals choose to remain with or change service providers. Across this literature, switching decisions are typically understood in relation to how customers evaluate available alternatives and the factors that influence these evaluations. Existing research identifies a broad set of mechanisms, which can be grouped into economic, behavioral, and context-specific perspectives.

2.1.1 Economic Perspectives

Economic perspectives on switching behavior are grounded in the assumption that customers act as rational decision-makers seeking to maximize utility. Within this framework, individuals evaluate whether to switch by comparing the expected benefits of alternative providers with the costs associated with leaving the current one (Burnham et al., 2003; Jones et al., 2000; Klemperer, 1995; Pick & Eisend, 2014; Stigler, 1961). Switching is therefore expected to occur when perceived gains exceed these costs. This perspective assumes that observed customer behavior reflects underlying preferences relatively transparently. Consequently, retention is often interpreted as evidence that the perceived costs of switching outweigh the expected benefits of alternative providers.

A central concept in this literature is switching costs, defined as the costs incurred when changing from one provider to another (Burnham et al., 2003; Pick & Eisend, 2014). These are commonly categorized into financial, procedural, and relational components.

Financial switching costs capture direct monetary expenses, such as transaction fees, penalties, or the loss of accumulated financial benefits. Procedural switching costs refer to the time, effort, and uncertainty involved in identifying alternatives and completing the switching process, including search, evaluation, and administrative steps. Relational switching costs reflect the value associated with the existing provider relationship, including familiarity, accumulated experience, and other forms of attachment that may be forfeited when switching (Burnham et al., 2003; Pick & Eisend, 2014).

Within economic models, switching behavior is thus understood as the outcome of a cost - benefit comparison between these switching costs and the expected advantages of alternative options (Klemperer, 1995; Pick & Eisend, 2014). However, subsequent research has suggested that such evaluations are not always carried out in a fully rational or systematic manner (Kahneman & Tversky, 1979).

While economic perspectives provide a structured explanation of switching behavior, they rely heavily on assumptions of rational evaluation and relatively stable preferences. Such models risk oversimplifying decision-making processes by assuming that customers systematically compare costs and benefits across alternatives. In practice, customers may lack the information, motivation, or cognitive capacity required for such evaluations, particularly in complex financial contexts. As a result, economic explanations alone may provide only a partial account of switching behavior. Moreover, even when switching does not occur, observable customer behavior provides limited insight into whether customers remain because of switching costs, satisfaction, trust, or other factors. The

relationship between observed behavior and underlying motivation therefore remains difficult to establish conclusively.

2.1.2 Behavioral Perspectives

Behavioral perspectives extend beyond the assumptions of rational choice by emphasizing the role of cognitive biases and psychological constraints in decision-making. Rather than consistently engaging in systematic cost - benefit evaluations, individuals are understood to rely on heuristics and simplified decision processes (Kahneman, 2011; Kahneman & Tversky, 1979; Thaler, 1980; Tversky & Kahneman, 1974).

A central mechanism is status quo bias, defined as the tendency to prefer the current state over change (Kahneman et al., 1991; Samuelson & Zeckhauser, 1988). Even when alternatives offer potential benefits, individuals may remain with their existing provider because maintaining the current situation requires less effort and deliberation.

Closely related is loss aversion, whereby potential losses are weighted more heavily than equivalent gains (Kahneman & Tversky, 1979). In switching contexts, this implies that perceived disadvantages or risks associated with changing providers may outweigh expected improvements, reducing the likelihood of switching.

Cognitive overload further constrains decision-making by limiting individuals' ability to process complex information. Evaluating alternatives may require comparing multiple attributes, understanding pricing structures, and assessing long-term implications. When faced with such complexity, individuals may simplify decision-making or avoid it altogether (Chernev et al., 2015; Iyengar & Lepper, 2000).

Together, these mechanisms contribute to inertia, understood as the tendency to remain with a current provider despite the availability of alternatives (Polites & Karahanna, 2012). In this sense, switching behavior may reflect not only the relative attractiveness of alternatives, but also the cognitive and psychological conditions under which decisions are made. In financial contexts, these mechanisms are often further reinforced by additional factors. From a behavioral perspective, low switching rates may therefore reflect cognitive constraints rather than stable customer preferences. Observable retention can consequently be interpreted as evidence of status quo bias, loss aversion, cognitive overload, or other psychological mechanisms.

Although behavioral perspectives broaden the understanding of switching behavior, the literature identifies a large number of overlapping cognitive mechanisms that may

influence decisions simultaneously. This makes it difficult to determine which mechanisms are most decisive in specific contexts or how they interact in practice. In addition, many behavioral explanations focus on individual cognition while giving less attention to how firms interpret or respond to such behavior. Furthermore, while behavioral perspectives explain why customers may fail to act on economic incentives, they provide limited guidance regarding how firms determine which psychological mechanisms are actually driving observed behavior. Similar behavioral outcomes may plausibly be attributed to several mechanisms simultaneously, creating uncertainty regarding how customer behavior should be interpreted.

2.1.3 Context-Specific Factors in Financial Services

In financial service contexts, additional factors have been identified as influencing customer decisions to remain with or switch providers. These include trust, perceived risk, habit, and familiarity, which are closely linked to the characteristics of financial products and the conditions under which they are evaluated (Clemes et al., 2007; Colgate & Hedge, 2001; Gerrard & Cunningham, 2004; Kaur et al., 2012). Unlike economic and behavioral perspectives, these explanations emphasize characteristics of financial service contexts that may influence customer decisions independently of direct economic incentives or cognitive biases.

Trust functions as a mechanism for reducing uncertainty in situations where outcomes are not fully predictable. Given the complexity and long-term nature of financial decisions, customers often rely on trust in a provider's competence, reliability, and integrity, shaped by prior experience, institutional reputation, and brand recognition (Gefen et al., 2003; Mayer et al., 1995).

Perceived risk refers to the potential negative consequences associated with a decision, such as financial loss, administrative errors, or reduced control over investments. Even when objective differences between providers are limited, perceived risk may influence how alternatives are evaluated and reduce the likelihood of switching (Dowling & Staelin, 1994; Featherman & Pavlou, 2003).

Habit reflects behavior that is repeated over time and becomes relatively automatic. In financial services, continued use of a provider may be reinforced through established routines, such as recurring investments or familiarity with platform interfaces, reducing the need for active reconsideration (Ouellette & Wood, 1998; Polites & Karahanna, 2012).

Familiarity is closely related to both trust and habit and refers to accumulated experience with a provider or platform. Familiarity may simplify decision-making by reducing perceived complexity and uncertainty, as known systems and processes require less effort to navigate than unfamiliar alternatives (Alba & Hutchinson, 1987).

These context-specific factors provide additional insight into financial service decisions, but the boundaries between them are often unclear. Concepts such as trust, familiarity, and habit may overlap conceptually and reinforce one another, making it difficult to isolate their individual effects. Furthermore, because many of these factors are subjective and difficult to observe directly, firms may struggle to infer their relative importance from customer behavior alone. Similar patterns of retention may reflect trust, habit, familiarity, perceived risk, or combinations of these factors, making it difficult to determine which explanations are most relevant in a given context.

2.1.4 Synthesis

Prior research identifies a broad range of factors that may influence customer switching behavior, including switching costs, trust, inertia, perceived risk, and habit. Taken together, these perspectives demonstrate that switching behavior can be explained through multiple theoretical lenses. Economic perspectives emphasize cost-benefit evaluations, behavioral perspectives highlight cognitive constraints, and financial service research points to factors such as trust, familiarity, and perceived risk.

However, these perspectives do not always lead to the same interpretation of observed customer behavior. Limited switching, for example, may be explained by switching costs, cognitive inertia, trust, perceived risk, or some combination of these factors. Observable behavior therefore does not necessarily reveal which mechanism is most influential in practice.

This creates an important inferential challenge. While existing research offers multiple plausible explanations for why customers stay with or switch providers (Burnham et al., 2003; Pick & Eisend, 2014; Polites & Karahanna, 2012), it provides limited guidance on how firms determine which explanation to rely upon when the same behavioral outcome supports competing interpretations.

The issue for firms is therefore not simply a lack of customer information, but uncertainty regarding what customer behavior actually signifies. Customer behavior may thus be understood as an ambiguous signal that requires interpretation before it can inform strategic action. The following section therefore turns to literature on managerial

cognition and sensemaking to examine how firms construct such interpretations under conditions of uncertainty.

2.2 Firm Decision-Making and Interpretation

While research on customer switching behavior identifies multiple possible drivers of customer decisions, these drivers often create interpretive ambiguity for firms. Similar patterns of retention or switching may therefore reflect different underlying mechanisms, making customer behavior difficult to interpret. A separate stream of literature examines how firms interpret external signals and construct explanations of market behavior. From this perspective, firms do not act on observed behavior alone, but on interpretations of what that behavior indicates (Walsh, 1995). As a result, firms must form explanations based on indirect and incomplete information.

Strategy is therefore shaped not only by external market conditions, but by how those conditions are interpreted within the organization. This interpretive layer becomes particularly relevant in contexts where observable differences in customer behavior are difficult to attribute to specific causes (Daft & Weick, 1984).

2.2.1 Managerial Sensemaking

Managers operate under conditions of limited information and bounded rationality (Gavetti, 2005; March & Simon, 1958; Simon, 1955), requiring them to rely on cognitive processes to interpret external signals and construct explanations of market dynamics.

Managerial cognition refers to the processes through which decision-makers interpret information, identify patterns, and form assumptions about their environment (Prahalad & Bettis, 1986; Walsh, 1995). These processes shape how relationships between actions and outcomes are understood, including assumptions about what may influence customer decisions.

Sensemaking describes how such interpretations are developed and refined over time (Weick, 1995). Through internal discussions, performance metrics, competitive comparisons, and customer feedback, organizations construct shared understandings of their environment (Kaplan, 2008; Weick, 1995). These interpretations provide direction for decision-making while representing simplified accounts of more complex underlying conditions (Barr et al., 1992). Taken together, managerial cognition and sensemaking perspectives suggest that firms do not respond directly to market conditions, but to interpretations of those conditions.

2.2.2 Mental Models and Selective Attention

Over time, interpretations may become more stable and take the form of mental models, understood as relatively persistent representations of how the market functions (Eggers & Kaplan, 2013; Prahalad & Bettis, 1986; Tripsas & Gavetti, 2000; Walsh, 1995). These models shape how new information is interpreted, what is considered relevant, and how cause-and-effect relationships are understood.

Selective attention plays a central role in this process (Ocasio, 1997, 2011; Vuori & Huy, 2016), shaping which signals are incorporated into managerial interpretations. According to the attention-based view of the firm, organizational action depends on the issues and answers to which decision-makers allocate their attention (Ocasio, 1997). Managers are more likely to focus on information that is measurable, salient, or closely linked to organizational performance, such as pricing, customer acquisition, or growth metrics (Kaplan & Orlikowski, 2013). At the same time, other aspects of customer behavior, particularly those that are less visible or more difficult to quantify, may receive less systematic attention.

As a result, firms exposed to similar external conditions may construct different understandings of the market, depending on which signals are emphasized and how they are interpreted (Eggers & Kaplan, 2013). This implies that differences in strategic responses may emerge not only from differences in available information, but from differences in how information is attended to and interpreted.

2.2.3 Bounded Rationality and Interpretive Constraints

Managerial interpretation is further shaped by bounded rationality (Bingham & Eisenhardt, 2011; Gavetti, 2005; March & Simon, 1958; Simon, 1955), which limits the extent to which decision-makers can process and evaluate all available information. Interpretations therefore involve simplification, prioritization, and the exclusion of alternative explanations.

Organizational context also influences how interpretation unfolds. Prior experiences, existing strategic orientations, and internal communication patterns shape how information is processed and how meaning is constructed (Gavetti & Levinthal, 2000; Kaplan & Orlikowski, 2013; Levinthal & March, 1993). Over time, these factors may reinforce certain ways of understanding the market, while alternative interpretations receive less attention.

Interpretation is thus not only a cognitive process, but one that is shaped by organizational context and constraints (Gavetti et al., 2007, 2012). As a result, managerial interpretations are likely to reflect both informational constraints and organizational influences.

2.2.4 Strategy as Interpretation-Based Action

Interpretations of the market are consequential because they inform strategic action (Eggers & Kaplan, 2013; Gavetti, 2005; Kaplan, 2008). Firms allocate resources, design offerings, and communicate with customers based on their understanding of what is relevant in the environment.

Strategic priorities are therefore linked to how firms interpret the factors that may influence customer decisions. When certain aspects of the market are emphasized, these are more likely to be reflected in the firm's strategic focus.

In this sense, strategy can be understood not only as a response to observable conditions, but as an outcome of how those conditions are interpreted within the organization. This perspective implies that differences in strategic responses may arise not only from differences in external conditions, but from how those conditions are understood and prioritized within firms (Kaplan, 2008). Taken together, these perspectives suggest that strategic action is shaped not only by external market conditions, but by the interpretations through which those conditions are understood.

Although research on managerial cognition and sensemaking provides substantial insight into how firms interpret external environments, considerably less attention has been devoted to how firms interpret customer behavior specifically. Existing studies often examine interpretation at a general strategic level, while providing limited insight into how managers make sense of customer-related signals when multiple explanations appear plausible simultaneously. Consequently, the relationship between customer behavior, managerial interpretation, and strategic action remains insufficiently understood, particularly in contexts where observable customer behavior supports multiple plausible explanations simultaneously.

2.3 Research Gap

Prior research has generated substantial insight into both customer switching behavior and firm decision-making, yet these streams of literature have largely developed independently. Research on customer switching behavior identifies a broad range of factors that may influence customer decisions, including switching costs, trust, inertia,

and perceived risk (Burnham et al., 2003; Pick & Eisend, 2014). At the same time, research on managerial cognition and sensemaking emphasizes that firms do not respond directly to external conditions, but rather construct interpretations of their environment through cognitive and organizational processes (Daft & Weick, 1984; Walsh, 1995; Weick, 1995).

Taken together, these perspectives suggest that customer behavior may be difficult to interpret. Observable outcomes such as retention and switching can often be explained through multiple theoretical lenses, making it challenging to determine which underlying mechanisms are most influential in practice. Firms must nevertheless develop actionable understandings of customer behavior despite uncertainty regarding what that behavior actually signifies.

While existing research provides numerous explanations for why customers stay with or switch providers, considerably less attention has been devoted to how firms interpret customer behavior when the same observed patterns support competing explanations of underlying customer motivations. This omission is important because strategic decisions are based not only on observed customer behavior, but on managerial interpretations of what that behavior is believed to indicate. Consequently, the process through which customer behavior is translated into strategic action remains insufficiently understood.

This study addresses this gap by examining how firms interpret customer-related signals and how these interpretations shape strategic priorities and competitive responses under conditions of interpretive ambiguity. By connecting research on customer switching behavior with literature on managerial cognition and sensemaking, the study provides empirical insight into how firms construct actionable understandings of customer behavior and translate those understandings into strategic action.

3. Theory

Building on the preceding literature, this study develops a conceptual framework for analyzing how firms interpret customer information and translate such interpretations into strategic action. While prior research identifies multiple possible drivers of customer switching behavior, these drivers are not directly observable from behavioral outcomes alone. At the same time, literature on managerial cognition and sensemaking suggests that firms rely on interpretive processes to construct understandings of their external environment (Walsh, 1995; Weick, 1995).

The framework integrates insights from two previously separate streams of literature. Research on customer switching behavior explains why customers remain with or change providers through mechanisms such as switching costs, trust, inertia, and perceived risk (Burnham et al., 2003; Pick & Eisend, 2014). Research on managerial cognition and sensemaking, by contrast, explains how organizations interpret ambiguous information and construct understandings of their environments (Daft & Weick, 1984; Walsh, 1995; Weick, 1995). By combining these perspectives, the framework explains how ambiguous customer behavior becomes translated into strategic action. In doing so, it addresses the research gap identified in Chapter 2, namely how firms construct strategic interpretations when observable customer behavior supports competing explanations of underlying customer motivations. Rather than explaining customer switching behavior itself, the framework is designed to explain how firms construct actionable understandings of customer behavior under conditions of interpretive ambiguity.

To connect these perspectives, this study conceptualizes firm behavior as an interpretive process through which observable customer signals are assigned meaning and incorporated into strategic decision-making. Rather than treating customer behavior as self-explanatory, the framework approaches behavioral outcomes as informational inputs whose significance must be interpreted within organizational contexts.

The framework introduces four analytical dimensions that structure this process: interpretive ambiguity, signal salience, interpretive framing, and strategic translation. Together, these dimensions provide an analytical lens for examining how firms form actionable understandings of customer behavior under conditions of uncertainty and incomplete information.

3.1 Interpretive Ambiguity

Interpretive ambiguity refers to situations in which available information supports multiple plausible interpretations and therefore does not reveal a single self-evident meaning (Daft & Weick, 1984; Weick, 1995; Kaplan, 2008). This study conceptualizes customer behavior as characterized by interpretive ambiguity because observable behavioral outcomes may support multiple plausible explanations simultaneously. Outcomes such as customer retention, switching rates, acquisition patterns, or engagement levels provide indications of how customers behave, but do not necessarily reveal the underlying drivers of such behavior directly.

For example, similar behavioral patterns may potentially be associated with different mechanisms identified in prior literature, including switching costs, trust, habit, inertia,

or perceived risk (Burnham et al., 2003; Pick & Eisend, 2014). Observable customer behavior may therefore be open to multiple interpretations rather than corresponding to a single identifiable explanation.

This understanding is consistent with sensemaking research, which suggests that organizational actors rarely respond directly to objective reality but instead construct interpretations of ambiguous environmental signals (Daft & Weick, 1984; Weick, 1995). Customer behavior therefore does not provide firms with direct knowledge of underlying motivations, but rather constitutes information that requires interpretation before it can inform strategic action.

The concept of interpretive ambiguity is analytically relevant because it highlights the uncertainty firms face when attempting to infer underlying drivers from observable customer outcomes. Instead of assuming a direct relationship between behavior and motivation, the framework treats customer information as requiring interpretation in order to become strategically meaningful.

3.2 Signal Salience

Under conditions of interpretive ambiguity, firms are exposed to multiple forms of information that may vary in perceived relevance and importance. The framework therefore introduces signal salience, referring to the extent to which particular customer signals become prioritized within organizational attention processes.

The concept draws on the attention-based view of the firm, which argues that organizational behavior is shaped not by all available information, but by the subset of issues and signals that receive managerial attention (Ocasio, 1997, 2011). Because firms face cognitive and informational constraints, some customer-related signals become more visible and strategically important than others.

Customer signals may include quantitative indicators such as retention levels, switching frequency, customer acquisition, or engagement metrics, as well as qualitative inputs such as customer feedback, interactions, or complaints. However, the framework does not assume that all available signals receive equal attention within firms.

Drawing on literature on selective attention (Ocasio, 1997, 2011), signal salience directs analytical attention toward which forms of information become emphasized, monitored, or treated as strategically relevant within organizations. This allows the analysis to examine how firms may prioritize certain signals while assigning less significance to others.

Signal salience is therefore not treated as an objective property of customer information itself, but as a consequence of organizational attention processes that determine which signals become strategically meaningful (Ocasio, 1997; Kaplan & Orlikowski, 2013).

The concept is analytically important because it structures attention toward how firms define which aspects of customer behavior become meaningful for strategic interpretation.

3.3 Interpretive Framing

Once particular signals become salient, firms must assign meaning to what those signals indicate. This study conceptualizes this process as interpretive framing, referring to how firms construct explanations regarding observed customer behavior.

Interpretive framing is closely related to research on managerial cognition and mental models, which suggests that managers rely on existing assumptions and cognitive schemas when making sense of complex environments (Prahalad & Bettis, 1986; Walsh, 1995; Gavetti, 2005).

Interpretive framing involves the development of organizational understandings linking observable customer outcomes to potential underlying drivers. Through managerial cognition and organizational sensemaking processes, firms form interpretations of market developments and customer behavior that may guide strategic decision-making (Kaplan, 2008; Weick, 1995).

The framework does not assume that interpretations emerge directly from observable data alone. Rather, interpretive framing draws attention to how organizational contexts, prior assumptions, strategic orientations, and available information may shape how customer signals are understood.

Different firms may therefore construct different explanations of the same customer behavior, not because they observe different realities, but because they interpret available signals through different cognitive and organizational frames (Eggers & Kaplan, 2013; Tripsas & Gavetti, 2000).

The concept is analytically useful because it enables examination not only of which signals firms attend to, but also how those signals are interpreted and assigned strategic meaning.

3.4 Strategic Translation

Consistent with cognition-based views of strategy, the framework conceptualizes strategic action as emerging from managerial interpretations rather than directly from environmental conditions (Gavetti, 2005; Kaplan, 2008; Eggers & Kaplan, 2013). This process is referred to as strategic translation.

Strategic translation captures how interpretations of customer behavior may become reflected in organizational priorities, strategic initiatives, and decision-making processes. Such responses may involve areas including product development, customer retention efforts, communication strategies, pricing structures, or resource allocation.

This perspective follows prior research suggesting that strategy is not simply a reaction to market conditions, but an outcome of how organizational actors understand and prioritize those conditions (Daft & Weick, 1984; Gavetti, 2005; Kaplan, 2008).

Rather than conceptualizing strategy as a direct response to observable customer behavior, the framework approaches strategic action as shaped by how firms understand and interpret customer information. The analytical focus therefore shifts from customer behavior itself to the organizational processes through which behavioral signals become translated into strategic considerations.

The concept of strategic translation is analytically relevant because it enables examination of how firms connect interpretations of customer behavior to concrete forms of strategic action.

3.5 Conceptual Framework

Taken together, the framework proposes that customer behavior does not possess self-evident strategic meaning. Instead, firms must interpret ambiguous customer signals, selectively attend to particular forms of information, construct explanations regarding what those signals indicate, and translate these interpretations into strategic action. The framework therefore integrates insights from customer switching research and managerial cognition research to explain how observable customer behavior becomes strategically meaningful.

Based on the above, this study conceptualizes firm behavior as an interpretive process consisting of four interconnected analytical dimensions:

Analytical Dimension	Definition
Interpretive ambiguity	Observable customer behavior does not contain self-evident strategic meaning and therefore requires interpretation.
Signal salience	Certain customer signals become prioritized as strategically relevant within organizational attention processes.
Interpretive framing	Firms assign meaning to observable customer behavior by constructing explanations of what such behavior may indicate.
Strategic translation	Interpretations of customer signals become incorporated into strategic priorities and organizational action.

Table 1. Analytical dimensions of the conceptual framework

Together, these dimensions provide a conceptual framework for examining how firms form actionable understandings of customer behavior under conditions of uncertainty and incomplete information. The framework serves as the analytical foundation for the empirical analysis by guiding attention toward how firms interpret, prioritize, and act upon customer signals, and serves as a sensitizing device rather than a tested model.

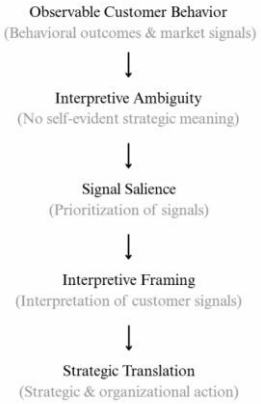


Figure 1. Conceptual framework from interpretive ambiguity to strategic translation

4. Method

4.1 Research Philosophy, Approach, and Design

This study is grounded in an interpretive qualitative research tradition, as the research question concerns how firms assign meaning to ambiguous customer behavior rather than how objectively measurable switching determinants affect customer mobility. In line with interpretive research, the study assumes that strategic understanding is constructed through managerial interpretations, organizational assumptions, and interaction with market signals (Bell et al., 2019; Weick, 1995). The aim is therefore not to measure the

statistical prevalence of switching barriers, but to understand how actors make sense of such barriers and translate them into strategic reasoning.

The study adopts a critical realist orientation in the sense that customer behavior and market structures are assumed to exist independently of individual interpretations, while their strategic meaning is understood as mediated through managerial sensemaking (Bhaskar, 1978; Sayer, 2000). This position is appropriate for the study because observable switching patterns are treated as real market outcomes, but not as self-explanatory indicators of underlying customer motivations. The analysis therefore focuses on how firms construct actionable interpretations of customer behavior under conditions where market signals remain open to multiple plausible explanations.

To examine how firms interpret customer switching behavior and how such interpretations shape strategic action, the study employs a qualitative multiple-case study design. A case study design is appropriate when the research question addresses a contemporary phenomenon in its real-life context and when the boundaries between the phenomenon and its context are not clearly separable (Yin, 1994; Bell et al., 2019). This is particularly relevant here, as firms' interpretations of customer behavior cannot be meaningfully separated from the competitive, institutional, and market-specific conditions in which they operate.

The study further follows an abductive analytical logic, moving iteratively between theory and empirical material. Existing literature on customer switching behavior, managerial cognition, and sensemaking informed the initial conceptual framework, while the empirical material was used to refine how these concepts were applied in the analysis. This abductive approach is suitable when the objective is to develop theoretically informed explanations of empirically observed patterns rather than to test predefined hypotheses (Dubois & Gadde, 2002; Gioia et al., 2013).

The design is embedded across two empirical levels, allowing the study to analytically distinguish between customer-articulated market signals and firm-level interpretations of those signals. This distinction is central to the study's objective of examining not only how customers describe switching barriers, but also how firms construct strategic meaning from such signals (Yin, 1994; Bell et al., 2019).

- **Customer level:** structured qualitative customer responses are used to identify how retail investors articulate and prioritize perceived switching barriers.

- **Firm level:** semi-structured interviews with firm representatives are used to examine how organizations interpret customer behavior and translate these interpretations into strategic priorities.

Customer accounts are incorporated as indicative market signals rather than as statistically representative evidence of the broader investor population. Their function is to capture how switching barriers are perceived and articulated by retail investors, thereby providing an empirical basis for examining how firms interpret such signals. The analytical emphasis of the study therefore remains at the firm level, while the customer material provides contextual grounding for the interpretive problem investigated (Patton, 2002; Bell et al., 2019).

Taken together, the qualitative multiple-case design, abductive logic, and embedded empirical structure are aligned with the study's research question. Since the study seeks to explain how firms interpret ambiguous customer behavior rather than to estimate the frequency or causal strength of switching determinants, the design prioritizes contextual depth, analytical comparison, and theoretical interpretation over statistical generalization. The objective is therefore analytical generalization, whereby insights from the cases are used to develop and refine theoretical understanding rather than to make population-level claims (Yin, 1994; Lincoln & Guba, 1985).

4.2 Case Selection

4.2.1 Market Framework

The study is confined to the Swedish retail fund distribution market. All included cases operate within the same institutional and regulatory context, including the Swedish UCITS framework, identical tax treatment of investment accounts such as ISK and capital insurance, and comparable investor protection standards. The market provides a relevant setting for studying managerial interpretation because underlying financial products are largely homogeneous and formal switching costs are relatively low. Under such conditions, economic theory predicts high customer mobility and strong price competition. However, switching remains limited and incumbents retain substantial market share, creating a disconnect between predicted and observed behavior.

The market was selected because it constitutes a theoretically relevant setting in which the phenomenon under investigation is particularly visible. Case study research emphasizes the importance of selecting contexts where the focal phenomenon can be observed clearly and where theoretical constructs are likely to be manifested in practice

(Yin, 1994; Patton, 2002). The Swedish digital fund distribution market provides such a setting, as the coexistence of low formal switching costs and persistent customer inertia creates conditions under which interpretive ambiguity becomes especially salient.

Retail investors retain discretionary choice between platforms and may transfer capital between providers. While such transfers are typically free of direct charges, they are often administratively time-consuming, with processing periods commonly extending over several weeks. This implies that switching is not formally restricted, but may still be limited by perceived or indirect barriers.

Although platforms differ in pricing structures, service integration, in-house offerings, and technical design, the core asset classes and a substantial share of widely held Swedish and international funds are accessible across multiple providers. The market is therefore characterized by significant product overlap combined with selective differentiation.

Fully automated robo-advisors and mandatory pension systems are excluded, as these contexts reduce or structure customer choice through automated allocation, default settings, or regulatory design. This delimitation allows switching resistance to be examined primarily as a function of perceived economic, procedural, and psychological factors rather than externally imposed constraints on choice.

4.2.2 Case Framework

A case is defined as a digital fund distribution organization operating in the Swedish retail investment market. Consistent with case study methodology, the organization constitutes the primary unit of analysis through which the phenomenon of interest is examined (Yin, 1994; Bell et al., 2019).

The analytical focus lies on how decision-making actors within each organization interpret customer behavior and construct explanations for switching and inertia. Rather than evaluating firm performance outcomes, the study examines how firms frame, prioritize, and make sense of different market signals when forming strategic responses.

Each case thus captures the organization as a sensemaking entity operating within a shared competitive environment. Defining the organization as the unit of analysis allows systematic comparison of how firms exposed to similar market conditions construct different interpretations of customer behavior and competition.

4.2.3 Case Selection Rationale

Five cases were selected using purposive sampling to ensure meaningful variation in strategic positioning within the defined market. In qualitative research, purposive sampling is appropriate when cases are selected for their ability to provide rich insight into the phenomenon under investigation rather than statistical representativeness (Patton, 2002; Bell et al., 2019). The objective was therefore not statistical representation, but analytical contrast. Cases were strategically selected to reflect distinct competitive logics within the same institutional and regulatory setting, allowing comparison of how managerial interpretations vary under different strategic conditions.

The objective was depth of comparison rather than breadth of coverage, making a limited number of strategically selected cases appropriate for the study's interpretive and comparative purpose (Patton, 2002; Bell et al., 2019).

At the explicit request of certain participating organizations, the cases are anonymized. Individually, the cases each reflect a distinct competitive orientation:

Case	Strategic Positioning	Core Competitive Logic
Case A	Price Disruptor	Competes primarily through systematically reduced fund fees and pricing transparency
Case B	Niche Platform	Targets informed investors through advanced analytical tools, market data, and specialized functionality
Case C	Relationship-Based Legacy Bank	Emphasizes long-term advisory relationships and locally anchored customer interactions
Case D	Universal Legacy Bank	Embeds investment services within a broad financial offering including payments, lending, and savings
Case E	Digital Incumbent	Combines broad product access, strong brand trust, and advanced digital functionality

Table 2. Overview of selected cases and competitive orientations

The sampling strategy therefore follows a replication logic, whereby each case contributes a distinct perspective on the interpretive processes under investigation while remaining comparable due to the shared market context (Yin, 1994; Bell et al., 2019). This enables analytical comparison of how similar market signals may be interpreted differently across organizations.

The selected cases therefore provide an opportunity to explore how differing strategic contexts shape organizational interpretations of the same underlying market phenomenon, thereby supporting theory-informed comparison across cases.

4.3 Data Collection

Data collection was structured around the study's conceptual framework, in which external reality, managerial interpretation, and strategic response are analytically separated. The core constructs were translated into predefined categories derived from

theory, while open-ended questions allowed respondents to introduce additional interpretations not anticipated in advance.

The data collection strategy was designed to align with the study's interpretive and abductive research approach, in which empirical material serves not only as evidence of observed phenomena but also as a basis for understanding how actors construct meaning around those phenomena (Bell et al., 2019; Gioia et al., 2013).

Rather than seeking to measure objective switching behavior, data collection was designed to capture how market conditions are perceived and articulated by customers, and how these perceptions are interpreted within firms. Limitations related to sampling bias and demographic concentration are acknowledged and discussed in Section 4.5.

4.3.1 Customer Interviews

Customer data were collected through a structured qualitative questionnaire combining theoretically derived response options with open-ended items. The instrument followed a survey-like structure while incorporating qualitative elements and is therefore best understood as a survey-interview hybrid. Such a design is appropriate when the objective is to capture both structured patterns and respondents' own interpretations of a phenomenon, allowing comparability across participants while retaining openness to unexpected insights (Bell et al., 2019). The purpose was to identify which factors investors perceived as relevant when deciding whether to stay with or switch fund platforms, and how these factors were prioritized.

The instrument was administered to 60 retail investors currently using digital fund platforms. Respondents included individuals who had considered or undertaken switching, as well as those who had not, enabling the study to capture both active evaluation and inertia.

Participants were recruited through convenience sampling via personal networks, professional contacts, LinkedIn, and on-site recruitment at universities. Convenience sampling was considered appropriate given the exploratory purpose of the study and the objective of obtaining information-rich responses rather than statistical representativeness (Patton, 2002; Bell et al., 2019). While this limited statistical representativeness, the sampling strategy was consistent with the study's exploratory and interpretive purpose.

The sample provided variation between respondents who had never considered switching and those who had considered or undertaken switching. Its bimodal age distribution, with 20 respondents under 25 and 31 respondents aged 51 or older, further enabled contrast

between less experienced and more established investors. The instrument consisted of three components: respondents identified relevant factors based on predefined categories, ranked the five most important factors, and elaborated on their reasoning in open-ended responses. The open-ended responses were included to allow respondents to express interpretations and considerations that could not be fully anticipated through predefined categories, thereby complementing the structured elements of the instrument.

The purpose of the customer data is not to establish objective measures of behavior or generate statistically generalizable findings. Instead, the material serves as an empirical representation of how investors perceive and articulate switching barriers. Consistent with the study's interpretive orientation, these accounts are treated as meaningful expressions of experienced market conditions rather than direct observations of objective reality (Bell et al., 2019; Weick, 1995).

4.3.2 Firm Interviews

Firm-level data was collected through ten semi-structured qualitative interviews across five fund distributors:

Company	Anonymous ID	Position in bank	Organizational Level	Date	Duration
The Price Disruptor	Participant 1	Customer Experience Associate	Operational Level	2nd of February, 2026	40 minutes
The Price Disruptor	Participant 2	Director of Strategic Development	Managerial Level	18th of February, 2026	50 minutes
The Niche Platform	Participant 3	Client Service Specialist	Operational Level	2nd of March, 2026	40 minutes
The Relationship-Based Legacy Bank	Participant 4	Strategic Office Manager	Managerial Level	25th of March, 2026	35 minutes
The Relationship-Based Legacy Bank	Participant 5	Customer Service Advisor	Operational Level	25th of March, 2026	30 minutes
The Niche Platform	Participant 6	Client Relationship Manager	Managerial Level	31st of March, 2026	35 minutes
The Universal Legacy Bank	Participant 7	Customer Support Associate	Operational Level	2nd of April, 2026	50 minutes
The Universal Legacy Bank	Participant 8	Senior Service Scientist & Strategy Lead	Managerial Level	6th of April, 2026	50 minutes
The Digital Incumbent	Participant 9	Head of Fund Management	Managerial Level	6th of April, 2026	45 minutes
The Digital Incumbent	Participant 10	Client Relations Specialist	Operational Level	19th of April, 2026	30 minutes

Table 3. Overview of firm interview respondents

Semi-structured interviews were selected because they provide a balance between consistency and flexibility. While a common interview guide ensures that comparable themes are explored across respondents, the format also allows participants to elaborate on issues they perceive as important and enables the researcher to probe emerging interpretations in greater depth (Kvale & Brinkmann, 2009; Bell et al., 2019).

Interviews were conducted with respondents occupying both strategically oriented and operationally customer-facing roles, including strategy, customer relations, advisory services, and investment-related functions. Including respondents from different

organizational functions enabled the study to capture a broader range of interpretive perspectives and reduced the risk that findings would reflect only a single organizational viewpoint.

Interviewees were recruited through direct contact, mutual introductions, and, in some cases, press channels. This recruitment approach reflects purposive sampling, whereby respondents are selected based on their expected ability to provide insight into the phenomenon under investigation rather than to represent a broader population (Patton, 2002; Bell et al., 2019). Interviews lasted between 30 and 60 minutes, were audio-recorded, and transcribed in full.

The interview guide focused on how firms interpret customer decision processes, how they distinguish between new and switching customers, which factors they perceive as most influential, and how these interpretations inform strategic prioritization. Particular emphasis was placed on how managers make sense of customer inertia, especially in situations where economically beneficial alternatives are available but switching does not occur.

Rather than eliciting objective explanations of customer behavior, the interviews were designed to capture how managers construct and justify their understanding of the market, and how these interpretations guide strategic reasoning. This is consistent with qualitative interview research, which treats respondents' accounts as meaningful interpretations of social reality rather than as direct representations of objective conditions (Kvale & Brinkmann, 2009; Bell et al., 2019).

4.4 Data Analysis

Data collection and analysis were conducted iteratively, allowing clarification of emerging themes while maintaining a consistent theoretical structure. The analytical categories were initially derived from the conceptual framework and served as the primary coding structure throughout the analysis.

The analysis followed an abductive thematic approach, combining theoretically derived analytical categories with openness to patterns emerging from the empirical material. Such an approach is particularly appropriate when existing theory informs the analysis while empirical observations are simultaneously used to refine theoretical understanding (Dubois & Gadde, 2002; Gioia et al., 2013; Braun & Clarke, 2006).

All interviews were audio-recorded with consent and transcribed verbatim in the language of discussion. Transcripts were read in full prior to formal coding to identify recurring

explanations, patterns in reasoning, and variations in how customer behavior was interpreted.

The coding process combined deductive and inductive elements. Initial categories were derived from the conceptual framework and reflected the key theoretical constructs identified in the literature review, allowing empirical observations to be analyzed in direct relation to existing research on switching behavior, managerial interpretation, and customer inertia. At the same time, additional themes were incorporated when the empirical material revealed patterns not fully captured by the predefined structure. This approach enabled analytical consistency while maintaining sensitivity to unexpected findings (Braun & Clarke, 2006; Gioia et al., 2013).

Customer responses were first reviewed holistically and then organized according to predefined categories derived from theory, including factors related to trust, cost, ease of use, service and support, reputation, and platform functionality. Multiple-choice responses were used to establish the relative emphasis of different factors, while open-ended responses were coded into the same, or where necessary expanded, categories to capture how these factors were articulated in respondents' own terms.

To assess the relative emphasis of different factors, a weighted scoring procedure was applied to ranked responses. Each rank position was assigned a numerical weight (Rank 1 = 5 points to Rank 5 = 1 point), and scores were aggregated across all responses within each category. In parallel, top-ranked mentions and total mentions were recorded as complementary indicators of prominence and frequency. The weighting is used only to facilitate comparison across factors across respondents and should be understood as indicative rather than as a measure of exact differences in importance.

Firm interview transcripts were analyzed using the same categories to enable systematic comparison with customer-reported signals, while preserving the contextual meaning of each account. The analytical process follows four steps:

1. Customer-reported factors are treated as market signals
2. Signals are categorized based on theory
3. Relative emphasis across factors is identified
4. Results are compared with firm-level interpretations

Applying a common coding structure across customer and firm data facilitated systematic comparison between externally articulated market signals and organizational

interpretations of those signals, while preserving the contextual meaning of individual accounts.

4.5 Research Quality

In qualitative research, quality is commonly assessed through the criteria of credibility, transferability, confirmability, and dependability, which together constitute the concept of trustworthiness (Lincoln & Guba, 1985; Bell et al., 2019). These criteria are used here to evaluate the robustness and transparency of the research process.

Credibility concerns the extent to which the findings provide a plausible representation of the phenomenon under investigation (Lincoln & Guba, 1985). Several measures were taken to strengthen credibility. Firm interviews were audio-recorded, transcribed verbatim, and shared with interviewees for confirmation prior to analysis. This respondent validation process helped reduce the risk of factual inaccuracies and strengthened the credibility of the empirical material (Lincoln & Guba, 1985). Furthermore, customer and firm data were analyzed through a common analytical framework, allowing comparison across data sources and strengthening interpretive consistency.

Transferability concerns the extent to which findings may be relevant beyond the specific empirical setting studied (Lincoln & Guba, 1985). The study does not seek statistical generalization. Instead, transferability is supported through detailed description of the market context, case selection rationale, and analytical procedures, enabling readers to assess the relevance of the findings in other settings.

Confirmability concerns the extent to which findings can be traced to the empirical material rather than solely to researcher preferences or assumptions (Lincoln & Guba, 1985). To support confirmability, coding procedures were documented, interview guides were applied consistently, and openness to themes emerging beyond the predefined analytical categories was maintained throughout the analysis. Furthermore, the use of verbatim transcripts and the preservation of an audit trail documenting coding decisions enhanced transparency and allowed analytical conclusions to be traced back to the underlying empirical material.

Dependability concerns the consistency and transparency of the research process over time (Lincoln & Guba, 1985). This was supported through the use of standardized data collection procedures, consistent interview guides, explicit coding rules, and detailed documentation of methodological decisions throughout the project. In addition, analytical

decisions, category revisions, and coding procedures were documented throughout the research process, creating a transparent record of how interpretations were developed over time. This documentation enhanced the consistency and traceability of the analytical process.

Reflexivity concerns how researchers' backgrounds, assumptions, and prior experiences may influence both data collection and interpretation (Bell et al., 2019). As business students with a strong interest in investing and familiarity with the Swedish fund market and several of the firms studied, we approached the research with particular awareness of factors such as pricing structures, platform functionality, and switching frictions. This background influenced both the formulation of interview questions and our initial interpretation of the empirical material.

This orientation also carried a risk of overemphasizing economically rational explanations of switching behavior, potentially underrepresenting more implicit factors such as habit, trust, or perceived complexity. To mitigate this risk, respondents were encouraged to introduce their own explanations through open-ended questions, and the analysis remained open to patterns that did not align with our initial expectations.

Despite these measures, several limitations remain. Customer respondents were recruited through convenience sampling and are likely to be more digitally active and financially engaged than the broader population of retail investors. Furthermore, both customer and managerial data consist of self-reported accounts, which may involve retrospective rationalization, selective recall, or organizational positioning. The study therefore examines how switching behavior is perceived and interpreted rather than verified behavioral outcomes. The findings should consequently be understood as interpretive explanations of customer inertia and switching rather than causal evidence of objectively observed behavior.

4.6 Ethical Considerations and GDPR

The study was conducted in accordance with established principles of research ethics, including informed consent, confidentiality, voluntary participation, and responsible handling of personal data (Bell et al., 2019).

All firm interviews were conducted with informed consent. Participants were informed about the purpose of the study, the voluntary nature of participation, and their right to decline specific questions or withdraw at any time. Interviews were audio-recorded only after explicit approval and transcribed verbatim for analytical purposes.

All firms are anonymized in the study, and interviewees are not identifiable by name or title beyond broad functional descriptions. Quotations were selected and presented in a way that avoids revealing commercially sensitive information or attributing potentially sensitive statements to specific individuals or organizations.

Customer responses were collected anonymously and without recording directly identifying personal data. Participation was voluntary, and responses are presented only in aggregated and anonymized form.

Both customer and managerial responses represent subjective accounts and may be influenced by retrospective rationalization, organizational narratives, or reputational considerations. These characteristics were treated as part of the interpretive nature of the empirical material and were considered in the analysis.

All data were stored securely and accessed only by the research team. Audio files, transcripts, and questionnaire responses were handled in accordance with GDPR requirements and will be deleted after completion and examination of the thesis.

Overall, the ethical risks associated with the study were assessed as limited. Particular care was taken to preserve confidentiality and minimize the risk of harm to individual participants and participating organizations. At the same time, both customer responses and managerial interviews reflect subjective accounts shaped by personal experiences, organizational roles, and strategic considerations. Ethical responsibility therefore involved not only protecting confidentiality and complying with GDPR, but also representing participants' perspectives fairly and avoiding interpretations that could overstate individual views or expose participants or firms to unnecessary reputational risk.

5. Empirical findings

This chapter presents findings from customer responses, firm interviews, and publicly available material. Section 5.1 presents customer-identified switching barriers, Section 5.2 describes how firms interpret customer behavior, and Section 5.3 outlines observable firm positioning and strategic responses. The findings are presented descriptively, while comparative analysis is developed in Chapter 6.

5.1 Customer-Identified Switching Barriers

Customer responses revealed a combination of economic, behavioral, and relational factors influencing platform retention and switching considerations. Importantly, respondents frequently expressed awareness of lower-cost alternatives while simultaneously reporting limited willingness to switch providers. Table 4 summarizes the relative emphasis of the identified switching barriers.

Switching Barrier	Weighted Score	%	Ranked Most Important	%	Total Mentions	%
Ease of Use	187	20.8%	16	27%	51	17%
Cost	155	17.2%	16	27%	44	15%
Trust	149	16.6%	16	27%	38	13%
Advice	41	4.6%	2	3%	15	5%
Reputation & Brand	38	4.2%	1	2%	13	4%
Social Influence	31	3.4%	0	0%	13	4%
Behavioral Factors	27	3%	1	2%	10	3%
Transparency	25	2.8%	1	2%	11	4%
Inertia	18	2.0%	0	0%	8	3%
Performance & Returns	16	1.8%	1	2%	7	2%
External Triggers	13	1.4%	1	2%	5	2%
Service & Support	12	1.3%	1	2%	4	1%
Tools & Features	12	1.3%	0	0%	5	2%
Convenience (All-in-One)	9	1%	0	0%	3	1%
Platform Quality	8	0.9%	0	0%	3	1%
Product Offering	8	0.9%	0	0%	4	1%
Sustainability	7	0.8%	0	0%	3	1%
Local Preference	3	0.3%	0	0%	2	1%

Table 4. Relative emphasis of customer-identified switching barriers based on ranked survey responses.[1]

5.1.1 Trust and Security

Trust emerged as one of the most consistently prioritized factors. Respondents frequently associated trust with platform size, familiarity, and widespread usage, often describing large providers as "default choices" that reduced the need for active evaluation.

> "I like that they are the largest and that's so many people use them. It feels like the default choice which gives me confidence that I'm making a good decision and that I don't need to spend time

[1] Note: Weighted scores reflect aggregated rankings across respondents. "Ranked Most Important" reports the number of respondents identifying the factor as their primary ranked barrier, while "Total Mentions" reflects the overall frequency with which the factor appeared across ranked responses.

analyzing whether they are actually the best option since that evaluation feels as if it has already been done by others."

5.1.2 Inertia, Complexity, and Cognitive Effort

Inertia appeared frequently across responses. Although 45 of 60 respondents identified lower fees as important, 38 respondents reported never having considered switching providers. Familiarity, comfort, and perceived effort were repeatedly described as reasons for remaining with existing platforms.

"These were recommended to me and I feel it's too much of a hazzle to change and I don't think I'm losing out too much."

"It's easiest because I already have that bank."

Complexity primarily appeared in relation to evaluating alternatives rather than switching itself. Fourteen respondents described investing as complicated, while several associated platform comparison with time and cognitive effort.

"I suspect there would be some hurdles associated with switching and that it would be time consuming."

5.1.3 Price Sensitivity and Ease of Use

Cost emerged as one of the most prominent factors across ranked survey responses. In a separate open-ended question asking respondents what mattered most when choosing a platform, 45 of 60 respondents also referred to lower fees and pricing considerations. Cost considerations appeared particularly among respondents who had considered or undertaken switching. At the same time, ease of use received the highest weighted score overall, indicating that simplicity and low-effort interaction were prioritized alongside pricing considerations.

"I am overall considering if any other platform offers better value (lower fees etc.)."

"Even if I'm not a pro about this I would like to find a better deal."

5.1.4 Synthesis

Overall, customer responses reflected a combination of price awareness, behavioral inertia, trust, and perceived complexity. While lower fees were widely recognized as important, most respondents had never seriously considered switching providers, indicating a tension between stated preferences and observed behavior. Notably,

widespread awareness of lower-cost alternatives coexisted with limited switching consideration, despite low formal switching barriers.

5.2 Firm Understanding

Although firms operated under highly similar market conditions and were asked to interpret the same underlying customer behavior - namely why customers remain with existing providers despite low formal switching costs and the availability of cheaper alternatives - they described customer decisions in fundamentally different ways. While some firms interpreted customer behavior primarily through price sensitivity and rational evaluation, others emphasized trust, relationships, convenience, or customer engagement. Table 5 summarizes the dominant interpretations across the five cases.

Firm	Primary interpretation	Key switching barriers	View of customers	Dominant competitive logic
The Price Disruptor	Customers are fundamentally price-sensitive, but fail to act due to behavioral and structural frictions	Inertia, familiarity, transfer complexity, trust in incumbents	Rational but passive; switching increases with financial awareness	Compete through lower fees and price transparency
The Niche Platform	Customer behavior depends on investor experience and perceived overall value	Transfer friction, trust, uncertainty, complexity	Financially engaged and evaluation-driven investors	Compete through expertise, analytical tools, and specialized offerings
The Digital Incumbent	Customer responsiveness depends on financial engagement and activation	Low engagement, limited motivation to compare alternatives	Active and self-directed investors	Compete through functionality, engagement, and continuous platform development
The Relationship-Based Legacy Bank	Customer decisions are relationship-driven rather than price-driven	Trust, continuity, integrated services, advisory dependence	Institutionally anchored and relationship-oriented customers	Compete through trust, advisory relationships, and stability
The Universal Legacy Bank	Customer behavior varies across engagement levels and customer segments	Habit, convenience, perceived risk, trust	Segmented customer base with varying financial engagement	Compete through integrated financial services, simplicity, and trust

Table 5. Firm interpretations of customer behavior and competitive logic

The Price Disruptor interpreted customer behavior primarily through pricing differences, viewing the market as fundamentally price-sensitive. Representatives argued that customers recognize lower fees as economically beneficial, but that switching is constrained by inertia, familiarity, and administrative friction. Customers were described as remaining with existing providers due to perceived effort, uncertainty, and trust in established platforms.

> "Switching customers, on the other hand, usually require harder, more tangible factors [lower fees] to make a move [...] Competitors historically had very high margins, and we challenged that."
>
> - The Price Disruptor

The Niche Platform described customer behavior as dependent on investor experience and financial engagement. Representatives distinguished between inexperienced investors, who were assumed to rely on familiarity and recommendations, and more

experienced investors, who actively evaluate platforms based on overall value. Switching was described as driven by functionality, expertise, trust, and analytical depth rather than price alone, while transfer complexity and uncertainty were viewed as important barriers to switching.

> "When someone switches, they have likely sat down and evaluated their decision carefully - asking themselves why they should switch, to whom, and what is best."
>
> "It is difficult to compete purely on price, as that can easily become a race to the bottom."
>
> - The Niche Platform

The Digital Incumbent interpreted customer behavior primarily through the concept of engagement. Representatives argued that customers who enter the platform market are already more financially active and self-directed than the broader population of retail savers. Limited switching was not interpreted as evidence of strong structural lock-in, but rather as a consequence of low customer activation and limited motivation to evaluate alternatives continuously. Platform functionality and continuous feature development were emphasized as central competitive dimensions.

> "If someone actively chooses to open an account with a bank like this, then they have already taken the first step and are aware. Then they can manage on their own."
>
> "The functionality of the platform - scalability - being fast and secure - easy login - a platform that does not go down - and a broad, strong product offering. Yeah, scalability."
>
> - The Digital Incumbent

The Relationship-Based Legacy Bank described customer behavior as relationship-driven rather than primarily price-sensitive. Representatives argued that customers typically remain within established banking relationships and prioritize continuity, trust, and advisory access over platform-specific features or lower fees. Platform functionality was viewed as a basic requirement rather than a source of differentiation, while integrated financial services and long-standing customer relationships were described as important factors limiting switching behavior.

> "Relationships, definitely - having someone to talk to. You may not even need help but simply knowing that there is someone to speak with about taxes, future inheritance, and similar matters."
>
> "The platform is not the most important thing - relationships, for example, really compensate for that."
>
> "The convenience and security of knowing that your money is held at a major bank."
>
> - The Relationship Legacy Bank

The Universal Legacy Bank interpreted customer behavior as varying across different customer segments. Representatives distinguished between less engaged customers, who were described as prioritizing trust, convenience, and simplicity, and more engaged investors, who were viewed as more responsive to differences in pricing and functionality. Switching behavior was described as constrained by habit, perceived risk, and the convenience of managing multiple financial services within a single provider, particularly among less active customer groups.

> "People are very comfortable with just keeping on doing what they've always been doing. So unless something is clearly wrong, there is a benefit in not changing."
>
> "These customers will not have motivation to switch because it's too much for them. You don't want to have the headache."
>
> "Rationality in economics is a minority - it is highly emotional."
>
> - The Universal Legacy Bank

5.3 Firm Responses

Publicly observable firm behavior further reflected the different interpretations described in Section 5.2. Although firms operated within the same market and responded to the same underlying customer behavior, they translated their understandings into markedly different strategic positionings. These differences appeared in pricing communication, platform design, product emphasis, and overall market positioning. While some firms foregrounded pricing transparency and simplicity, others emphasized expertise, platform functionality, advisory relationships, or integrated financial services. Table 6 summarizes the dominant observable characteristics across the five cases.

Firm	Pricing emphasis	Platform / UX	Communication focus	Overall positioning
The Price Disruptor	Strong emphasis on low fees and transparency	Simple and streamlined interface	Cost savings and reduced fees	Cost-focused challenger
The Niche Platform	Price secondary to overall value proposition	Advanced analytical tools and fund data	Expertise, investment quality, and informed decision-making	Specialized platform for engaged investors
The Digital Incumbent	Competitive pricing but not central	Feature-rich and engagement-oriented platform	Active investing, control, and platform capabilities	Comprehensive digital investment platform
The Relationship-Based Legacy Bank	Pricing embedded at fund level rather than centrally emphasized	Integrated banking interface with basic investment functionality	Stability, recurring saving, and advisory-led investing	Relationship-driven savings provider
The Universal Legacy Bank	Limited pricing emphasis	Integrated financial ecosystem combining multiple services	Guidance, financial wellbeing, and long-term planning	Full-service financial provider

Table 6. Observable strategic positioning across firms [2]

Overall, the publicly observable positioning of the firms differed substantially despite highly similar market conditions and access to the same financial products. Firms that interpreted customer behavior primarily through pricing emphasized transparency and lower fees, while firms emphasizing trust, relationships, or engagement focused more on advisory services, platform capabilities, or integrated financial offerings. The observable differences in positioning therefore reflected broader differences in how firms understood customer behavior and competition in the market.

5.4 Comparison

Table 7 compares customer-ranked switching barriers with the top 5 barriers firms described as most strategically important. While customers broadly emphasized ease of use, cost, and trust, firms prioritized different factors depending on their interpretation of customer behavior and competitive positioning. The comparison illustrates that firms competing within the same market construct different understandings of what drives customer decisions.

Rank	Customer Responses	Price Disruptor	Niche Platform	Digital Incumbent	Universal Legacy Bank	Relationship Legacy Bank
1	Ease of Use	Cost	Cost	Platform Quality	Trust	Advice & Guidance
2	Cost	Trust	Product Offering	Product Offering	Ease of Use	Support
3	Trust	Inertia	Tools & Features	Easy of Use	All-in-One	Trust
4	Advice & Guidance	Behavioral Factors	Reputation & Brand	Cost	Advice & Guidance	All-in-One
5	Reputation & Brand	Social Influence	Inertia	Transparancy	Cost	Ease of Use

Table 7. Comparison between customer-ranked and firm-prioritized switching barriers

Most notably, ease of use emerged as the highest-ranked factor among customers but was not prioritized first by any firm. Instead, firms emphasized factors such as cost, trust, platform quality, advisory services, or product offering. The comparison therefore indicates that firms interpret customer behavior differently despite responding to highly similar market conditions. The comparison further illustrates that firms do not simply respond to customer preferences directly, but selectively interpret and prioritize different dimensions of customer behavior when constructing competitive strategies.

[2] Sources and explicit quotations have been omitted for confidentiality reasons in accordance with the study's case design. The figures are based on publicly available company reporting and have been reviewed and confirmed by the thesis supervisor.

5.5 Coexisting Stability and Market Mobility

Market-level data further reflected the ambiguity identified throughout the customer and firm interviews. The Swedish digital fund distribution market simultaneously exhibited high concentration among incumbent actors and ongoing customer mobility between platforms.

Approximately 85 percent of private fund savings remained distributed through legacy banks, indicating substantial market stability and limited large-scale switching behavior (Finansinspektionen, 2025). At the same time, digital actors continued reporting substantial inflows and customer acquisition. One digital challenger reported 171,000 new customers and net inflows of SEK 54 billion in 2025.[3] In total, brokers increased their share of private fund assets from 9 to 16 percent between 2020 and 2024 (Finansinspektionen, 2025).

Interview data further suggested that competitive flows primarily occurred between existing platforms rather than through broad market-wide switching from incumbent banks. A representative from The Niche Platform described "a significant portion of inflows" as originating from competing actors, while The Digital Incumbent emphasized that customer flows continuously moved "in both directions" between platforms.

6. Analysis

Observable market outcomes do not provide a clear or consistent picture of customer behavior, highlighting the view that organizational actors face interpretive ambiguity when environmental signals support multiple plausible readings (Daft & Weick, 1984; Weick, 1995). As shown in Chapter 5, the market is characterized by both persistent concentration and ongoing flows between platforms. While limited overall mobility suggests strong switching barriers, switching costs and inertia have similarly been shown to constrain customer mobility even when cheaper alternatives are available (Burnham et al., 2003; Polites & Karahanna, 2012). Observable movements of capital between providers indicate that at least some customers respond to differences in price or offering.

Interview data further suggests that these flows are, in several cases, described as originating from other platforms rather than from new market entrants. This indicates that

[3] Sources and explicit quotations have been omitted for confidentiality reasons in accordance with the study's case design. The figures are based on publicly available company reporting and have been reviewed and confirmed by the thesis supervisor.

growth among digital actors may reflect a reallocation of assets within an already active segment of investors, rather than a broad expansion of the investor base. As a result, overall mobility remains limited even as switching activity occurs within parts of the market. This tension is examined through the conceptual framework developed in Chapter 3, beginning with interpretive ambiguity at the customer level.

6.1 Customer-Level: An Ambiguous Market Reality

Observable customer behavior	Possible interpretation A	Possible interpretation B	Strategic implication
Customers remain with incumbents	Customers are behaviorally inert	Customers genuinely value trust and continuity	Compete on switching activation vs relational strength
Customers mention low fees	Customers are economically rational	Customers rationalize decisions post hoc	Emphasize pricing vs deprioritize pricing
Customers avoid switching	Switching barriers distort competition	Customers do not perceive sufficient value differences	Reduce friction vs increase differentiation
Customers use integrated banking services	Bundling creates lock-in	Customers value convenience and simplicity	Unbundle services vs deepen integration

Table 8. Observable customer behavior and competing strategic interpretations

A central pattern in the empirical material is not simply that customers behave inconsistently, but that the relationship between what customers say and what they do appears inconsistent. Such gaps between stated preferences and observed behavior have long been documented in consumer research (Ajzen, 1991; Sheeran, 2002). Across interviews and survey data, price is consistently articulated as the most important factor when choosing a financial service provider. At the level of stated preferences, the market presents itself as highly price-sensitive and, by implication, predictable: lower fees should trigger switching, as economic perspectives on switching would predict, given their assumption that customers compare costs and benefits relatively rationally (Klemperer, 1995; Pick & Eisend, 2014).

However, despite widespread awareness of price differences, switching remains limited. A substantial share of respondents report that they have never considered switching providers, even when explicitly acknowledging the availability of lower-cost alternatives. If price were a decisive driver, this inertia should not persist. Behavioral perspectives would instead point to status quo bias and the cognitive and procedural conditions under which decisions are made as the more likely explanation (Samuelson & Zeckhauser, 1988; Polites & Karahanna, 2012). Conversely, if inertia dominates behavior, price

should not be as central in how decisions are described. The two observations do not align.

Market signal	Empirical observation	Strategic implication if interpreted in isolation
Customers emphasize low fees	45 of 60 respondents identified fees as important	Market appears highly price-sensitive
Customers rarely consider switching	38 of 60 respondents reported never seriously considering switching providers	Market appears strongly inertia-driven
Digital platforms experience inflows	Digital actors continue attracting customers and assets	Switching behavior occurs and competition is active
Legacy banks retain approximately 85% of assets	Most private fund savings remain with incumbents	Overall switching remains limited
Customers recognize cheaper alternatives	Respondents demonstrate awareness of lower-cost providers	Information asymmetries appear limited
Customers still remain with incumbents	Awareness does not consistently translate into behavioral change	Economic optimization alone cannot explain behavior

Table 9. Contradictory signals in customer preferences and switching behavior

Such a tension is clearly visible in the survey data: lower fees were selected by 45 of 60 respondents, yet 38 respondents reported that they had never considered switching providers. This finding challenges the assumption that stated preferences can be used to infer underlying decision drivers. Rather than revealing what governs behavior, customer accounts appear to function as post-rationalizations, i.e. simplified narratives that make decisions understandable to the respondent and easier to justify to others. Price, in this sense, does not operate as a stable behavioral driver. Rather, it is the most available and socially acceptable explanation customers give for their decisions, which means that stated preferences cannot be read as direct evidence of what actually drives switching. Reliance on customer statements alone risks misreading the market, as such statements reflect incomplete interpretations rather than underlying drivers of staying or switching.

The implication is that the market does not present a coherent logic that firms can straightforwardly respond to. Instead, it simultaneously signals price sensitivity and behavioral inertia, without offering a clear indication of which dimension is decisive, and where multiple dimensions may interact rather than operate in isolation. This ambiguity is not the result of imperfect information or temporary noise. It is a structural feature of how the market is experienced and described. The same empirical reality supports conflicting interpretations, depending on whether one focuses on articulated preferences or observed behavior.

At the customer level, the market is therefore difficult to interpret consistently. Customer-articulated preferences and observed behavior do not fully align, and any attempt to derive a single underlying market logic from customer statements alone is unlikely to yield a single underlying market logic. Theoretically, this suggests that customer accounts should

not be treated as direct indicators of behavioral drivers, but as ambiguous signals that require managerial interpretation before they can inform strategic action. This interpretation is consistent with the concept of interpretive ambiguity developed in the conceptual framework (Section 3.1) and with sensemaking research arguing that organizations must construct meaning from ambiguous environmental signals rather than respond directly to objective reality (Daft & Weick, 1984; Weick, 1995).

6.2 Firm-Level: Constructing a Basis for Action

If the customer-level reality does not yield a clear basis for inference, a key issue is how firms construct actionable interpretations and translate them into strategic action despite this ambiguity.

Shared market observation	The Price Disruptor	The Niche Platform	The Digital Incumbent	Relationship Legacy Bank	Universal Legacy Bank
Customers rarely switch despite lower fees elsewhere	Inertia prevents rational switching	Customers perceive switching as operationally risky and cognitively demanding	Most customers are insufficiently engaged to evaluate alternatives continuously	Customers prioritize trust and continuity over fees	Less engaged customers value simplicity and integration over optimization
Customers frequently mention fees as important	Latent price sensitivity exists but is suppressed by inertia	Price matters primarily for experienced investors	Price matters mainly for active users already engaged in investing	Customers overstate the importance of price relative to actual behavior	Price sensitivity varies substantially across customer segments
Legacy banks retain most customer assets	Evidence of market inefficiency and behavioral lock-in	Established institutions benefit from familiarity and perceived safety	Most retail savers remain relatively inactive investors	Evidence that long-term relationships and trust remain central	Integrated banking relationships create convenience advantages
Long transfer times reduce switching activity	Artificial friction suppressing competition	Procedural uncertainty discourages switching	Administrative effort lowers customer activation	Necessary security and administrative process	Customers tolerate friction when broader banking needs are satisfied
Customers remain despite awareness of alternatives	Customers fail to act on economically rational incentives	Awareness alone is insufficient without confidence and expertise	Awareness does not translate into action without engagement	Familiarity and trust outweigh economic optimization	Different customer groups interpret value differently

Table 10. Divergent interpretations of shared market observations

The Price Disruptor is unequivocal in its view that price is the dominant driver, framing the market as one in which lower fees will inevitably lead to switching. The Relationship-Based Legacy Bank is equally convinced that price plays a secondary role, emphasizing trust, relationships, and perceived risk as the true determinants of behavior. These positions are not presented as hypotheses or partial perspectives, but as accurate representations of how the market "actually" functions.

Across the interviews, firms express strong confidence in their interpretations of how the market functions. The Price Disruptor interprets customers' repeated emphasis on lower fees as evidence of latent switching demand: “We offer the same funds as [the main competitor] at a lower price. In theory, all customers should move, but they do not." Rather than treating limited switching as evidence that price is unimportant, the firm interprets inertia, trust, and procedural frictions as temporary obstacles preventing customers from acting on perceived economic incentives. Customers are described as

remaining attached to familiarity and reluctant to move assets during long transfer processes. This reflects a view in which price is treated as the primary driver of customer behavior.

The Relationship-Based Legacy Bank, by contrast, interprets the same pattern differently. Its representatives describe customers as not primarily seeking platform features or lower fees, but rather valuing the presence of a trusted counterpart. "Relations, service, and security" are identified as the three core competitive dimensions, and platform quality is positioned as a baseline requirement rather than a differentiator: "the platform is more of a hygiene factor. It is not what matters most as relationships genuinely outweigh it". This reflects a view in which customer behavior is understood primarily in terms of trust and continuity.

Rather than resolving the contradiction identified in 6.1, firms tend to emphasize different parts of the same evidence. This reflects differences in signal salience (Section 3.2), whereby organizations selectively prioritize particular customer-related signals when constructing strategic interpretations (Ocasio, 1997, 2011). Challengers emphasize what customers say and discount what they do; incumbents emphasize what customers do and discount what they say. This selective emphasis is consistent with the attention-based view of the firm, according to which organizational action depends not on all available information, but on the subset of signals that decision-makers attend to (Ocasio, 1997, 2011). The comparison table in Section 5.4 illustrates this divergence clearly. Customers ranked ease of use as the most important factor overall, yet none of the firms ranked it first. At the same time, several firms treated cost as a primary driver, despite switching remaining limited in practice, evidenced by the large share of capital still under management with legacy banks. The same empirical reality therefore supports multiple, internally coherent but competing interpretations.

Firms construct a version of the market that renders their strategic choices sensible. This process corresponds to interpretive framing (Section 3.3), through which organizations assign meaning to customer signals and develop coherent explanations of market behavior, and with research describing strategy-making as a process of framing contests, in which managers construct interpretations that justify and sustain particular courses of action (Kaplan, 2008). Thus, it is not surprising that firms that interpret the market as price-driven invest in low-cost offerings and interfaces designed to highlight fee differences, while firms that interpret it as relationship-based invest in advisory capabilities and signals of trust and stability. This dynamic is visible in how firms describe switching barriers. A representative of the Niche Platform notes that transfer times,

commonly around two months, function as a structural deterrent: “If transferring funds could be done in one day, I believe many more customers would switch”. This suggests that barriers such as complexity, risk, and inertia are not only given conditions, but are partly shaped by how platforms are designed and managed.

The empirical material therefore points to a self-reinforcing loop: firms interpret an ambiguous market in line with their strategic orientation, act on that interpretation, and subsequently encounter behavioral patterns that are partly shaped by those actions, which are then taken as confirmation of the initial interpretation. This pattern resonates with sensemaking research describing interpretation as a retrospective and self-confirming process, in which actors enact environments that subsequently appear to validate the understanding that produced them (Weick, 1995).

Firm	Dominant interpretation of customer behavior	Signals prioritized	Strategic emphasis	Observable strategic response
Price Disruptor	Customers are price-sensitive but behaviorally inert	Fees, switching frictions, transfer barriers	Cost minimization and switching activation	Low-cost positioning, price transparency, simplified transfers
Niche Platform	Customers seek expertise, functionality, and analytical depth	Platform quality, expertise, investor sophistication	Specialized value creation	Advanced analytical tools and niche positioning
Digital Incumbent	Customers lack continuous engagement with investing	User activity, feature usage, platform interaction	Customer activation and usability	Ongoing product iteration and platform development
Relationship Legacy Bank	Customers prioritize trust, continuity, and advisory relationships	Relationship quality, trust, integrated services	Relational retention	Advisory emphasis and integrated banking services
Universal Legacy Bank	Customer priorities differ across segments	Segmentation patterns, convenience, risk sensitivity	Broad service integration	Multi-service banking ecosystem and segmented offering

Table 11. Interpretive logics and corresponding strategic responses

The Price Disruptor, for example, responds to perceived price sensitivity by emphasizing low fees, reducing switching friction, and increasing price transparency. These responses illustrate strategic translation (Section 3.4), whereby interpretations of customer behavior become reflected in concrete strategic priorities and organizational action. By contrast, the Relationship-Based Legacy Bank responds to perceived customer preference for continuity and integration by emphasizing advisory relationships, trust, and bundled financial services. In both cases, strategic action reinforces the behavioral patterns firms later observe and interpret.

The implication is that firm behavior cannot be understood as a response to a fixed external environment. Perception, action, and market outcomes co-evolve. What firms take to be "market conditions" are, to a significant extent, endogenous to their own prior interpretations and actions. This is consistent with the view that organizations do not simply respond to objective environments but actively construct and interpret the

environments they act within (Daft & Weick, 1984). The findings therefore suggest that firms do not merely respond to the market, but also contribute to shaping it.

6.3 Market-Level: Interdependent Sensemaking and the Construction of Market Logic

While prior research has acknowledged that firms interpret markets differently and that competitive dynamics are shaped by interaction between actors, less attention has been given to how firm-level interpretations of the same underlying customer reality become interconnected. The preceding analysis has shown that customer behavior does not provide a stable basis for inference (6.1), and that firms resolve this ambiguity by developing internally coherent but different interpretations (6.2). This raises the question of how these interpretations interact at the market level.

The empirical material suggests that interpretations do not remain confined within individual firms. Instead, they enter into a process of interdependent sensemaking, in which firms orient themselves not only toward customers, but also toward competitors actions and interpretations. In this process, competitors function not only as rivals, but also as reference points for how the market should be understood.

This extends Weick's (1995) account of sensemaking as a fundamentally social process, in which interpretations are constructed and validated through interaction, by showing that such interaction can take place between organizations as well as within them. Firms use competitor behavior as input when forming their own interpretations, meaning that market-level understanding reflects interaction between competing interpretations rather than independent sensemaking within firms.

The interview material provides clear evidence of this pattern. Firms describe tracking competitor behavior and adjusting their positioning accordingly. Even actors that do not compete on price define their offering in relation to it, thereby reinforcing price as a central reference point. In this sense, price is not only a response to customer preferences, but also a dimension that is reproduced through firm interaction.

Digital challengers such as Avanza have consistently framed competition around customer savings through messaging such as *"More money to you, less to the bank"* (Avanza Bank Holding AB, 2021), thereby presenting low fees as a central criterion for evaluating providers. Similar dynamics have been observed internationally, where Robinhood's commission-free model triggered an industry-wide shift toward zero-commission pricing in the U.S. brokerage market, pressuring established competitors

such as TD Ameritrade and E*TRADE to adopt similar pricing structures (MarketWatch, 2025). As one market observer noted, Robinhood effectively *"forced everybody's hand"* (Gottsegen, 2025). Together, these examples provide concrete evidence that strategic positioning can influence competitor behavior and alter which dimensions of competition become most salient over time, independent of any single observable change in customer preferences. This is consistent with the view that competitive dimensions become dominant not because they fully explain customer behavior, but because they are repeatedly reproduced through firm action and interaction (Kaplan & Orlikowski, 2013). This suggests that firms do not merely respond to pre-existing customer preferences, but may also reinforce and reproduce the competitive logics through which the market is understood.

At the same time, firms do not converge on a single interpretation of what price means. As suggested in 6.2, challengers interpret price sensitivity as latent demand for switching, while incumbents interpret limited switching as evidence that other factors dominate. These interpretations remain incompatible, but coexist within a shared frame in which price is treated as central.

The coexistence of incompatible interpretations within a shared frame helps explain why price becomes a dominant dimension of competition despite limited evidence that it consistently drives switching behavior. Its prominence reflects how firms repeatedly emphasize it in their communication and strategic positioning, rather than a direct mapping from customer behavior.

At the market level, this gives rise to what may be described as stabilized ambiguity: a condition in which multiple, conflicting interpretations persist without converging into a single dominant logic, while firms nevertheless coordinate around shared reference points. This builds on, but also qualifies, the assumption in sensemaking research that organizations seek plausible and actionable order out of ambiguous information (Weick, 1995): the findings suggest that order can stabilize around shared reference points even while the underlying interpretations of what those reference points mean remain unresolved. The market appears coherent not because ambiguity is resolved, but because actors rely on the same dimensions when interpreting and communicating competition.

Reliance on these shared dimensions also shapes how customer behavior is expressed. As price becomes a dominant frame in firm communication, it also becomes a common way for customers to describe their decisions, even when it does not consistently drive switching behavior. Price therefore appears more consistent in how firms and customers describe the market than in how switching behavior actually occurs.

6.4 Consequences: Self-Reinforcing and Self-Referential Market Logics

The preceding analysis suggests that the market cannot be understood as a system in which firms respond to stable and clearly defined customer preferences. Rather, firms act on interpretations of ambiguous customer behavior and, in doing so, help shape the patterns they subsequently observe.

First, interpretive processes become self-reinforcing, both within and across firms. Firms act on particular understandings of customer behavior and subsequently observe outcomes that appear to confirm them. A firm emphasizing price observes engagement with fee comparisons, while a firm emphasizing relationships observes customer retention. In both cases, observed outcomes reinforce the initial interpretation, even though they are partly shaped by prior strategic choices. Interpretations thus function not only as representations of the market, but as mechanisms that influence observed outcomes. This self-confirming quality aligns with sensemaking accounts in which interpretation and enactment of the environment are closely intertwined (Weick, 1995).

Second, switching barriers are not only constraints on competition but are partly endogenous to it. Firms influence the conditions under which switching occurs through strategic choices grounded in their interpretations of customer behavior. Investments in advisory relationships and integrated services can increase perceived switching costs and uncertainty, which can be understood as reinforcing the relational and procedural dimensions of switching costs identified by Burnham et al. (2003), while investments in pricing transparency and simplified processes can reduce them. Observed switching behavior therefore reflects not only customer preferences, but also how firms structure the switching environment.

Third, interpretive influence is uneven. Some actors play a disproportionate role in defining which dimensions of competition become central. Ocasio's (1997) attention-based view offers a useful lens here: because organizational and market-level attention is a scarce resource, actors who succeed in repeatedly directing it toward a particular issue, such as price, gain disproportionate influence over what counts as strategically relevant. In the empirical material, this is most visible in the prominence of price. Continuous emphasis on low fees and transparency, particularly by challenger firms, establishes price as a shared reference point. Even firms that do not compete on price position themselves in relation to it, thereby reinforcing its centrality.

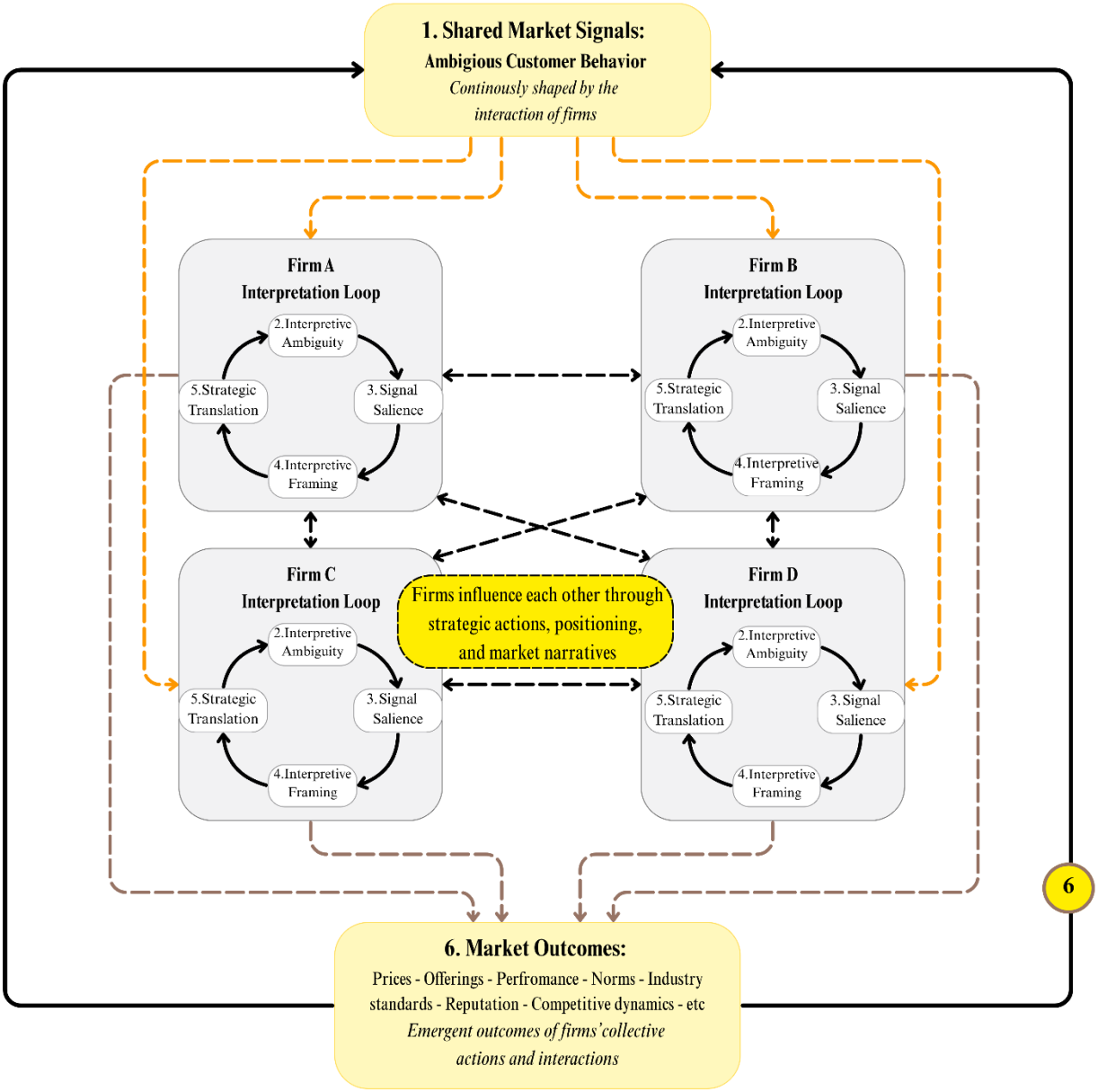
Fourth, firms and customers co-produce market logic. Firms highlight certain dimensions through their strategic positioning and communication, and customers adopt these when describing their decisions. As a result, customers consistently identify price as the most important factor, even when it does not consistently drive their behavior. Price thus becomes the dominant language of decision-making rather than its underlying mechanism. A similar disconnect between articulated reasons and actual behavior has been noted in research on intention-behavior gaps, where stated intentions are found to be an unreliable predictor of what people actually do (Sheeran, 2002).

Fifth, these dynamics create an appearance of a coherent and well-understood market. Firms express confidence in their interpretations because observed outcomes reflect the logic they have enacted. Such confidence is characteristic of mature mental models, which tend to generate a strong sense of explanatory adequacy even when they capture only part of a more ambiguous reality (Walsh, 1995). Agreement emerges at the level of how the market is described, even when underlying behavior remains inconsistent.

Finally, firms converge around a limited set of assumptions about what matters in competition, most notably price. This narrows the perceived competitive space, even though alternative interpretations remain possible. Such narrowing illustrates how mental models, once established, can persist and constrain which signals are subsequently treated as relevant (Tripsas & Gavetti, 2000). The gap between customer-reported barriers, such as ease of use, and firm prioritization indicates that relevant dimensions remain underexplored.

As such, customer behavior does not provide a reliable basis for strategic inference, as observed outcomes are partly shaped by the interpretations and actions they are used to justify. Taken together, these findings support the conceptual framework developed in Chapter 3, in which interpretive ambiguity, signal salience, interpretive framing, and strategic translation explain how ambiguous customer behavior becomes translated into strategic action. The findings are therefore consistent with cognition- and sensemaking-based perspectives arguing that firms act on interpreted rather than objectively given market realities (Daft & Weick, 1984; Weick, 1995; Kaplan, 2008).

Figure 2. Interdependent sensemaking and the construction of market logic



1 Ambiguous Signals
All firms observe the same customer behavior, which can support multiple plausible explanations.

2 Interpretive Ambiguity
The observed behavior does not reveal a single objective meaning, creating uncertainty about what customer actions actually indicate.

3 Signal Salience
Firms selectively attend to particular cues based on their strategic positions, organizational capabilities, and the actions and communicated messages of competing firms, which influence what appears most salient and strategically relevant.

4 Interpretive Framing
Firms construct coherent explanations of what the signals mean and why their interpretation represents the most strategically relevant understanding of customer behavior.

5 Strategic Translation
Firms translate interpretations into strategies and market actions, including positioning, pricing, communication, resource allocation, and service design.

6 Market Outcomes and Feedback
The combined actions of firms shape market outcomes - such as prices, offerings, standards, norms, switching experiences, and reputational dynamics - which become the ambiguous signals interpreted by all firms in the next cycle.

7. Discussion

7.1 Conclusion

This study examined how firms interpret customer behavior when observable market outcomes support multiple plausible explanations simultaneously. In the Swedish digital fund distribution market, customer behavior did not provide a clear basis for strategic inference. Customers emphasized price as important while displaying limited willingness to switch providers, suggesting that behavior reflected a combination of price awareness, inertia, trust, familiarity, and low engagement.

Despite operating under highly similar market conditions, firms developed fundamentally different understandings of what drives customer decisions. Some emphasized pricing and switching frictions, while others focused on trust, relationships, convenience, or customer engagement. These interpretations shaped strategic priorities and competitive positioning.

The findings suggest that firms do not compete solely by responding to objective market conditions. Instead, they interpret ambiguous customer signals and translate these interpretations into strategy. Competition is therefore shaped not only by customer behavior itself, but also by how firms collectively construct and reproduce what is perceived as strategically relevant. This conclusion is consistent with research on organizational sensemaking and managerial cognition, which argues that firms act on interpreted rather than objectively given environments (Daft & Weick, 1984; Walsh, 1995; Weick, 1995).

7.1.1 Answering the Research Question

The research question guiding this study asked: *How do firms construct strategic interpretations of customer behavior when observable market behavior supports multiple plausible explanations?*

When considered collectively, the findings indicate that firms interpret customer behavior through a recurring process in which ambiguous customer signals are selectively prioritized, framed into explanations, and translated into strategic action. Because the same behavior can support multiple plausible explanations, firms do not uncover one objective truth about what customers value. Instead, they construct interpretations that make the market understandable and actionable. These interpretations shape strategic decisions and, through firms' collective actions, help define the market outcomes that

become the signals interpreted in the next cycle. In this way, firms compete not only by responding to customer behavior, but by shaping the market logic through which that behavior is understood. This process reflects the four analytical dimensions of the conceptual framework - interpretive ambiguity, signal salience, interpretive framing, and strategic translation - and is consistent with sensemaking theory, which views organizational action as emerging from interpreted rather than objective environmental conditions (Daft & Weick, 1984; Weick, 1995).

7.2 Contributions

This study makes three theoretical and conceptual contributions to research on customer switching behavior, managerial cognition, and competition. While prior literature has generated substantial insight into both customer switching behavior and managerial interpretation, these perspectives have largely remained analytically separate. Research on switching behavior has primarily focused on why customers stay or switch providers, whereas research on managerial cognition has examined how firms interpret external environments more broadly. Considerably less attention has been devoted to how firms interpret customer behavior specifically when observable outcomes remain ambiguous and difficult to explain conclusively (Daft & Weick, 1984; Walsh, 1995; Weick, 1995). This study addresses this gap by integrating insights from customer switching research with research on managerial cognition and sensemaking.

First, the study contributes to research on customer switching behavior by demonstrating that observable customer behavior does not necessarily contain self-evident strategic meaning. Existing switching literature commonly explains retention and limited switching through concepts such as switching costs, trust, inertia, or perceived risk, often implicitly assuming that firms can infer underlying motivations from observable outcomes. The findings challenge this assumption by showing that the same behavioral patterns may simultaneously support multiple competing explanations. Customer behavior therefore constitutes ambiguous signals requiring interpretation before they can guide strategic action. Unlike much of the customer switching literature, which seeks to explain why customers stay or switch providers (Burnham et al., 2003; Pick & Eisend, 2014), the present study demonstrates that customer behavior only becomes strategically meaningful through managerial interpretation.

Second, the study contributes to research on managerial cognition and sensemaking by showing how firms construct actionable understandings of customer behavior under conditions of uncertainty and incomplete information. Despite operating under highly

similar market conditions, firms developed fundamentally different understandings of what drives customer decisions and how competition should be approached. Rather than responding directly to objective market conditions, firms selectively prioritized and framed customer-related signals in ways that rendered coherent strategic action possible. Whereas prior sensemaking research has primarily examined how organizations interpret broader environmental conditions (Daft & Weick, 1984; Walsh, 1995; Weick, 1995), the findings illustrate how these interpretive processes operate specifically in relation to customer behavior.

Third, the study contributes to understanding competition as partially interpretation-dependent. Firms emphasizing pricing, trust, convenience, or advisory relationships developed different strategic priorities and competitive logics despite observing largely similar customer behavior. The findings further suggest that strategic action may reinforce the very dimensions of competition firms interpret as important. Competition therefore emerged not only from underlying market conditions themselves, but also from how firms collectively interpreted and reproduced what was perceived as strategically relevant within the market. The observed pattern is consistent with research emphasizing that strategy both reflects and shapes organizational environments (Kaplan, 2008; Kaplan & Orlikowski, 2013), while demonstrating how competing interpretations of customer behavior contribute to the reproduction of market logics over time.

7.3 Broader Relevance

Although this study focuses on the Swedish digital fund distribution market, the findings are relevant for digital platform markets more generally. Many such markets are characterized by high transparency, low formal switching costs, substantial customer data availability, and relatively homogeneous offerings, while still exhibiting persistent customer inertia and limited switching behavior. Under these conditions, firms face not a lack of information, but uncertainty regarding what customer behavior actually signifies. Rather than information scarcity, decision-making is shaped by interpretive overload, where large amounts of customer data remain difficult to translate into clear strategic meaning.

The findings suggest that this interpretive ambiguity extends beyond financial services to other digital markets in which firms rely on behavioral data to infer customer preferences and competitive dynamics. Consistent with sensemaking theory (Daft & Weick, 1984; Weick, 1995), the result suggests that interpretive ambiguity may represent a broader characteristic of data-rich environments where behavioral information remains open to

multiple plausible interpretations. This may include contexts such as fintech, subscription-based services, and software platforms, where firms similarly rely on behavioral signals to infer customer preferences despite persistent customer inertia.

The study further indicates that competition in such markets depends not only on observable customer behavior itself, but also on how firms interpret, prioritize, and act upon ambiguous customer-related signals. In this sense, the findings point to the role of managerial interpretation as a central component of competition in data-rich environments where behavioral meaning remains uncertain. The findings therefore reinforce prior research arguing that competitive environments are enacted through managerial interpretation rather than responded to as objective realities (Daft & Weick, 1984; Walsh, 1995), while extending this perspective to contexts where customer behavior itself constitutes the primary source of strategic ambiguity.

7.4 Managerial Implications.

The findings of this study carry several implications for firms operating in markets characterized by ambiguous customer behavior and limited switching despite visible alternatives.

First, the study suggests that firms should exercise caution when inferring customer motivations directly from either stated preferences or observed behavior alone. Customers may articulate economically rational explanations while behaving in ways shaped by inertia, familiarity, trust, or low engagement. Overreliance on any single interpretation risks producing strategically narrow understandings of customer behavior and competition.

Second, the findings indicate that increased access to customer data does not necessarily reduce strategic uncertainty. Even highly visible behavioral patterns may remain open to competing interpretations. Firms therefore face not only analytical challenges related to collecting and processing customer information, but also interpretive challenges related to determining what customer behavior actually signifies. Collectively, the findings reinforce the viewthat managerial decision-making depends not only on information availability but also on how available information is interpreted (Daft & Weick, 1984; Walsh, 1995).

Third, the study suggests that strategic action may reinforce the very dimensions of competition firms interpret as important. Firms emphasizing pricing and switching transparency may increase the salience of cost differences within the market, while firms

emphasizing relationships, trust, or integrated services may reinforce continuity and customer attachment. Strategic positioning may therefore shape not only how firms compete, but also how competition itself becomes understood within the market over time.

Finally, the findings imply that firms may benefit from maintaining awareness of alternative interpretations of customer behavior rather than relying exclusively on internally dominant assumptions. Since similar customer outcomes may plausibly support multiple explanations simultaneously, strategic flexibility may depend partly on firms' ability to question established interpretations and reassess what is treated as strategically relevant. Such interpretive flexibility is consistent with research emphasizing that organizations benefit from continuously reassessing established cognitive frames as environments evolve (Weick, 1995; Kaplan, 2008).

7.5 Limitations

This study has several limitations that should be considered when interpreting the findings. First, the analysis is based primarily on self-reported customer responses and managerial interpretations rather than direct observation of switching behavior or access to transactional data. The study therefore examines how customer behavior is perceived, described, and interpreted, rather than establishing causal explanations of actual switching decisions. Customer responses may also involve retrospective rationalization, whereby respondents explain decisions in ways that appear coherent ex post without necessarily reflecting the full underlying decision process.

Second, the customer sample was based on convenience sampling and represents a relatively limited number of respondents within a specific institutional and market context. The findings should therefore not be interpreted as statistically representative of Swedish retail investors more broadly. In addition, the Swedish digital fund distribution market is characterized by high digital maturity, strong incumbents, and relatively low formal switching barriers. Different institutional conditions or market structures may produce different interpretive dynamics.

Third, the study relies on qualitative interpretation throughout multiple stages of the research process, including coding, categorization, interview interpretation, and analytical abstraction. Although efforts were made to maintain internal consistency and systematic coding procedures, interpretive research inevitably involves researcher judgment and analytical prioritization. As economics and business students with prior familiarity with financial markets and investing, we also entered the study with existing

assumptions regarding competition, switching behavior, and customer decision-making. These preconceptions may have influenced both the interpretation of empirical material and the analytical emphasis placed on particular findings. While reflexive awareness was maintained throughout the research process, interpretation inevitably involved subjective judgment.

Finally, the study focuses primarily on how firms interpret customer behavior and competitive conditions rather than on internal organizational decision-making processes in depth. The analysis therefore captures strategic interpretations as expressed by firm representatives, but not necessarily the full complexity of how such interpretations emerge, evolve, or become institutionalized within organizations over time. Interpretive differences may also reflect firms' existing strategic positions, organizational capabilities, path dependencies, and customer segment characteristics, rather than solely divergent interpretations of customer behavior. Accordingly, the findings should be interpreted as a theoretically informed explanation of how firms make sense of ambiguous customer behavior, rather than as definitive evidence of causal mechanisms governing competition.

7.6 Future Research

Future research could further examine how dominant interpretations of customer behavior become established, stabilized, and challenged within firms over time, particularly in markets characterized by high transparency, extensive behavioral data, and persistent customer inertia. Longitudinal studies may be especially valuable for understanding how firms maintain or revise strategic interpretations as market conditions evolve and competitive dynamics change.

Comparative studies across industries and institutional settings can clarify why firms converge toward similar understandings of customer behavior or maintain divergent competitive interpretations despite observing the same market outcomes, particularly in digital platform markets where low switching costs coexist with limited customer mobility.

In addition, future research could combine interpretive approaches with behavioral or transactional data to examine how managerial interpretations relate to actual customer behavior over time. Such approaches may provide further insight into how firms translate ambiguous customer-related signals into strategic action and how these interpretations subsequently influence competitive dynamics and market outcomes.

Appendix

Appendix 1. E-mail to prospective interview subjects

Förfrågan om intervju - kandidatuppsats Handelshögskolan i Stockholm

Hej XXX,

Hoppas allt är bra med dig!

Jag hör av mig eftersom vi väldigt gärna skulle vilja få med XXX i vår kandidatuppsats på Handelshögskolan i Stockholm.

Vi skriver om hur olika aktörer på den digitala spar- och investeringsmarknaden ser på kunders beteende - vad som gör att kunder väljer en plattform, stannar kvar eller byter.

Som en del av studien genomför vi korta digitala intervjuer (ca 30 minuter) med personer i roller nära strategi, marknad eller kundrelationer. Fokus ligger inte på detaljer eller känslig information, utan mer på hur ni övergripande resonerar kring kunders beteenden i marknaden.

Vi skulle därför vara väldigt tacksamma om vi kunde få prata med 1-2 personer hos er. Självklart anpassar vi oss helt efter tider som passar.

All information behandlas konfidentiellt, och vi delar gärna våra insikter när uppsatsen är klar.

Stort tack på förhand!

Vänliga hälsningar,
Tilda Ragnarsson
Nathan Glückman
Handelshögskolan i Stockholm

Appendix 2. Interview Guide

We are writing our bachelor thesis on customer switching behavior and strategic responses in the digital fund distribution market.

We are particularly interested in:

- How firms understand why customers *choose* or *switch* platforms
- How this understanding *influences strategic priorities and actions*

There are no right or wrong answers - we are interested in your experience and reflections.

Questions

1. Customer Decision Process

- When someone chooses a digital fund platform, how would you describe the decision process from the customer's perspective?

(How do you think customers reason through the choice?)

2. New vs. Switching Customers

In your experience:

- What typically drives someone who is new to fund investing to choose a platform?
- What typically drives someone to switch from another platform?

Do you see clear differences between these two groups?

3. Customer Origin & Data

- What kind of data do you have about where customers come from?
  For example:
    - Do you know how many are new investors versus switching from other platforms?
    - Do you track capital inflows related to switching?
    - With regards to new customers, do you have an estimate of the relative share of new investors versus customers switching from other platforms?

4. Switching Barriers

- What do you believe are the main reasons customers hesitate to switch platforms, even if lower fees or better conditions are available?
- Which of these barriers do you believe are strongest in practice?

5. Strategic Response

Based on your understanding of customer decision-making and switching barriers:

- Which barriers do you actively try to reduce?
- Which factors do you try to strengthen?
- Are there barriers you have consciously decided not to focus on? Why?

6. Strategic Trade-Offs

- If you could only compete on three dimensions in order to attract and retain customers, which would they be - and why? Please rank.

7. Reflection

- Looking back, is there anything about customer behavior that you think the company may have overestimated or underestimated?

Optional Closing

- If you were starting a new fund platform today, what would you focus on first in order to attract customers - and why?

Appendix 3. Customer Survey Questions

This short survey is part of a *bachelor thesis* about how retail investors choose where to invest their money in funds (for example through platforms like Avanza, Nordnet, or a bank).

It takes approximately 5 minutes to complete.

There are no right or wrong answers - we are interested in your experience and preferences.

Kind Regards,
Tilda and Nathan
Stockholm School of Economics (Department of Marketing and Strategy)

GDPR Disclaimer: The data collected in this study will be processed in accordance with the General Data Protection Regulation (EU Regulation 2016/679). Only data that is necessary and relevant for the purpose of this research is collected. The information from this survey will be used solely for this paper and deleted once analyzed.

No personally identifiable information will be collected, and all responses will be treated confidentially. Participants cannot be identified.

By clicking "Agree," you confirm that you have read and understood this information and that you consent to your responses being used for research purposes.

Your current choice

1. Which platform(s) do you currently use for investments in stocks and/or funds?
2. Have you ever considered switching platforms?
3. If yes: Which platform are you considering switching to? Why?
4. If no: What makes you stay with your current platform?

Drivers and Barriers

5. When choosing where to save in funds, what matters to you?
   Please select all that you believe matter. Select even factors you believe matter “a little” - not only the most important ones.
6. In your own words, list the 5 most important reasons that would influence your decision to switch or stay with a fund platform.
7. Please rank them from 1 to 5 (most important to least important).

(For example: 1. Trust, 2. Ease of use, 3. Advice or guidance, 4. Performance tools, 5. Cost)

Background (optional)

This helps us understand differences between groups. Your answers are anonymous.

8. Age group
9. Gender
10. Where do you live?
11. Are you studying at a university right now?
12. Experience with investing in funds
13. Approximate savings in funds (optional and anonymous)

Appendix 4. Customer Response Coding and Weighted Ranking Methodology

To analyze respondents' stated reasons for staying with or switching fund platforms, a multi-step procedure combining qualitative coding and quantitative ranking analysis was applied.

Structuring and Coding of Responses

All open-ended responses were manually structured into ranked components corresponding to respondents' stated order of importance (Rank 1-Rank 5). Responses that were incomplete or non-interpretable were excluded from further analysis.

The responses were subsequently coded into predefined thematic categories developed iteratively from the empirical material. Each response element was assigned to one primary category based on its underlying meaning rather than exact phrasing. Synonymous expressions such as "low fees," "price," and "cost" were standardized into common category labels to ensure consistency and comparability across responses.

The final coding structure included categories capturing functional attributes (e.g., cost and ease of use), relational factors (e.g., trust and reputation), behavioral dimensions (e.g., inertia and perceived risk), and external triggers (e.g., emergence of cheaper alternatives).

Weighted Ranking Analysis

To account for the relative importance assigned by respondents, ranked responses were converted into weighted scores using a descending five-point scale:

- Rank 1 = 5 points
- Rank 2 = 4 points
- Rank 3 = 3 points
- Rank 4 = 2 points
- Rank 5 = 1 point

For each category, a total weighted score was calculated by summing occurrences across all rank positions multiplied by the corresponding weight.

In addition to weighted scores, two complementary frequency measures were calculated:

- **Top 1 mentions:** Number of times a category was ranked as the most important factor
- **Total mentions:** Total frequency of category occurrence across all ranked responses

Together, these measures enabled comparison between factors that were broadly recognized and those considered most influential in customer decision-making.

Core categories	Definition	Answers included
Trust	Perceived reliability, honesty, and safety of the platform	Trust, Trust in brand, Confidence, Safety / Safely, "Don't rip me off", Reputation for honesty
Cost	All monetary considerations related to fees and pricing	Cost, Fees / Fund fees / Service fees, Price, Cheap / Low fees, Pricing transparency
Ease of Use	Simplicity, usability, and interface experience	Ease of use, Easy / Simple, UX / UI / App, Accessibility, "Easy overview", Clear design
Service & Support	Operational help and service quality	Customer service, Technical support, Help functions
Social Influence	Influence from others or social environment	Friends / Family, "People around me", Recommendations from others, "What others use"
Reputation & Brand	Market perception, brand strength, and recognition	Reputation, Well-known platform, Brand, "Big / established platform"
Performance & Returns	Expected or historical financial performance	Returns, Performance, "Good outcome", Track record, KPIs
Product Offering	Breadth and quality of investment options	Range of funds, Investment opportunities, Product offering
Tools & Features	Platform functionality	Performance tools, features, analytics
Transparency & Information	Clarity and access to information	Transparency, Clear information, Market updates, Data / insights
Convenience (All-in-One)	Centralization and integration of services	"Everything in one place", One platform for all investments
Inertia (Switching Barriers)	Frictions or resistance to switching platforms	"Takes time to switch", "Feels complicated", Already using platform, Habit / Familiarity
Behavioral Factors	Psychological or emotional drivers	Fear of making mistakes, Risk aversion, Comfort, Confidence, Sunk cost fallacy
Sustainability	Ethical or sustainability considerations	ESG, Ethical investing, Sustainability
Local Preference	Geographic or cultural proximity	Swedish-based, Local presence
Advice & Guidance	Availability of support, recommendations, or financial advice	Advice, Guidance, Recommendations from platform, Customer support (if advisory)
External Triggers	Events that trigger switching	Scandal, Better alternative, Cheaper alternative, Market exit, Restrictions
Platform Quality	Technical performance	Speed, reliability, "works well", stability

Appendix 5. Disclosure of AI Use

In accordance with the AI policy of the Stockholm School of Economics, this appendix documents how AI tools were used in the preparation of this thesis, addressing four questions: (1) which tools were used and for what purposes, (2) how they contributed to the quality of the work, (3) what risks were identified and how they were managed, and (4) what we learned from the process.

AI tools played a meaningful supporting role throughout the research process. They did not independently conduct analysis or generate conclusions, but their involvement went beyond surface-level editing. All final interpretations, theoretical arguments, and analytical decisions remain our own.

1. Which tools were used and for what purposes?

Claude (Anthropic) was used throughout the research process with a structured system prompt that defined its role as a critical academic supervisor in marketing and strategy. In practice, this meant that Claude was used to review drafts and ideas, where it challenged our reasoning, pointed out potential weaknesses, and suggested ways to improve clarity. Its feedback was mainly general rather than directive, and did not provide alternative interpretations of the empirical material. In essence, Claude was primarily used to comment on drafted sections and to question our arguments. In some cases, it suggested alternative ways of formulating ideas, which we then reworked and adapted to reflect our own wording and intent. It was not employed to conduct analysis or independently identify patterns in the data.

ChatGPT (OpenAI) was used primarily for two purposes. First, it was used to clean and improve the readability of interview transcripts initially generated by Microsoft Word's speech-to-text functionality. All transcripts were subsequently verified against the original recordings. Additionally, ChatGPT was used to improve the clarity and academic tone of already written sections, such as by refining grammar and structure.

Neither tool was used for literature searches or citation generation. All references were identified and verified by the authors independently.

2. How did AI use contribute to the quality of the thesis?

The most significant contribution came from Claude's role as a critical interlocutor. Submitting drafts to a consistently demanding and analytically rigorous prompt forced

us to sharpen our reasoning and identify gaps in our arguments. This iterative process of drafting, critique, and revision improved the clarity and internal consistency of the analysis within the constraints of the project.

ChatGPT's contribution was primarily linguistic and editorial. It helped refine grammar and improve academic phrasing, and in some cases made formulations more logically precise. That was particularly valuable given that English is not our first language.

3. What risks were identified and how were they managed?

AI use introduced several risks that we actively managed throughout the research process. One risk was that AI-generated formulations can sound convincing while slightly misrepresenting our intended argument. We addressed this by treating all AI output as draft material and consistently rewriting suggested formulations to ensure they reflected our own reasoning.

Another risk was that repeated interaction with an AI tool used as a critical sounding board could influence how problems were framed or which weaknesses were emphasized. To manage this, we always returned to the empirical material and theoretical framework before making any changes.

AI-assisted transcription also introduced a risk of error or omission. All transcripts were therefore manually checked against the original recordings before being used in the analysis. Any material shared with AI tools was anonymized prior to use.

4. What did we learn?

Working with a structured AI prompt over an extended research process revealed both the power and the limits of the approach. Claude's critical function was genuinely useful for stress-testing arguments, but it also required us to remain vigilant about whose logic was driving the analysis. The risk is not that AI produces obviously wrong output, but that it produces convincing output that gradually displaces the author's own analytical voice. Maintaining that voice required deliberate effort throughout the process. In retrospect, the most reliable use of AI was in tasks with clear, verifiable outputs, such as transcript cleanup and language editing, while its role in analytical work required the most careful oversight.

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[4] **Note i:** Approximately 25 sources used during this study have been omitted from the reference list due to confidentiality considerations, as their inclusion could reveal the identities of the participating organizations. These sources were nevertheless made available to and reviewed by the academic supervisor as part of the thesis validation process.

Note ii: To preserve confidentiality, all participating banks and individual respondents referenced in this thesis have been anonymized. Any names, titles, and organizational identifiers have therefore been modified or removed where necessary.

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