Marketing mix in banking in the time of a global financial crisis.

Master Dissertation in International Marketing, 15 credits

Seminar: 30 May 2011

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Preface

This master thesis has been written during the spring of 2011 at Halmstad University. The process has been long, intensive and fruitful. We would like to take this opportunity to thank those, who helped us during the trip.

We want to thank our families and friends who have supported us during this project. We sincerely want to thank the people at Swedbank who have made the research possible thanks to all their commitment. Without their kindness, the thesis could not see the spotlight.

Thanks go also to our supervisor, Navid Ghannad, who by using unconventional metaphors inspired us to the work.

Finally we want to thank our opponents who devoted their time to give us constructive comments and help us to improve our work.

After this long trip we can state that this thesis have given us deeper knowledge about a banks’ marketing mix in the time of global financial crisis. We hope that our readers will find this thesis interesting and that it will be an inspiration for further research regarding this area.

Halmstad, 24 May 2011

Lena Al Azzawi                                               Monika Kaczynska
Abstract

Title: Marketing mix in banking in the time of global financial crisis.

Purpose: The purpose of this study is to gain better understanding of banks’ marketing mix in the time of a global financial crisis.

Theoretical framework: The theoretical framework presents a review of selected theories of marketing mix and crisis management, the focus on marketing mix in banking and marketing mix in the time of a crisis.

Method: This is a qualitative research, with a deductive approach. The research has a form of multiple case study.

Empirical Framework: The empirical data have been obtained through interviews and secondary data research.

Analysis: The empirical data have been compared with the theoretical framework. The changes of marketing mix trough those phases are analyzed – separately for Sweden and Estonia, by doing two within-case analysis. This is followed by a cross-case analysis.

Findings: The global financial crisis resulted in a two-stages crisis for Swedbank. Marketing mix has been used actively by the company while overcoming the impact of the crisis. Depending on the type of the crisis, different marketing mix elements can contribute to the battle against the crisis. The marketing mix changes over different stages of the crisis, because of both internal and external factors.
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1. Introduction

The introduction chapter gives a presentation of the study scope, with a description of the problem background. Then the study problem and its purpose will be introduced. The chapter also contains a comprehensive outline for the study.

1.1. Problem background

The latest global financial crisis began and had its epicenter in the US, but affected nearly the whole world (Guiso, 2010). It was the biggest global financial and economic crisis in 80 years (Carmassi, Gros & Micossi, 2009). The financial crisis has brought to light some serious frauds (Guiso, 2010). For this reason, and because trust is built on reputation and trustworthy presented by the organization (Ingenhoff & Thiessen, 2010), the trust towards banks and other financial institutions has collapsed (Guise, 2010). People felt disappointed in the global financial meltdown, thinking that they made good investments, and later discovering that the value of their wealth had been, at best, inflated, or, at worst, false all along. The banking institutions made the customers feel let down, when promising that they will protect them and their assets, and not keeping the promise (Gritten, 2011). As every financial system depends on trust, the loss of the confidence not only made it hard for the financial institutions to overcome the crisis but also had important implications for the future of financial markets collapse (Guiso, 2010).

Characteristic for a crisis is that it occurs suddenly and results in high uncertainty (Coombs, 2007; Falkheimer, Heide & Larsson, 2009). It interrupts the normal flow of a business, what can threaten the existence of the organization (Fearn-Banks, 2011). A crisis also threats to disturb an organization's operations and poses both a financial and a reputational danger (Coombs, 2007). A crisis contains an element of surprise and requires immediately attention and some form of action (Falkheimer et al., 2009). A crisis should be handled with a fast response because of the time pressure (ibid) hence an organization has to “be prepared” (Fearn-Banks, 2011; Goodman, 2001). Fearn-Banks (2011) argue that a crisis can be divided into different stages and that an organization should be aware of them in order to be ready to handle properly the turbulent situation.

There is a set of controllable tactical marketing tools that a company can use to produce the intended response in the target market (Kotler, Armstrong, Wong & Saunders, 2008). Together these marketing tools are called the marketing mix and consists of so called 4 P’s, which are: Price, Product, Place and Promotion (Balachandran & Gensch, 1974; Borden, 1964). There are some differences between marketing mix of a tangible product and a service¹. If the company has services as a focus, the marketing mix can be developed into 7 P’s (Doole & Lowe, 2004). These additional marketing mix components are: People, Process and Physical aspects (Neilson & Chadha, 2008).

Some authors argue that banks, functioning in the banking sector, manner their marketing activities through the 7 P’s of the services marketing mix (Lipowski, 2003; Neilson & Chadha, 2008). However, Gregorczyk (2004) and Grzywacz (2006) are talking about 4P’s

¹ Services mean products that consists of activities, benefits or satisfaction that offered to the market. They are intangible and do not result in the ownership of anything (Kotler et al., 2008).
regarding banking (i.e. services provided by a bank): banking product, the price of a
service, place and promotion.

1.2. Problem discussion

The current economic downturn, which started with the financial meltdown in 2008, changed
the functioning of many markets (Świerczyńska-Kaczor, 2009). Due to the genesis of the
crisis, the financial sector was particularly hard affected (Pollack, 2010). In the last years
banks all over the world found themselves in a new situation, where in addition to the market
competition they have to lead another battle: to win back the trust of the consumers (Guiso,
2010; Ingenhoff & Thiessen, 2010).

Finding themselves in a turbulent environment, banks need to take action to offset
the negative impact of the crisis on consumer perceptions of the bank (Murphy, 2009). A
company can stimulate the negative impact of the downturn by its own answer to the crisis
(ibid). In this challenging time it is important to indelibly stand in front of the customers
(Janson, 2008). Therefore companies should consider investing further in the marketing, as it
is a tool that can be used to rebuild the positive image of the company (ibid).

Although many authors argue that marketing is a key in overcoming the harmful impact of the
financial crisis, there is still no agreement about how to shape the marketing in this turbulent
time. Some advocate that companies should keep away from making big changes in the
marketing mix (Pollack, 2010). Other authors see the need of understanding how consumers
will react to the new economic circumstances and redefining the marketing strategy
(Perriman, Ramsaran-Fowdar & Baguant, 2010; Quelch, 2008). Hence, there is a need to
understand how a company should compose the marketing mix in order to use the marketing
tools in the time of a global financial crisis.

A crisis consist of different stages (Fearn-Banks, 1996). The goal of marketing is
to recognize occurring changes and understand the needs and desires of customers in order to
effectively prepare the offer of services, promotion and sales (Newtrader, 2006). Therefore it
could be assumed that the marketing mix should be flexible and changed over time together
with the changing environment (Köksal & Özgül, 2007). However there is also an opinion
that marketers should think holistically and implement a universal marketing strategy that can
be used in different times and situations (Pollack, 2010). Thus, it is interesting to investigate
the nature of marketing mix appearing in different stages of a crisis in order to learn if, how
and why the marketing is changing.

Although the though period of the global financial crisis has passed, many countries and
companies have not reach the recovery yet. The topic of marketing performance in the crisis
is still current. As the crisis evolutes and changes its face (Orlowski, 2008), there is constantly
an interesting context to research the role of marketing mix in this turbulent times (Köksal &
Özgül, 2007).

1.3. Purpose

The purpose of this study is to gain better understanding of banks’ marketing mix in the time
of a global financial crisis.
1.4. Research questions

RQ1: How have banks used the marketing mix to overcome the negative impact of the latest global financial crisis?

RQ2: How and why has the marketing mix of a bank changed over the different stages of the latest financial crisis?

1.5. Definitions

Marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target markets. These can be grouped in four groups of variables known as 4P’s: product, price, place and promotion (Kotler et al., 2008).

Banking means banks’ activities on the market, which can include the loans offering, exchange or issue of money for the extension of credit, the transmission of fund (Dilley, 2008).

Global financial crisis is a serious disturbance in the financial market to meet the liquidity needs and redistribute risks in the economy which leads to a widespread or generalized increase in asset prices to unsustainable levels (Carmassi, Gros & Micossi, 2009; Nationalencyklopedin, 2011).

1.6. Delimitation

The aim of this study is to understand how banks can shape their marketing mix in the time of a global financial crisis. As mentioned in the problem background, bank’s marketing mix can consist of four or seven basic elements (referred as 4 and 7 P’s), depending on the theoretical approach. In this study the 4 P’s approach to bank’s marketing mix will be used (Gregorczyk, 2004; Grzywacz; 2006). That will include product, price, promotion and place (ibid).

1.7. Outline

Below an outline of various parts of the research is presented

<table>
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<th>This chapter presents the background to the chosen topic. It is followed by a discussion that results in the research question and purpose.</th>
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<td>Chapter 6 Conclusion</td>
<td>In the final chapter answers for the research questions will be provided. The conclusion will be followed by suggestions for further studies and managerial implications.</td>
</tr>
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</table>
2. Theoretical framework

In following section a theoretical framework will be presented. The chapter is based on a review of selected theories of marketing mix and crisis management. First theories about the nature of the crisis will be introduced. It will include the characteristic of different stages of a crisis. Further theory about marketing mix will be presented. The focus will be on marketing mix in banking and marketing mix in the time of a crisis.

2.1. The nature of a crisis

A crisis is an unavoidable feature in our everyday life (Mitroff & Anagnos, 2001). According to Pearson and Clair (1998) some researchers believe that a crisis is recurrent and not preventable, while others focus on identifying ways to manage an organizational crisis. The second approach will be used in this study. People are taught to think positively, but according to Fearn-Banks (1996) an organization should employ negative thinking in association with crisis management. Consequently, Fearn-Banks (1996) argues that negative thinking about the crisis may help an organization rather than positive thinking. It is due to the fact that a negatively thinking organization is more likely to plan and prepare for the worst-case scenario (Fearn-Banks, 1996; Lawrence, 1998). Being prepared in this way may help the organization to come out of the crisis in better condition (Fearn-Banks, 1996; Goodman 2001).

2.1.1. The phases of a crisis

There is number of theories about how to divide a crisis into different phases (Larsson, 2001). Basically there are three phases in a crisis event, that appear before, under and after a crisis (Falkheimer et al., 2009), these are often called the warning phase, acute phase and the following phase (ibid). According to different authors these stages can be divided in four or five more detailed phases. While Flodin (1999) and Cullberg (2006) argue that events of a crisis should be divided in four phases, Larsson (2001), Fearn-Banks (2007) claim that the crisis should include one additional stage. This five stage approach to the crisis will be presented. This division will be further used to investigate the research questions. Several authors described different stages of a crisis in a similar way, but named them differently (Falkheimer et al., 2009; Fearn-Banks, 2007; Flodin, 1999; Larsson, 2001). In following description the terminology suggested by Fearn-Banks (2007) will be used.

Phase 1: Detection
In this phase some kind of warning signs may foreshadow the beginning for a crisis (Fearn-Banks, 2007). However, it is often difficult to detect the signs, since they might be unclear (ibid). Therefore the organization should be aware. A warning signal for the company could be that an organization that is operating in the same sector is hit by a crisis (ibid). An organization should look for such signs and make attempts to stop the disturbance before it develops into a full-blown crisis (ibid). In this phase the organization should make risks analyses and take part in different training programs to prevent the appearance and minimize the risk of accidents and crisis (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001).

Phase 2: Crisis Prevention / Preparation
To be prepared for an eventually crisis the organization should prepare a crisis management and a crisis communication plans (Larsson, 2001). By developing relationship and trust with
the environment and having an open interaction with the personnel, a company can prevent the crisis to occur, minimize the blows of a crisis or limit the duration of a crisis (Fearn-Banks, 2007). Having a crisis management plan, can help the organization proceed in a crisis with the strategic process (ibid). The essence of the crisis prevention/preparation phase is to organize and create resources to deal with the inconveniences (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001).

**Phase 3: Containment**
In this phase the actual crisis event occurs and will have an impact on the companies for the first time (Falkheimer et al., 2009). During this phase it is important to manage the resources effectively. It is also crucial to undertake activities to prevent injuries (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001). The organization should try to limit the duration of the crisis. Effort should be taken in order to try to gain control over the impact of the crisis (Fearn-Banks, 2007).

**Phase 4: Recovery**
In this phase, the main task is to bring the company to regular in shortest possibly time. The focus should also be on restoring the damage that occurred during the crisis (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001). It refers to the effort, taken to return the organization to business as usual and to build up the trust that the organization had towards its key publics before the crisis (Fearn-Banks, 2007). There are two theoretical approaches regarding this stage: the traditional and the late modernity approach. In the traditional approach the ambition of the management is to return to previous systems and routines. Second approach suggests that a crisis is an occasion to reorganize the company and learn how to manage the company more effective (Falkheimer et al., 2009).

**Phase 5: Learning**
This phase includes the process of examining the crisis and determining what have been lost and gained during the crisis (Fearn-Banks, 2007). It should also be considered how did the organization perform in the time of the crisis (ibid). By doing this the company can acquire the practical experience that comes out of a crisis and the knowledge that can be used in the future (Falkheimer et al., 2009; Larsson, 2001). It might help preventing future crises (Fearn-Banks, 2007).

**2.2. Marketing mix**
The concept of “Marketing mix” was developed by Borden (1964), who supported the idea of defining marketing executive as “one who is constantly engaged in fashioning creatively a mix of marketing procedures and policies in his efforts to produce a profitable enterprise” (Borden, 1964, p.7).

Today marketing mix is being defined as a set of controllable tactical marketing tools which the company can use to create the reaction it wants in the target market (Kotler et al., 2008). This set of tools is commonly referred to as the 4P’s: product, price, promotion and place (Balachandran & Gensch, 1974; Kotler et al., 2008).

Recession in the economy reduces demand for banking products (Grzegorczyk, 2004). This in turn causes a reduction in revenue of the bank, which could force a reduction in spending on marketing activities (ibid). Money as a product often raise strong emotion (Grzywacz, 2006). When it comes to banking, transactions always come hand in hand with a level of risk for
both: the bank and the client (Grzywacz, 2006). The disadvantage of the situation of economic crisis forces banks to more intense competition for customers (Grzegorczyk, 2004).

The marketing mix allows companies to influence the demand for its product (Kotler et al., 2008). Most banks are offering similar products, therefore it is especially important for them to differentiate themselves from competitors to be able to maintain their share in the market (Grzywacz, 2006). Banking industry fully uses marketing for their benefit (Rullis & Sloka, 2010). By skillful composing the elements of the marketing mix, a bank can communicate with consumers and build strong ties with them (Grzywacz, 2006).

Time of economic crisis requires changes in the marketing mix (Köksal & Özgul, 2007). Marketing is often the key activity in the management, because marketing is a tool that is turned to customers and their needs (Kotler et al., 2008). It is not enough to attract the customers once (Jobber & Fahy, 2009). The organization should build up a relationship with the customers to make them revisit the company even if the market and their needs will change. Organizations often use marketing as a key to revere a downward trend in time of crisis (ibid).

The 4 P’s in an organization’s marketing mix represents different parts in the organization that must be continuously reviewed to match the customer needs and the overall market situation (Jobber & Fahy, 2009). Decisions about the 4 P’s depend on changes in the organization’s environment (Kotler et al., 2008). The organization should take advantages of opportunities and minimize the potential threats (Jobber & Fahy, 2009). In order to minimize risks, it is important that the organization is observant to changes that can appear in the organizational environment (ibid). The organization should withdraw from those markets in which they are not strong enough to perform with profit and focus their resources on those markets they are strong (Köksal & Özgul, 2007).

### 2.2.1. Product

Product can be defined as the sum of all physical and psychological satisfactions that a consumer receives as a consequence of the buying and using process (Albaum & Duerr, 2008). It is the entirety of goods and services that a company offers to the market (Kotler et al., 2008). In relation to banking, product is any service offered by the bank, regardless of whether it is offered for a fee or free of charge (Lipowski, 2003). This could be a saving account, deposit, credit, various forms of non-cash transactions etc. (Grzywacz, 2006). Kotler et al., (2008) argue that there is a distinction between tangible and intangible products. When it comes to banking, most products are intangible. This includes for instance loans, investments, payments. However, there are also few exceptions such as payment cards or safes (Rullis & Sloka, 2010).

The product is the core of marketing mix (Mühlbacher, Dahringer & Leihs, 2006). If the product is not able to meet the consumers need, the other elements of marketing mix cannot help to build a competitive position on the market (Ferrel & Hartline, 2002). Marketing decisions regarding product include the issues of variety, quality, design, features, brand, packaging, services and warranties (Kotler et al., 2008).

*Variety* refers to the decisions about the assortment which a company offers its customers (Kotler et al., 2008). This concerns both the width and the depth of assortment (Lipowski, 2003). The decision depends not only on the strategy and objectives of a bank. Governmental politics can also have an impact here (Grzywacz, 2006). Grzywacz (2006) give an example:
when the central bank emits treasury securities in order to reduce the budget deficit, commercial banks reduce the scope of their credit activities.

*Quality* is something that “begins with customer needs, goes beyond customer satisfaction and ends with customer retention” (Kotler et al., 2008, p.507). Quality is the sum of the product characteristics which decides about its capacity to meet the expressed or expected needs of the consumer (Szczeptańska, 2009). Since banking is a sector in which the competitors offer very similar products, banking product quality becomes the basis for competitive advantage (Lipowski, 2003).

Features are the products characteristics that differentiate company’s product from the competitors (Kotler et al., 2008). One way to differentiating products is its design. Design is a key for adding value and differentiating the product. It refers to product’s usefulness and is created based on an understanding of consumers’ expectation towards the product (ibid). Another way of differentiation is trough brand. A brand can be a name, term, sign, symbol or design, or a mix of these, that identifies the goods or services and differentiates them from competitors (Kotler et al., 2008).

*Packaging* includes decision about the design and producing of container or wrapper for a product (Kotler et al., 2008). As the banking product is inherently intangible it is difficult to talk directly about banking product packaging (Grzywacz, 2006). Nevertheless banks use packaging (Grzegorczyk, 2004). In order to “materialize” their offer, the contract documents often are packaged in folders bearing the brand and name of the bank (Lipowski, 2003).

*Services* are activities that broaden the actual product. It might be through delivery, installation, advice, technical information, training in product use etc. (Kotler et al., 2008). In relation to banking, the aim here is the consultation and advisory services from which consumers can take advantage when buying a bank product (Grzegorczyk, 1997).

Kotler and Keller (2007, p. 341) define warranties as “*formal statements of expected product performance by the manufacturer*”. The warranty is a way of communicating product quality and reducing customer’s uncertainty (Nowak, 2008). It is a method by which a company is absorbing part of consumer’s risk (Kotler & Keller, 2007).

A product is composed of three levels: core product, actual product and augmented product (Kotler et al., 2008). Core product is the core benefit or service that a consumer gets (Kotler et al. 2008). According to banking it can be providing funds to clients; satisfying the need of save and rational management of customers’ free funds; and speeding up and improving the current financing decisions taken by the customers (Grzegorczyk, 2004). Actual product is made with packaging, quality, brand name, features and styling (Kotler et al., 2008). When talking about banking, it includes concrete conditions for specific banking product (i.e. the type of loan, its ammount, interest rate, the security and procedures for submission of application (Grzegorczyk, 2004).The augmented product can consist of installation, after sale service, warranty, delivery and credits (Kotler et al, 2008). In relation to the banking it is, for example, efficiency and quality of the service; availability of customer service; the quality of information obtained in the bank and bank’s image (Grzegorczyk, 2004).

The basic strategy related to the product in the organization during a crisis is to withdraw weak items from the market (Köksal & Özgul, 2007). It is also advisable to make an extra effort to R&D to support new products (ibid).
2.2.2. Price

Price is the sum of values that consumers exchange for or using a product or service (Kotler et al., 2008). In banking, the price is defined as part of the client's resources, expressed in monetary terms, from which the client is willing resign in exchange for the potential benefit offered by this product (Mazurkiewicz, 2002).

Price is the only element of marketing mix that generates revenue for the company (Kotler et al., 2008). That is why pricing is an important task of marketing mix (Grzegorczyk, 2004). Knowing that pricing decision can influence the profits, a company in the time of a crisis, may think about increasing sales volume in the short term by reducing the prices. This way of acting can harm the organization in the long-term, in the way that the customer will still expect the same price level after the crisis. This can cause disappointment on the customer side, and consequently may lead to a decrease in the demand. Therefore it is important to fit the pricing decision with other marketing mix initiatives in the period of a crisis (Köksal & Özgul, 2007).

When setting prices, banks should take into account both, internal and external factors (Grzywacz, 2006). Among internal factors costs and marketing strategy objectives can be pointed out (Kotler et al., 2008). Crucial external factors are: competitive position (Grzywacz, 2006), customers perception of the product’s value, nature of the market and demand (Kotler et al., 2008), business cycle stage and the level of inflation (Doole & Lowe, 2004). Significant impact on price has also legal regulations of the central bank's monetary policy (i.e. the level of obligatory reserves), the degree of customer loyalty, market interest rate and the sum of bank’s income from investing the funds on the international market (Grzywacz, 2006).

The price of the banking products consist of multiple components (Grzywacz, 2006). Price in banking includes interest rate, commissions and fees (ibid). Decision about price should cover not only the values of the prices but also issues such like discounts, allowances, payment period or credit terms (Kotler et al, 2008). According to banking products, a marketer needs to count in the product’s conditions such as loan term, the method of calculating interest, costs of security, the conditions for early repayment of loans or the consequences of the resignation from the product (Grzegorczyk, 2004; Grzywacz, 2006).

From customer perspective, the price in banking is of great importance (Grzywacz, 2006). Despite the role of generating revenues, price also is very important in creating customers value and building customer relationship (Kotler et al., 2008). Most customers treat prices as one of the most important criteria when choosing a bank (Grzywacz, 2006). It is important to point out that prices are only accepted by customers in the specified level. Prices set at a much lower or much higher level may discourage customers (Grzegorczyk, 1997).

According to Köksal and Özgul (2007) during an economic crisis there is no significant difference in the performance of companies that apply different pricing strategies. Köksal and Özgul (2007) did neither find difference in sales volume between companies that did increase the price and those which decreased the price during the crisis.

2.2.3. Promotion

Promotion means the activities undertaken to communicate the attributes and benefits of a product to the consumers (Ferrel & Hartline, 2002; Kotler et al., 2008). Promotion in marketing mix consists of: advertising, sales promotions, personal selling, direct marketing and public relation (Kotler et al., 2008).
Advertising concerns any paid transmission of company messages through impersonal media (Mühlbacher et al., 2006). This includes media such as television, radio, magazines, newspapers, direct mail, outdoor displays, the Internet and mobile devices (Ferrel & Hartline, 2002). Because of so many tools used by advertising, this method of communication is very flexible. It can reach a wide range of receivers or it can be transmitted to a specific defined target group (for example through advertising in magazines or websites) (ibid). The costs of advertising are high in comparison to other forms of promotion. For this reason the implementation of advertising in the communication program of a company is reasonable if the aim of the company is to transmit the same information to a large number of receivers. In this way the expected positive effect of the campaign is likely to cover the cost (ibid). It is argued, that if a company will increase or maintain the level of advertising, this will increase sales and market share. Therefore invitations in advertising are recommended in the turbulent times of a crisis (Köksal & Özgul, 2007).

Sales promotion are short-term incentives to encourage the purchase or sale of a product or service (Kotler et al., 2008). According to Ferrell and Hartline (2002), sales promotion involves activities that add value for the buyer or the trade. Boddewyn and Leardi (1989) enumerate reasons for implementing sales promotion in the marketing mix. These can be high costs of television commercials, the complexity of effectively differentiating a number of comparable products or services, the simpler targeting of customers by sales promotions (Boddewyn & Leardi, 1989). Sales promotion is rarely used as an independent form of promotion. It rather supports advertising, public relations and personal selling and the purpose is primarily to encourage the purchase and increase sales (Ferrell & Hartline, 2002). However sales promotion has an important role. As Boddewyn and Leardi (1989) stress, in contrary to advertisement, it gives not only the information why a consumer should buy the product. Sales promotion emphasize that the consumer should buy the product now (Boddewyn & Leardi, 1989).

Personal selling has the form of personal presentation done by the company’s sales force for the purpose of making sales and building customers relationships (Kotler et al., 2008). The contact between the seller and the consumer is seeking for an immediate sale of a product or service or increasing the interest in this product enough to purchase it in the near future (Gębratowski, 2010; Singla, 2006). Including sale forces into the promotion makes it a two-way communication between salespeople and individual customers (Kotler et al., 2008). For this reason personal selling is the most precise form of communication (Ferrell & Hartline, 2002). By having a focus on communication with the customers the organization can through promotion activities reacquire the interest, that the customer loose in the time of a crisis (Köksal & Özgul, 2007). Personal selling can be used in complex situation where a need of understanding of customers’ needs, problems and expectations occurs. Köksal and Özgul (2007), claim that by building a proactive personal selling, the organization can build a better relationship with the customers. Therefore it is recommended to use this tool in the time of a crisis.

Direct marketing is a direct connection with carefully targeted individual customers both to obtain an immediate response and to cultivate lasting customers (Kotler et al., 2008). It is based on relationship building, operating within an interactive environment and conducting dialogue with the customer (Groucutt, Leadley & Forsyth, 2004). It has been underlined that direct marketing is a form of dialogue. Thanks to mutual exchange of information between the company and the customer, the company obtains feedback which is helpful by creating and maintaining the relation with customers (ibid). Beside seeking for immediate and measurable consumer response, direct marketing is also building the brand and the company’s image.
The role is also to market goods and/or services to small target groups or individual customers. Direct marketing is assumed to be a low-cost, efficient and speedy method to reach the market (ibid).

**Public relations (PR)** are defined as the planned building and maintenance of communicative relations between a company and its stakeholders. There are activities provided to build good relations with the company’s various publics (Dębski, 2007). The objective of these is to establish a positively esteemed identity of the company in stakeholders’ perception (Mühlbacher et al., 2006). It is also to obtain favorable publicity; build up a good corporate image; handle or head off unfavorable rumors, stories and events (Kotler et al., 2008); to present the company as a reliable producer and partner (Dębski, 2007). Positive image of the company and good relations with the environment, increase confidence in the company as a result of public relations, what indirectly support sales (ibid).

Bank’s promotion activities can be divided into two groups, depending on their objectives (Grzywacz, 2006). First, it is to promote banking services and to make customers aware of the bank’s presence in the market and through this persuade consumers to buy its products. The mainly way to achieve this, is through advertising and personal selling (Ibid). Visibility of a company is an important task of promotion. However, it is not enough for a company to be recognizable. The visibility can go together with negative opinions and impressions, because of unpleasant experiences or negative word of mouth (Mühlbacher et al., 2006). This implies the second objective of promotion in banking, which is creating the positive image of the bank. For this purpose public relations are often used (Grzywacz, 2006).

In the time of a crisis, a change in promotion can be of large importance for overcoming the harmful influence of the downturn. It is argued that promotion mix can contribute to the fight with the crisis. However, to be successful in the time of an economic crisis, the decision-makers and planners should focus on composing the promotion strategy with other marketing mix elements (Köksal & Özgül, 2007).

### 2.2.4. Place

Place in marketing mix means the place and form of providing product to the consumers (Grzywacz, 2006). It includes the activities that a company undertakes to make the product available to target market (Kotler et al., 2008).

The place strategy consists of two main components: distribution channels and the means of physical distribution (Mühlbacher et al., 2006).

The **distribution channels** are people, organizations and institutions by which goods and services are offered to the consumers (Mühlbacher et al., 2006). When talking about banking, three types of distribution channels can be distinguished: (1) traditional distribution, which takes place at the headquarters of banks and in its branches; (2) non-stationary (mobile) distribution, which includes visits of the bank employees to customers mobile points of sales; and (3) electronic distribution, which includes cash machines, phone banking, home banking and Internet banking (Grzywacz, 2006).

The choice of distribution channel are affected primarily by customer segment, to which certain products of the bank are offered; the product, its features and price; competitors’ system of distribution; and financial and human resources of the bank (Gregorczyk, 1997). Decision about channels should concern not only the proximity of a bank branch but also the ability to communicate with the bank (Grzywacz, 2006). Access to banking products is
increasing through the use of multi-tasking cash machines, Internet, home banking and phone banking (ibid).

The *means of physical distribution* are the tools and abilities used to reduce the physical distance between the company and its customers (Mühlbacher et al., 2006). This includes mainly company’s branches and their location (Kotler et al., 2008). When speaking about banking, distribution is attributable to the high cost of maintaining bank branches (Grzywacz, 2006). Costs increase mainly due to the high number of personnel, recruitments towards a safe security system and sophisticated computer system (ibid). For this reasons computer channels for bank products are getting more and more popular (ibid).

In the time of a crisis, it is recommended for a company to eliminate the unprofitable intermediaries in the distribution channel and instead focus on choosing the most efficient channel. This can affect the organizations performance positively, by lowering operating costs and improve cooperating within the channel. Moreover it is argued that if a company will increase the number of distribution channels in times of crisis, a positive effect on overall performance can be expected. The organization can survive the crisis by modifying the strategy accordingly and appropriately in response to radically changing conditions. (Köksal & Özgal, 2007)
3. Methodology

The following chapter will describe research methods used in this thesis. A description of the data collection and analysis will be provided. Finally, the validity and reliability of the study will be discussed.

3.1. Purpose of the research

In general the purpose of a research is to find the answer for certain questions by applying scientific procedures (Kothari, 2008). Mostly common the purpose of research refers to exploratory, descriptive and explanatory (Saunders, 2007).

The purpose of this study is to gain better understanding of banks’ marketing mix in the time of a global financial crisis. Through this study we want to describe how a bank used its marketing tools to overcome the negative impact of a financial crisis in two different countries, where the crisis had diverse impact on the bank. The aim is also to explain how and why did the marketing mix change over time, according to different stages of the crisis.

The descriptive study has the purpose of increasing the insight on how a given phenomenon looks. The aim is also to examine its trends over time (Jacobsen, 2002). A descriptive study seeks to present an accurate picture of a phenomenon (Blaikie, 2009). It focuses on what is happening and how, rather than on examining why is it happening (Garston & Jones, 2010).

Considering the above, we argue that the purpose of our research is descriptive. Our aim is to understand the phenomena of bank’s marketing mix in the context of a global financial. It is also to present the bank’s performance in terms of marketing mix, in different stages of the global financial crisis. Finally it is to describe what was the reason of changes in the bank’s marketing mix in the turbulent times.

3.2. Research approach

The decision about the research approach includes the choice between the qualitative vs. quantitative approach, as well as between the inductive vs. deductive approach.

3.2.1. Qualitative vs. quantitative approach

There are two ways of conducting research: quantitative and qualitative method of research (Jacobsen, 2002). The main difference between those two methods is the type of data collected and analyzed for the purpose of study (Bryman & Bell, 2007).

A quantitative approach is based on explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (Muijs, 2004). It is often used if the researcher wants to study a larger amount of units (Backman, 1998). By using this approach the researcher wants to test a theory (Bryman & Bell, 2007). The drawback of the quantitative approach is the lack of understanding of the investigated phenomena (Jacobsen, 2002). The advantage is increased generalization ability because of the large number of investigated units and the usage of statistic methods (ibid).

If the researcher wants to understand and interpret a relationship between certain variables, the qualitative approach is more applicable (Jacobsen, 2002). This approach makes it possible
to answer how and why research questions (Bryman & Bell, 2007). In terms of data, qualitative research highlights words rather than numbers in the data collection and analysis (Bryman & Bell, 2007). It is recommended by Jacobsen (2002) to use a smaller number of study units when implying the qualitative approach. In use of this approach the collection of data can be time consuming and the results can be difficult to interpret. Another difficulty that occurs is a low level of generalization of the study’s results (Jacobsen, 2002). However, despite these drawbacks, the qualitative approach is useful in deeper case studies when the researcher is focusing on one specific unit and through this wants to gain more detailed knowledge about the studied area (Brinkmann & Kvale, 2009).

Following the purpose of research, a qualitative research approach has been used in this study. We believe that this approach is enable to gain a deeper understanding of the usage of marketing mix in the time of global financial crisis (Brinkmann & Kvale, 2009). Our aim is also to investigate how and why did the marketing mix change over time, what according to Bryman and Bell (2007) and Jacobsen (2002) is possible when using qualitative approach. Since our goal is not to develop a general knowledge, but to understand and describe the studied phenomena, we believe that the qualitative approach is most suitable.

3.2.2. Inductive vs. deductive approach

When doing a study, two alternative approaches towards theory development can be employed: deductive and inductive approach (Jacobsen, 2002).

Deductive approach bases the research process on theoretical framework, which is the input for creating research question or questions. These are further answered by analyzing collected empirical data. The output of the research is the revision of theory (Björklund & Paulsson, 2003; Bryman & Bell, 2007).

Inductive approach dictates an opposite direction of the research (Bryman & Bell, 2007). An inductive study starts with collecting and analyzing empirical findings. Out of that a theory is developed (Jacobsen, 2002).

In this study the deductive approach has been employed. To formulate the research questions, a theoretical framework has been built. Because not much theory about bank’s marketing mix in the time of a financial crisis exists, more general theory about marketing mix in banking has been our input. Since the purpose of this study is to gain better understanding of the examined phenomenon rather than to develop a new theory, the inductive has been rejected.

3.3. Research strategy

Following section will provide a description of the research strategy employed in this study. In more detailed the research design and case selection will be discussed.

3.3.1. Research design

Case studies are useful for capturing the complexity of a phenomenon, including its details and its context (Daymon & Holloway, 2011). This is particular important for our study, since we investigated the phenomenon of marketing mix in the context of a global financial crisis.

According to Graziano and Raulin (2004) a case study research is useful when the study is on an individual event and the questions are specific to these events. This characteristic implies the usefulness of case study design in capturing the unusual marketing performance of a bank in the turbulent time. Another feature of case study design, is that is of use in this study is its
flexibility. By flexibility it is meant that a case-study research allows the researcher to shift attention to whatever seems to be interesting and relevant at the time (Graziano & Raulin, 2004). A case study also enables the description of events. This also allows identifying relationships among variables (ibid). It is particular important in an investigation that we looked for connections between the global financial crisis and the composition of marketing mix and searched for a descriptive explanation of found relations.

This study focuses on more than one research question. It implies that while conducting the research we have to capture multiple aspects. According to Daymon and Holloway (2011), a case study presents a complex explanation of how multiple aspects, influences, processes and relationships within a case.

In this study a multiple case study is used. It is due to our research purpose. We believe that to achieve it, the phenomena of marketing mix in a global financial crisis should be investigated in different contexts. Therefore we chose a case study of two units of a bank operating in two countries. As Daymon and Holloway (2011) argue, the use of two case studies allows recognizing typical features by discovering similarities and differences between cases. Through comparison and contrasting the findings obtained from each of the cases, deeper knowledge can be developed (Bryman & Bell, 2007).

3.3.2. Selection of cases

Following the topic and purpose of this study, a bank was chosen as the case study. While choosing the company, we were looking for a bank, which would meet following criteria:

- existing on the market no shorter then form 2006 (before the global financial crises began);
- operating in more than one country;
- being influenced by the global financial crisis;
- actively using marketing mix.

As the study was being written in Sweden, the search has been primarily done among Swedish banks. As has been found, most of the banks meet all of the criteria. To choose one of the banks, first we started to look at our personal network. Since it might be difficult to come in contact with a bank and ask questions about their strategic marketing, we decided to take advantage of our own relationships to gather the information. As one of us is currently working at Swedbank, we decided to contact this bank in order to use it as our case study. According to Daymon and Holloway (2011) it is common to select case study because it is the most accessible or convenient. However it should not be the only criteria for justification of the selection. Besides the four criteria set at the beginning, we were also looking for an interesting context that could give a background for investigating the phenomena of marketing mix in the time of global financial crisis. We saw the opportunity to capture this context by comparing the performance of a bank in two different markets, where the nature of the crisis differed and where the impact of the global financial crisis on the investigated company was diverse. Therefore, we chose to compare and contrast findings across more than one case study, with the belief that it will provide with greater insights and therefore a better understanding of the studied area.

We decided to focus on Sweden and Estonia because those are the two largest markets for Swedbank. We have found it interesting that both, Estonia and Sweden, were strongly affected by the global financial crisis. We have focused on two cases of the same company,
because we wanted to maintain certain factors (e.g. overall strategy, business concept, mission) constants in order to be able to compare the two cases.

A case study is always bounded by time and place (Daymon & Holloway, 2011). As discussed above, we set the boundaries’ of place by choosing a multiple case of two units of a company (Swedbank), operating in two countries. This is due the purpose of this study. The focus on a small number of cases allows obtaining sufficient data from each investigated unit for in-depth analysis (Yin, 2003). The fewer cases are studied, the more information can be collected across a wide range of features and influences within the context in which the investigated phenomenon is embedded (Daymon & Holloway, 2011).

In addition to place boundaries, the case study should have a clear beginning and end (Daymon & Holloway, 2011). We decided to look at a period of time from the beginning of the global financial crisis, until the present. Because it is difficult to set a starting date of the crisis, we focused on the time from beginning of year 2008 until April of 2011, when the research was conducted. The focus on a longer period of time was due to the purpose of study, which is to investigate the changes of marketing mix over a time period. Furthermore, a longitudinal approach allows paying attention not only to outcomes but also to the process through which things occur (Daymon & Holloway, 2011), what contributes to our second research question.

3.4 Data collection

There are two types of data employed in a research: the primary and the secondary data (Jacobsen, 2002). For case study research both resources data collection is needed (Daymon & Holloway, 2011). These multiple resources allow gaining multiple viewpoints on the researched topic (ibid). Following this, in this study both, primary and secondary data were used.

3.4.1 Primary data

The main point for the researcher is to collect data from a primary source (Jacobsen, 2002). To collect data for the analysis, we decided to conduct interviews with Swedbank’s employees. This is, according to Jacobsen (2002) one of the forms of collecting primary data.

We decided to conduct face-to-face interviews. This is the most appropriate interview method when conducting a qualitative study (Jacobsen, 2002). Some argue that this way of interviewing might cause information bias, because the answers might be influenced by the interviewer (Dahmström, 2005; Jacobsen, 2002). However, a face-to-face interview allows capturing more than only words – also the context end emotions (Bryman & Bell, 2010), what is very useful when collecting data for a case study. To avoid the interviewer effect, we tried to ask as objective questions as possible (Jacobsen, 2002).

Because two contact people are working and living in Tallinn, Estonia, it was difficult for us to make a face-to-face interview. Therefore, in this case we conducted phone interviews, which was quicker to administrate and cheaper, compared with a personal interview (Bryman & Bell, 2010).

For purpose of this study seven interviews have been conducted: five face-to-face interviews and two phone interviews.
From the beginning we wanted to interview Swedbank managers. It is because the area of our interest considers marketing decisions are made on managerial level. In a qualitative study the selection should be based on the purpose of the research (Jacobsen, 2002). We believe that a conversation with heads of marketing departments was the proper source for data needed to answer the research questions.

As the topic of this study regards the marketing mix, our aim was to interview people who are responsible for each of the marketing mix elements. However, as it turned out, each respondent was able to give us complex information about every marketing mix element. This can be seen as an advantage of our primary data, since it enables to gain multiple viewpoints.

To choose the respondents, we asked Kristina Sjöblom Andreasson for help. She is the Deputy Branch Manager in Landskrona. She was a member of our personal network; therefore we decided to use her help. In February 2011, Sjöblom Andreasson contacted us with Anders Ragvald, who became our main contact person. In order to achieve validity in a research it is crucial to choose the right sources of information (Bryman & Bell, 2007). Anders Ragvald is the Head of Brand Communication, Strategic Marketing and Branding for the Swedbank group. As he is in charge of Strategic Marketing for both, Swedbank in Sweden and in Estonia, he was a reliable source of information when it comes to choice of the respondents. We asked him for recommendation of people who could contribute to our study. In process we came in contact with all of the respondents.

While finding respondents for the interviews, we used the snowball effect (Jacobsen, 2002). Anders Ragvald became our respondent. Through Ragvald we come in contact with Kristi Liiva, who is responsible for Swedbank’s marketing in Estonia. Through Liiva we came in contact with Ines Estrin, who is the Head of Marketing Department of Swedbank in Tallinn. Ragvald also put us in contact with Andreas Andersson, the Segment Manager. He recommended interviewing Helena Skarin, the Head of the Department of Communication for retail banking and Ulrica Castöf, a member of the Department of Communication for retail banking. It was Ragvald, who gave us the contact to Diviesh Vithlani, the Head of Channel Management. As mentioned before one of us is working at Swedbank and it was through a meeting at Swedbank that we came in contact with Peter Borsos, who is the head of Communications, Swedish Banking, and is responsible for the promotion.

All of the interviews were approximately 75 minutes long, except from one phone interview that lasted 30 minutes. The face-to-face interviews were conducted at the headquarter of Swedbank in Stockholm in the dates between 18 and 20 of April. The interviews were recorded, to ensure that we would not miss any of the important answers (Daymon & Holloway, 2011). It was also a way to make sure that we will understand the answers and, if needed, repeat the examination of the conversation (Bryman & Bell, 2007).

Before the interviews, each respondent received e-mail with a brief description of the purpose of our study. This was done with the aim of making the respondents understand how their answers will be used in the study (Patel & Davidsson, 2003).

The primary data collection had the form of a semi-structured interview, what is recommended when doing qualitative research (Daymon & Holloway, 2011). The interview guide was built on the theoretical framework. In this way we wanted to ensure that we would obtain all data needed to answer the research questions. The interview guide can be found in Appendix 1.
We decided to make a semi-structured interview because of two reasons. Firstly, in the beginning of our research we already had a clear focus on what information we would like to obtain. Secondly, we wanted to make a multiple-case-study research with a cross-case analysis comparison. According to Bryman and Bell (2007), these two arguments incline the usage of a semi-structured interview rather than an unstructured one.

According to Bryman and Bell (2007) a semi-structured interview is build on a list of questions connected to specific topic. Firstly the respondents were asked to tell in few sentences what, in their opinion, was the impact of the global financial crisis on Swedbank, accordingly in Sweden and/or Estonia. It is recommended to start with some introducing questions (Bryman & Bell, 2007).

Further, to identify the milestones in the timeline of the crisis, we asked about the dates when some particularly events occurred. At this time we already started to analyze the data. Based on the answers we pre-identified the stages of the crisis. Finally, the respondents were asked to talk about each marketing area (product, price, promotion and place) in the period from the beginning of the crisis until the present. The questions were broad and the respondents were free to choose the direction of the conversation. This process allowed the interview to be open to new perspectives and sights in the topic. However, we had also prepared follow-up questions, which we asked to ensure detailed information about the area of our interest. This was needed to explore our research question and objectives (Saunders et al., 2007). At the end of the interviews, we asked each respondent if he or she would like to add something that in his or her opinion is relevant and important for our topic. This was because, we believe that the point of view of professionals in the researched topic can be a valuable contribution to a research. Another reason is, as Bryman and Bell (2007) argue, to make sure that the respondent had the chance to give all his or her comments to the topic.

While analyzing the data, it turned out that we missed some information or that the answers that we got, were unclear. In this case we sent an e-mail or made a phone call, to complete the missing data.

3.4.2 Secondary data

The secondary data is described as already available information from books, articles and journals that someone else than the researchers have developed (Jacobsen, 2002). Saunders et al., (2007) argue that the list of secondary data, which can be used in a study, is long. These can be divided into documentary data, survey-based data and those complied from multiple sources (Saunders et al., 2007).

To clarify the topic and research questions, we used the current news press releases, found on the Internet. This allowed us to determine the scope of our study, which appeared to be interesting and the current.

In the theoretical part of this research, we have used scientific articles and books. The motivation toward usage of the articles was to use as new and updated information as possible. It is important to ensure a balance between classical and modern theories (Bryman & Bell, 2007), therefore classics of marketing were also used through the theoretical framework.

The literature was searched through Halmstad University, Lund University and University of Warmia and Mazury in Olsztyn libraries. To find the relevant literature we have used number search engines and article databases (e.g. Google, Google Scholar, JSTOR, Libris, Emerald).
Basic keywords have been marketing mix, banking, global financial crisis, economic crisis, crisis management.

To ensure a high quality of our research, we focused mainly on English-written literature. However, we have found difficulties to access theories about marketing mix in banking in English, and therefore we sought for Polish literature in this area.

Secondary data were also used as a part of empirical findings. The usage of Swedbank’s annual reports, financial statements and information available on the company’s website allowed us to have a complex portrait of the case.

3.5. Data Analysis

Analyzing the obtained data, we followed the three-step process. It allowed us to clarify which data can contribute to our research. Further a method of within-case study and cross-case study has been used.

3.5.1. Three-step process

In the data analysis there are three stages that consist of three flows of activity, (1) Data reduction, (2) Data display, and (3) Conclusion drawing/verification (Miles & Huberman, 1994). The data reduction should not be considered separated from analysis. It should instead be seen as a part of the analysis that helps to sort, focus, discard, organize and sharpen the data in a way that allows the conclusions to be drawn and verified. Miles and Huberman (1994) further discuss that the data can be reduced and transformed through such means as selection, summary, paraphrasing, or through being subsumed in a larger pattern. While doing the within-case and cross-case analysis, we developed matrices to organize data and search for patterns. This was a way to reduce the obtained data.

The second step is the data display which means that the researcher takes the reduced data and displays it in an organized, compressed way so that conclusions can be more easily drawn (Miles & Huberman, 1994). Further Miles and Huberman (1994) discuss that humans can be overload with extended texts and that we are not powerful processors of large amounts of information. If the data is good displayed, this will be a good opportunity to valid qualitative analysis. By the use of our cross-case analysis with matrices we found this very helpful to organize and display our data and to make a clearer analysis.

The last step in this process is the conclusion drawing and verification. During this step we began noting out regularities and seeing patterns (differences/similarities), explanations, causal flows, and propositions. Although we did some conclusions we still maintain with openness and a degree of skepticism, as it is recommended by Miles and Huberman (1994).

3.5.2. Within-case analysis

The within-case analysis has been used to compare our data with the used theory (Miles & Huberman, 1984; Yin, 1994). Having done that, we were looking if the collected data fitted our theoretical framework. The within-case analysis is very repetitive in both the collected data and the theory we used in our theoretical framework. Therefore we tried to focus on summarizing instead of repeating, so it would be more interesting for the reader and with the within-case analysis it helped us to scope the deluge of data (Eisenhardt, 1989).
The within-case analysis gave us a rich knowledge about patterns occurring in each case. That accelerates cross-case comparison (Eisenhardt, 1989).

3.5.3. Cross-case analysis

A cross-case analysis has been employed in following study. Findings of the two within-case analysis have been compared. We treated every case separately and the results from the different cases were connected together with help of a word tables and matrices. These helped us to identify patterns between the different cases.

By identifying the similarities and differences we wanted to get a greater insight about how and why the marketing mix changed during the global financial crisis. The purpose of using the cross-case analysis was to summarize the extent and types of transformation of the individual cases and to see if the different cases shared a more generic, common process of what have changed during the time of the crisis (Yin, 2003).

3.6. Authenticity of the research

According to Jacobsen (2002), the authenticity of the research is related to the quality of the research and the result of a study, which is validity and reliability. In order to generalize the results of a case study, the reliability and validity has to be ensured. In this way the results can be used while investigating other case studies (Brinkmann & Kvale, 2009).

3.6.1. Validity

The validity regards the concern if the results are connected to the investigated phenomenon (Bryman & Bell, 2007; Saunders et al., 2007). A research is valid when right tools and methods have been used to obtain and analyze the data according to the purpose of the study (Jacobsen, 2002).

To ensure the validity, a proper process of collecting and analyzing data should be employed. In order to do so the triangulation strategy has been used in this study (Daymon & Holloway, 2011). The triangulation of the data was based on using both, primary and secondary data. Through the confrontation of different sources of data, we were trying to gain most possibly objective picture of the case study. The triangulation refers also to the process of primary data collection, where at least three different person were asked the same questions; In this way we could get an trustfully insight into the researched topic.

3.6.2. Reliability

According to Jacobsen (2002), research reliability sets if a similar research result can be obtained, while doing a similar study by another researcher. To gain a high reliability it is required that the research is correctly implemented, that will raise trust and will make the research free from measurement errors. Although Brinkmann and Kvale (2009) have an objection if case study design can ensure reliable results that will be able to be generalized, by choosing the market leader we aimed to increase the reliability. We consider that we have been in contact with a necessary amount of people and that these interviews are a good input for the case picture. In addition, we feel that the investigated references come from trustworthy sources. The above makes that the research results are reliable and replicable.
4. Empirical findings

The following chapter will give a short company presentation. Further the story of Swedbank’s crisis in Sweden and Estonia will be presented. This will be followed by empirical data for two cases of Swedbank: Swedbank in Sweden and Swedbank in Estonia, which have been collected through interviews, organizational documents and books.

4.1. Company’s profile

Swedbank is a full-service bank offering services for private and corporate customers. It is also the leading bank operating in Sweden, Estonia, Latvia and Lithuania (Swedbank AB, 2011a). The two biggest home markets for Swedbank are Sweden and Estonia, where Swedbank is the leader in the sector. The company is listed as on the OMX Nordic Exchange in Stockholm (Swedbank AB, 2009). At the end of 2010, Swedbank’s balance sheet amounted to SEK 1 716 billion and the number of employees totaled about 17 200 (Swedbank AB, 2011a).

Swedbank offers a range of financial services, such as saving accounts, mortgages, insurance plans, credit cards, loans, pensions and investments, for private individuals, corporate customers and organizations (Swedbank AB, 2009).

Today Swedbank has 9.5 million private customers and 688 000 company customers with around 340 offices in Sweden and 220 offices in the Baltic countries. Beside this, Swedbank group is also working in niche banking in Copenhagen, Helsinki, Kaliningrad, Luxembourg, Marbella, Moscow, New York, Oslo, Shanghai, St. Petersburg and Ukraine (Swedbank AB, 2011a).

4.2. Swedbank in the time of the global financial crisis

In following section the beginning of the latest global financial crisis will be described, as well as the impact of the crisis on Swedbank in Sweden and Estonia.

4.2.1. The start of the global financial crisis

The financial crisis that began in 2008 in the U.S. higher risk mortgage market, has led to significant turbulence and uncertainty throughout the global financial system (Vylder, 2009). The source of the problems was excessive risk taking associated with the sustained low interest rates and investors' desire to maximize profits. Since 2001, low interest rates in the U.S. resulted in an increase in the number of mortgage loans for housing, resulting in a rapid increase in prices of residential real estate (Naudé, 2009). Demand for such properties in the United States was also driven by a general relaxation in the criteria for assessing the part of lenders (European Commision, 2008) who were awarding loans to borrowers with poor or bad credit histories, which was associated with an increased risk (Forsberg, 2010). Such mortgages have been marked by the low initial interest rates, which rose sharply after the initial period, which made them very attractive for consumers establishing a new mortgage. High-risk loans market has grown rapidly. In response to this, securitization of mortgage loans, the process by which the credit risk of the lender is being moved to investors, has also developed rapidly (European Commision, 2008). However, in 2006-2007, interest rates rose and prices of residential properties in the United States declined. As a result, many high-risk
borrowers could not refinance their loans taken out mortgages like they did in the past and faced repaying a much higher interest rate. This led eventually to a large number of cases of inability to meet financial liabilities, particularly among borrowers with increased risk, who were not able to cope with such increases (European Commision, 2008). The crisis on the U.S. subprime loans market soon transformed into a global liquidity crisis. This stemmed from the fact that the securitization of mortgage loans caused the transfer of credit risk associated with an increased risk for markets around the world.

4.2.2. The impact of the crisis on Swedbank

It was the 15th of September 2008 when the American investment bank, Lehman Brothers went bankrupt. It was this day when Swedbank couldn’t loan the daily amount of money as they always did (Forsberg, 2010). The Lehman Brother collapse was the moment when Swedbank in Sweden realized that the crisis began. It was this time, when Swedish people started lose the trust to Swedbank. It was the same time when the management of Swedbank in Estonia realized that the crisis began (Forsberg, 2010). All respondents dated the dawn of the crisis to the same day - both in Sweden and Estonia.

As Ines Estrin remembers “Swedbank didn’t have any pre-warning”. From one day to another the company found itself in the middle of a crisis that strongly affected its performance and the customers trust. “You can never ever foresee a crisis. If you can – it is not a crisis” according to Peter Borsos. He added further “of course everybody in the banking system knew that the banking sector was in a crisis. But nobody thought that the crisis might affect Swedbank”. There were some pre signs before but not that clear perhaps. Swedbank’s management did not take those signs really seriously “We misjudged the strength of the crisis” – Anders Ragvald admitted.

Because the crisis came suddenly, Swedbank did not have time to undertake any prevention activities. When the financial crisis hit Swedbank in Sweden, it was already in the middle of the crisis and therefore it was too late to prepare and prevent the negative effects. The bank’s management was not prepared for the difficulties and nobody started to take any initiatives in terms of preparing the bank for the crisis. Also in Estonia no preparation was made. According to Ines Estrin, “the only thing that Swedbank could do at this stage was to include some external communication consultants to relief Swedbank’s communication people”.

The reasons of Swedbank’s crisis situation and the impact of the global financial crisis on Swedbank in Sweden and in Estonia differed. In Sweden, the crisis did not have such a hard impact on the bank business-wise. But in the Baltic’s – it did. And that, according to Peter Borsos, affected Swedbank in Sweden very strongly. It was about Swedbank’s reputation. Because of the poor performance in the Baltics, Swedbank in Sweden was perceived as an unsafe bank, a bank that could fail. “People got scarred and started to take their deposits out” – as Peter Borsos mentioned. If looking at the performance, Swedbank had the lowest credit losses among all of the banks in Sweden. But that was not what people were thinking about. They were focusing on what happened in the Baltics. This opinion is shared by Kristi Liiva, who additionally said that “in Sweden the problems related with Baltics were over accelerated. They were seen more severe than they really were. Swedish people were thinking that Swedbank cannot handle the Baltic issue.” Therefore the financial crisis and all of the different events, damaged the reputation of Swedbank in Sweden. Kristi Liiva argues that it was “because Swedbank was seen as a bank which was related with risky investment in the financial sector”.

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Public media had its part in the lost of trust in Swedbank. During recent years, there has been no flow of reliable information in media about Estonia. One could still see information about the era of Soviet Union and numbers of crimes that took place in the Estonia. There was barely any flow of information about Estonia’s development. In general the Baltics were perceived negatively. As Liiva said, “Being present in Baltics was seen as risky. Lack of knowledge was the reason of the trust damage. It was a strategic decision for Swedbank to go to the Baltics and the intention was (and is) to be on the market in a long term perspective. But media did not balance this part, in the picture of Swedbank they presented. Although media did not lie about Swedbank’s situation and gave a fair picture of the situation in the Baltics, they influenced the general opinion. As DivieshVithlani noticed, “they [media] have given the truth, but not the whole truth”.

Not only media hid some information. The Swedish minister of finance Anders Borg, general director Bo Lundgren and the national bank chief Stefan Ingves did not want to talk about that Swedbank was in a major danger this time. To calm the Swedish people they said that the bailout was for helping the whole banking system. However, general public was of opinion that Swedish taxpayers were the one who saved Swedbank from another financial crisis (Forsberg, 2010). “Swedbank in Sweden was seen as someone who jeopardized the whole Swedish money” – Borsos commented.

Regarding Anders Ragvald, for a bank trust is crucial. “Perhaps the trust of the customers and stakeholders is most important for a bank” – he said. The lost of trust had a negative impact on Swedbank’s brand. Swedbank’s brand has been affected by the perception of the company, what will have a long term impact on Swedbank’s situation.

DivieshVithlani noticed another interesting observation. As he said, “there was a differentiation in trust in Swedbank. The trust for the local managers and branch workers was still very high. Unlike the trust to the Swedbank as a whole institution, which has been completely damaged”. This was because on the local level, in the branches and regional offices, the business has been as usual. Customers were treated well and there were no major lost in the credits. But when it comes to the image of the bank, the media gave a negative picture, what influenced the general opinion.

In terms of bank performance, the impact of the crisis on Swedbank in Estonia was huge. Business-wise, the Baltics were hit hardly. As Ines Estrin said “it was because we launched the brand in Estonia at the same time when the Lehman Brothers collapsed”. In the case of Estonia there were two different factors impacting the economical downturn. First was the domestic economic imbalance – too fast, unsustainable growth. Second was the international aspect, related to financial sector downturn, subprime mortgage lending and the collapse of the financial institutions in the investments banking sector. These two forces amplified the depth of the financial crisis in the country and Swedbank in Estonia.

There are more factors behind the negative condition of Swedbank in Estonia though. When the Baltic countries became members of European Union, it was the time when the business started in Estonia. Estonian people took loan after loan and lived as rich people did. Swedbank gave debit cards to children and sent commercials on how easy it is to loan. They encouraged people to pledge their houses. Estonia grew on loaned money. The strategy of Swedbank was about to push the loans, no matter if they was secure. At this time, even black wages were included in customer’s loan application (Forsberg, 2010).

The trust issue was not that significant in Estonia. The trust issue became more a Swedish issue. In Estonia, Swedbank was perceived as an institution which helped the Estonian society
to go through the crisis. In Peter Boros’ opinion, the reason for that could be that in Estonia, where GDP fell -19% and everyone lost the money, Swedbank was the only one who stood there, performed, and handled many hard credit situations in a good manner. Furthermore, Swedbank in Estonia was perceived as an opinion leader. In the time of the crises people believed in banks more than in the government. They looked towards the bank as an institution which is driving the economy. “If people would lose the trust in the bank, they would not have anyone else to ask their questions” as Ines Estrin said.

Swedbank’s image in Estonia in general was strong. Swedbank was and still is the most trusted brand in the Baltics. Also, Estonian media handled the picture of Swedbank in a total different way than in Sweden. The Estonian media gave a fairer picture of the situation in the way that they showed how Swedbank in Estonia performed, but putting Swedbank’s crisis in a national and economical context. It became clear from the message, that the crisis was a phase that all of the countries are going trough at that moment. Estonian media informed the general public about the positive outcome of Swedbank’s performance in Sweden. This was something the Swedish media did not talk about.

After the turbulent period, Swedbank eventually achieved the recovery stage. It is difficult to set one particular date of the recovery. The judgment whether the company closed the time of crisis can be based on different events. Although the signs of recovery were different, in both cases, Sweden and Estonia, the time of recovery is dated around the middle of year 2010.

One of the signs of coming out of the crisis is the positive economical performance. According to Kristi Liiva, the milestone in overcoming the crisis was when the bank became profitable again. That took place last year. Ines Estrin noticed that the moment when she realized the end of Swedbank’s crisis in Estonia was when the bank returned to business as usual. “We returned to a normal way of working at the beginning of 2010”, she said.

Anders Ragvald looked on the recovery from a different angle. Because the character of the crisis in Sweden was determined by the trust issue, to assess the process of recovery Swedbank in Sweden measured trust figures. He remembers: “In summer 2010 these figures showed that we were moving in the right direction. We investigated also the cover-pages in the press, to see the relation between positive and negative press releases. We could also see that it was changing. And there were fewer articles hitting us.” Peter Borsos has another look on the topic. He was always saying that Swedbank will be back on the track when people would stop asking about the situation in the Baltics. According to Borsos, this happened in the middle of 2010. Swedbank was stable again and could come up with the first commercial in fall 2010.

According to the respondents, the time of the global financial crisis was a great lesson for Swedbank. The organization, and its employees, learned a lot from the beginning of the crisis, trough it and also in the time of recovery.

Peter Borsos said “We learned throughout the entire crisis. Sweden had their crisis in the early 90’s. The banking system learned a lot already then. The crisis is a time of changes. The organization has to constantly examine the direction of the crisis and slightly improving all the time”. This is what Swedbank was and is doing. However, Ulrika Castöf claimed that the learning process began, at the same time when Swedbank started to get recovered. Helene Skarin is of the same opinion. As she argues, the learning stage and the recovery stage of the crisis were parallel.
Diviesh Vithlani noticed that after the recovery, the second phase of learning began. As he said, “the learning stage came after the recovery. During this process Swedbank understood that one of the key aspects was to introduce new values. In this time the new management team developed new guide principles, and this was the results of the experience they could gain from post crisis”.

4.3. Swedbank's marketing mix in the time of the crisis

Following section will include empirical data presenting the marketing mix of Swedbank in Sweden and Swedbank in Estonia. These are information about the marketing mix in the period when the crisis began until the bank started to recover.

4.3.1. Sweden

When the crisis began

The first period of crisis for Swedbank in Sweden was related to the lost of trust of the customers. It started in September 2008 and continued for more than 20 months.

When the global financial crisis began, it became costly to sell lending products. The interbank rates were high; hence, the sales of lending products were reduced. The bank needed financial resources, but did not push the clients to put deposit, to not look desperate. It could make a bad impression on the customers, especially when the trust in Swedbank in Sweden was already damaged. Even though the time of the crisis was a tough time for selling products, the bank had to generate profits. When talking about products, the focus was on safety products. Items like insurances, monthly savings and monthly payments were lifted at this time. This approach was standing in line with one of the new brand values, which has been introduced in the time of the crisis. Simple, open and caring. Caring means that the comfort and safety of the customer is on great importance for Swedbank. Swedbank strive to help people and companies to reach their goals by keeping their promises (Swedbank AB, 2011b).

Since September 2008, Swedbank did not focus on selling products; nor on developing new ones. However some changes in already existing products were made. Because the key triggers of the global financial crisis were complex financial products, Swedbank took the decision to reduce the complexity of its products. As Aders Ragvald said, “the product has to be simple to its character and the customer has to understand the risk associated with the purchase”. The change in the product strategy also had its reflection in one of the brand values - simple. It stands for simple products which are understandable for the customers (Swedbank AB, 2011b).

The general trend in product strategy was the shift from product pushing toward mapping of customers’ needs and creating offers to satisfy them. The mapping of needs is an important task. As Ragvald claimed “The customer does not know their needs. Our task is to know our clients and teach them how to understand own financial needs”. First after the bank knows the needs, a solution to satisfy them can be found. This approach was introduced in the time of the crisis. When working in this way, the employees’ skills are crucial. That are the bank’s workers who have to build confidence and trust. Therefore Swedbank was putting effort in educating its personnel in the procedures of work.
Besides of resigning from product pushing, Swedbank introduced another change in the products strategy. In the years 2009 and 2010 the bank decided to move from being product oriented to be more valued oriented. Because of the changes in the economy, customers became more sensitive to the value they obtain. The management of the company believed that working on values was the right way of doing business in the hard time.

Before the crisis hit Swedbank, and also in the time of the crisis, the company did not use any other promotion channels then their own. The situation in Sweden remained like this for at least 8 years – until 2010. In this period Swedbank did not have any campaigns in bought media. As Peter Borsos said “It was possible because banking is a fantastic business model where the clients come back to you on their own”. In the last years Swedish Swedbank’s web site had in average 27 million visitors per month. That gives a great field for promoting the products.

When the crisis appeared, the whole promotion has been drawn back. It was due to the hard situation around Swedbank in Sweden. Everybody was talking about the Baltics and the losses of Swedbank in this region. In this situation it was impossible to promote the products or even the brand. As Peter Borsos claimed “you can’t talk yourself if no one is listening”. Further he explained “When I am telling you that we have a fantastic product and you are asking me <<How is the Baltics?>> then there is no use in talking about my fantastic product”.

When drawing back the advertisement, Swedbank did not implement any other promotion tools instead. At this time Swedbank was perceived as the most risky bank that one could choose in Sweden. The company decided to let the time pass and in that time show the public that they are not that risky as before. One of the challenges was that Swedbank in Sweden had no power over the performance and marketing of Swedbank in Estonia. There was no homogeneous marketing strategy for those countries, what made it more difficult to show that Swedbank is controlling the situation of the whole group. Anders Ragvald and Peter Borsos argued that the reduction of promotion (and communication) was used intentionally to enable the sedation of the atmosphere around the Batic issue. However Diviesh Vithlani has another opinion. He stressed that Swedbank did not come up with a communication program at this time because they did not know how to handle the situation.

Although no promotional activities were undertaken at the time of the crisis, still there was a message that Swedbank was communicating trough their web page and also trough personal communication. This message was “We are a safe bank”.

After the first months of the crisis, Swedbank in Sweden saw the importance of communicating with people: the customers as well as with the general public. As Ragvald said “it was a wakeup call”. Since 2008 the company focused much on training the employees in order to make them understand the new brand values, the new way of working and the way of communicating with the outside world. 100 ambassadors were visiting the branches and teaching the frontline staff how to deal with the customer communication. In this way the company wanted to ensure that the message sent out will be the same at every level and every region of the organization.

To ensure the information flow in the organization, an innovative activity has been done. Namely, the CEO of Swedbank started to write a blog, where he was commenting the current economic situation of the whole Swedbank group and also the condition of economics in broader sense – in the macro scale. This blog was playing twofold role. Firstly it was a way to communicate external and show the general public that Swedbank became transparent and has
nothing to hide. Another use of the blog was to communicate internally, market the knowledge, strategy, values to the employees. The blog was a source of reliable information for the frontline people who had to answer number of questions daily.

The crucial part of promotion in the time of the crisis was done through the branches and the workers. Swedbank realized that the way to reach the customer was to make him or her feel being treated well. As Diviesh Vithlani claimed, “proactivity of the people working in a branch is a key in the turbulent time”. When meeting customers, the goal was, as already mentioned to get to know them, know their needs and build relationships. Moreover it was also to educate the customer in terms of safety in banking. In this indirect way Swedbank was promoting products such as saving accounts, monthly saving or insurances.

As mentioned, the branches played a great role in the time of the crisis. In the difficult times Swedbank understood how important it is to have a branches network. It was in the branches where customers could meet the bank’s personnel and discuss the issues they were concerned about. It became clear that in the situation where the trust and confidence was damaged, there was a need of people who could calm down the crowd by providing reliable information and answering their questions.

The change of the approach towards customers was strongly connected with educating the employees. Because of the change in product strategy and also because of lowering advertisement activities, the role of distribution channels increased. The branches were now used not only as place for selling products. It was now a place where Swedbank could meet with the customers. It was important firstly because the customers were seeking for the contact to get answers for all of the questions about their financial situation and their conditions in the future. Also Swedbank was looking for contact with customers in order to build the relationships. It became crucial to make the employees understand the essence of the company’s customer approach. The employees were the ones who were dealing with the customers and their requests.

At that time Swedbankin Sweden did not open new branches. According to Diviesh Vithlani it was “because the bank had to hold back any expenditure and all the strategic initiatives. That was the time to focus on the customer and the relations”. However, all of the respondents underlined that as a channel, the branch network had a crucial meaning at the time of the crisis. Of same importance was the telephone banking at this time. As Peter Borsos remembers: “in the first weeks of the crisis we had incredibly many phone calls from scared customers. The human factor on our side of the telephone was enormously important”.

In the time of the crisis, Internet as a distribution channel was not of great importance. Transactions were made through Internet since a lot of customers are online-banking users. However no focus was put on improving the web site or encouraging the customers to use it more. Also Swedbank in Sweden did not use the Internet as a source of information about the crisis for the public.

Because banking is a sector where the prices depend on the market and the rates are influenced by the macroeconomics, Swedbank, as every other bank, had limited control over the value of the prices. In the time of the crisis the rates changed, what lowered the income of Swedbank. Therefore the company started to seek for opportunities to generate additional profit. They saw the chance in introducing provisions from transactions that before were free of charge. As Anders Ragvald mentioned, “it is important to keep the price at a level that people accept to pay”. Having that in mind Swedbank did not introduce high provisions. The change was small, but with the scale of customers was able to generate revenue.
Coming out of the crisis

The later period of the crisis for Swedbank in Sweden is followed by calming down the discussions around the Baltic issue. In this time Swedbank became active again on the Swedish market. It was the time from the middle of year 2010 when the company was coming out of the crisis.

In this time Swedbank came back to the competition with other banks. It was the time when the company could market their products again. However they decided not to issue product at all but instead focused on solutions for satisfying consumers’ needs. This approach was introduced already in the earlier stage of crisis. In the time of recovery the bank decided to continue with the new product strategy. No new products have been developed. There has been one change in the product area though. Swedbank started to package their products. Based on customers’ profile the bank is offering a composition of banking products that contribute to every aspect of customer’s financial life. This is, according to Ulrika Castöf a way to build long-term relationships with customers and achieve a sustainable growth. It is also a way for increasing the share of Swedbank’s products in customer’s portfolio.

This strategy caused a decrease in sales of some products. Since the crisis time, Swedbank is losing market share in mortgages. However the bank does not see this as a drawback. As Peter Borsos claimed, “we do not want to sell mortgages in which we do not believe. We do not want to put our clients in a financially unstable situation”. The same situation regards credits. Swedbank is now more cautious when taking a decision about giving credits to the customers. The credits expansion grew approximately 10% last years. The number of given credits is not high but there is a comfort of selling safe products.

After the discussions about the Baltics calmed down, Swedbank could finally come up with a wide marketing campaign. It was autumn 2010. As Peter Borsos mentioned, “We waited with the commercials until we thought <<the world is listening to us again, we can speak with the same voice as the others>>”. The company decided for the first time to use bought media to promote the firm. They produced TV commercials. The clip was showing the history of Swedbank. The idea was to promote the company rather than a specific product. Swedbank wanted to highlight that they are a company with long roots. At the same time similar TV commercial was prepared for Estonia. It was a strategic move – from this moment the marketing campaigns in Sweden and the Baltic countries were uniform.

Besides television, the video commercial were also shown on the Internet – on Swedbank’s web site. Swedbank began an intensive promotion using social media, like Twitter and Facebook. As Peter Borsos said, “we are the biggest bank in Sweden and have the biggest number of clients. We have to respect their voice. We have to listen to their needs instead of thinking what is best for us as a bank. Otherwise the clients will be disappointed”.

One of the improvements that Swedbank made was being more open in communication. Swedbank decided to be more transparent. Even though the rough time finished, the company still did use PR intensively. In this time, the damages in trust towards Swedbank did not increase anymore. However, as Diviresh Vithlani mentioned “it takes and will take a lot of time to rebuild the trust that we have lost. We have to be out there to make people believe us again”. In order to do so, Swedbank’s communication specialists were accepting every interview request. The idea was to build a relationship not only with customers but also with journalists. In this time communication became the crucial part of company’s activities. Swedbank understood that marketing is more than just pushing the products.
As mentioned, the company made a usage of social media in order to get feedback from the customers. Feedback and dialog is something what Swedbank is strongly focusing on after the crisis. Now it is not only about knowing the customers’ needs and finding a solution to satisfy them. Swedbank went one step further. The company is aware that the needs might change according to a general macro situation but also due to changes in private situation of the customer. It became clear that it is not enough to segment the market and target the groups with sophisticated offers. The bank decided to play the role of an advisor for the customers. They promise to call the clients and ask about changes in private life. “We will be like your dentist or car mechanic! We will call you and ask if you got married, got kids, lost your job – if anything happened that could change your financial situation”, Peter Borsos said.

When the crisis appeared, the main idea that Swedbank was trying to communicate was that Swedbank is a safe institution. After two years the idea changed. As Borsos pointed out, “now we are not talking about that we are a safe bank. We are and there is not much to talk about”. Instead, now the company is saying “We are open, simple and caring”. They are communicating it through the brand values but also trough other marketing activities. The focus is on coordinating all of the company areas in order to send out a uniform message.

The coordination is strongly connected with the bank’s personnel. As in the hardest time of the crisis, also later it was crucial to have well prepared employees who would be able to handle the customers relations. After year 2010 an improvement in internal communication has been introduced. There is a part of Swedbank’s web site which is available only for the personnel. Every important change in the organization is announced there. It this way the employees always have access to current information that can be transferred to the customers.

When the crisis appeared, it became clear to Swedbank, how important it is to have the network of branches, where the bank can meet the customers. On the other hand, the overall trend was to reduce the numbers of branches and increasing the meaning of digital channel instead. Having both in mind, Swedbank decided to introduce a change in the physical channel. The change was about the role of branches. Swedbank wanted the branches to be a place for building relationships rather than for doing transactions. As Peter Borsos claimed, “going to branch office and withdrawing cash, depositing cash, changing money is out of stone age. It is costly for the three – the society, clients and the bank”. “It does not build any relationships”, further he added.

The general idea of Swedbank is to encourage customers to visit the branches in order to talk about the needs and ways to satisfy them, and, on the other hand to use Internet for transactions and other operations. However, the bank understands that customers might have different preferences towards the way of using the banking products. The preferences are based mainly on the relation between the cost of using a specific channel, the ease and time needed to made a transaction trough certain channel. Swedbank is of opinion that a channel mix should be used. As DivieeshVithlani said, “most customers are very rational and do not want to spend more money and time then they need to. Therefore there is logic of having a multichannel strategy”. The multichannel strategy, which has been introduced in the last year consists of branches, ATM, phone banking, Internet banking, mobile banking, I-pad solutions. The bank is still looking for new channels.

The crisis was a stimulus to review also the pricing strategy. Some changes were made. On the lending site, the modification regarded the way of calculating the rates. Now the rates were addressing more the level of the risk. On the deposits site, the rates have increased. It was due to the interest in having deposits. To attract people to leave their capital in bank, Swedbank increased the profits for the customers.
4.3.2. Estonia

When the crisis began

The nature of the crisis in Estonia forced Swedbank to change its product strategy. The main change was in the product selling approach. It changed from pushing the products towards creating complex offers that could meet the needs of the customer. Because of the financial crisis people were not interested in purchasing banking products. They were in need of ensuring their financial situation. Therefore Swedbank focused on advisory service and consultation.

As Ines Estrin remembers, “We started to analyze the current situation and find new strategy. And we came to the conclusion that a product centered offer is not something that can contribute to a sustainable growth. The most important thing that that we did at this time was that our focus shifted from being a product innovator to become a customer relationship builder”.

Since September 2008, Swedbank did not have the focus on product development. The crisis was not a good moment for introducing new products in Estonia. The assortment did not change at this time; however some adjustments and modifications in the products were made. One worth mentioning was the level of guarantees for both, lending products and deposits. The guarantees became higher. It was due to governmental regulations, which obligated the banks to keep a certain level of guarantees. This change had a positive impact on the customers, who were in need of feeling safe. After number of losses in credits at Swedbank in Estonia, the customers were expecting security to be sure that this situation will not happen to them.

In the time of the crisis Swedbank’s sales in Estonia were declining. According to Ines Estrin there were no lending sales at all. Also saving products decreased. “People did not have any extra money for deposits since they were struggling with financial problems”, she said. However, there were some products that didn’t decline so much. It was the everyday banking: payment transactions.

Although the sales decreased in the time of the crisis, the bank cut almost all of the major activities above the line media and advertising in public media. That was a big change since before the bank had at least two wide marketing companies per month. The messages were centered on pushing products and offers. All of the media were used quite often. Promotion was made via TV, radio, printed adverts, Internet banners, direct marketing. In the time of crisis Swedbank reduced the wide campaigns and used mainly Internet. One of the reasons to do it was the reduction of the costs. Since the crisis had a performance basis in Estonia, it was crucial to find possibilities to reduce the expenses. There was another reason behind the decision though. As Ines Estrin stated, “at that time all the messages that came from bank and PR were criticized strongly so it was difficult to come up with a positive massage that could create an positive feedback”. Swedbank could afford to minimize the advertisement in public media, because they had a very strong and frequently visited own channel – Swedbank’s web site. The web site has approximately 400 000 logins per day. This statistics allowed the bank to address the advertising messages via Internet and trough direct marketing.

Even though the advertising was reduced, Swedbank in Estonia still advertised their brand trough Internet. The communicate of the adverts was underlining competitiveness of the bank’s core product usage. However, there was not a heavy sales push. As Ines Estrin claimed “It was more than just offering the solutions for customers. It was about inviting the
customers to come and talk about their needs and finding the best way to satisfy them”. The focus was shifted towards advising consumers how to reasonably manage their personal finances. The task of promotion was to educate clients. It was also to advise them when they were facing difficulties. As Kristi Liiva noticed, “80% of the marketing communication at the time of the crisis was related to advising how to manage your finances and how to overcome difficulties. Products selling related communicates took around 10% of the communication”.

In terms of communication the main issue in the time of the crisis regarded internal communication. The main problem that Swedbank dealt with at this time was how to change the whole organization towards customer oriented. As Ines Erstrin mentioned, “Before the crises when we were managing the sales we just had some target standards that every worker had to fulfill. But when the crisis appeared we wanted our employees to start building relationships with customers and to ask people about their needs and wants.” It was about changing the philosophy of the company. At this time Swedbank changed also the essence of the brand. The new values of the brand are simple, open and caring. They replaced the old ones: Results-oriented, Open, Enterprising and Committed.

When the crisis appeared, Swedbank made proactive communication through PR. It was important to communicate with the general public since the bank was perceived as an opinion leader. People trusted in Swedbank in Estonia and were expecting the institution to take part in the public discussion about the crisis, its effects and future direction. Again here, it became crucial to make sure that all of Swedbank’s employees understand the approach of the company towards the turbulent time so, that the message sent from the bank to the public is the same at every level – the branches, regional offices and the higher level of management.

As Kristi Liiva remembers, “Human resource and personal contact with consumers was very important when the crisis hit Swedbank. It became clear that there is an additional support needed for people who are asking us for opinion, for viewpoint of bank on what has happened. That kind of focus to support internally our massage on the front line was a big part of the work in the communication area”.

Together with promotional activities and the sales pushing, also the role of physical channels in Estonia decreased. In the time of the crisis some branches or services desks were closed. As Ines Estrin mentioned the number of branches has been reduced from 100 to around 70. It was again, as in the case of advertising, the issue of cost reducing. The decision about closing some branches was made based on the customer flow. Swedbank monitored the flow and closed those branches where the visits were low. Interestingly, before the crisis the customer flow monitoring has been made also. However the criteria whether to open or close a branch were different and Swedbank overlooked the need of changes in branch network. “We were not that sensitive before as in the time of the crisis” as Estrin said.

The reduction of physical channel did not have an impact on Swedbank’s performance. As Kristi Liiva noticed, “In Estonia the branches network is very broad so even if we closed some branches we did not lose the coverage”. There is another factor which allowed Swedbank to reduce the number of branches without losing the contact with customers. It is the digital channel.

The usage of Internet channel is very broad for Swedbank in Estonia. More than 80% of everyday banking is conducted via electronic channel. In the time of the crisis the bank started to work with the customers who were already using the Internet to make them use it more.
Swedbank encouraged the customers to use Internet not only for payment and everyday transactions but also for administrative activities such as making changes in the contracts.

Besides the branches network and Internet channel, Swedbank in Estonia has an alternative channel. It is a moving branch – the Swedbank bus. It is a branch on the wheels. It moves from place to place, according to a schedule, visiting places where no classic branch exists. The schedule is promoted in local newspapers and also through posters in local shopping centers. The bus is a way for being close to the customers – also those who are not mobile enough to visit a branch by their own.

Swedbank already had one bus before the crisis; however in the time of crisis another one was purchased. It was a way to replace the branches that had to be closed. It was also a way to exploit the opportunity that Estonian law created at that time. The opportunity was related to the fact that in that time Estonian pensioners could not get their pensions in cash anymore. Every pensioner had to open a bank account in order to receive the pension. Although in the time of crisis Swedbank was focused on cost reduction, they took a decision about purchasing the bus in order to reach pensioners who were living outside the cities.

The prices of banking products were another area of marketing that Swedbank has reconsidered when the crisis started. During the crisis, every announcement about Swedbank’s results raised a discussion and comments about the prices. This has pressured the bank towards lowering some of the prices. It regarded mainly the interbank fees.

As Kristi Liiva claimed, at this time there were no funds available in the interbank market. The prices of financial resources were high because banks did not trust each other. Banks were cautious and conservative in lending. That influenced the interest rates on both – lending and saving site. Because of the decreased income from financing, Swedbank started to look for other sources of income like card fees and channel usage fees. Following this trend the bank introduced fees for card servicing.

Although a bank is bounded while setting the prices, Swedbank in Estonia found a way to stimulate the demand. It was by using some loyalty programs or bonus programs which guaranteed loyal customers more preferable financial conditions.

**Coming out of the crisis**

When Swedbank in Estonia started to generate profits again, the crisis was coming to its end. At that time, the bank did not introduce any new products to the market. However a change in already existing product was made. It was a change in the conditions of lending products. The way of calculating the interest rate changed in that way that now the risk of the product is counted into the rate. As Ines Estrin said, “In this way we made it more understandable for the customers – they know for what they are paying”. Another issue is that the interest margin is reviewed every five years. That means that after each five years the customer can scan the market and choose the most preferable margin.

When it comes to selling the products, Swedbank in Estonia introduced a new way of targeting the market. According to Kristi Liiva “Swedbank clarified the segmenting strategy and based on this is trying to fit the best offer to the clients in order to satisfy their needs”.

After the turbulent time ended, Swedbank did not come back to pushing their products. The focus is still on building strong relationships with the customers. Therefore, Swedbank taking effort to get to know the customer’s situation – not only financial but also general. In this way
they can understand what needs do the customers have; whether it is the need of financial security or rather the need to have sufficient and well organized transactions. In this way Swedbank is making sure that the offered products are meeting the demand.

For Swedbank it is important to satisfy the customers’ needs in the best possible way to build and maintain a relationship with them. Nowadays, Swedbank is not seeking for new customers. It is rather focusing on those who already purchased Swedbank’s products. As Kristi Liiva explained “We want to build stronger relationships. It is to ensure long-term sustainable development. We know the customers longer. We are able to advise them better. That is why we are perceived as a good partner. If the customers will trust us, they will select us when expanding their banking product purchasing”. Swedbank, indirectly, by its promotion activities is encouraging customers to increase the share of wallet with Swedbank’s products. It is done mainly through personal contact and advisory conversations. A great role plays also direct marketing which is now used together with the maps of customers’ needs.

An important role plays also promoting complex banking solutions in the Internet. Besides of advertising in Internet, another way of promotion is done by the digital channel. It is the advisory Internet bank. It is a program which allows customers learn about his or her financial behavior. Based on that assessment, Swedbank is helping the customer to choose the solution that will best fit the customers’ financial behavior. This tool on one hand gives the bank information about what does a particular consumer need. As for the customer it is a reasonable guide trough the offered product range. As Kristi Liiva admitted “Internet was not used as an advisory tool before. This is something new.”

Implementing the new products and communication strategy is not an easy task for Swedbank. There is a constant conflict between the philosophy of customer orientation and achieving business results. However the managers of Swedbank believe that in long term those both goals will go in pair. As Ines Estrin commented “It is very easy to come back to the old way of working; but we had the lesson and we know that we have to move towards customers’ needs”.

During the crisis the demand and customers’ needs changed. Also the customers’ expectations toward the way Swedbank is communicating their message changed. Swedbank had to learn very much from the change in market. In the time of crises, Swedbank did implement some tactical solutions to get feedback from customers. In this way the bank got to know that the customers do not appreciate product-sales based messages. When Swedbank came out of the crisis and started to organize wide promotion campaigns again, they have changed the message in public media. As Ines Esrtin pointed out “Now we give more client-needs based messages. We do not mention so often the product. We build the message around the needs that the client can have. We inform that we have the solutions to address the needs”. Further she clears that it is a big change when comparing with the time before the crisis. As she said, “before the crisis we assumed very much what the customers need and want. Out of the crisis we focused more on hearing the customers’ voice”.

As mentioned, since the beginning of the crisis until now, Swedbank moved towards relationship building. For the company it is important to maintain a dialog with the customers. It is also crucial to show the people that the bank does care for them. In order to do so Swedbank is trying to be as close to the customer as it is possible.

The customer flow in branches is still monitored and the number of branches is being changed if needed. Some new branches have been opened since 2010 but those are not the same which
have been closed when the crisis came. As Kristi Liiva said, “We reorganized our branches network. We manage the resources more effective after the crisis. Customers’ access to our branches and the contact to the advisory is still our competitive advantage”.

Also to role of Internet channel is the same as in the time of the crisis. In the time of coming out form the crisis, Swedbank in Estonia also started to work with Smartphone applications. The diversification of the distribution channels is a way to provide efficient and suitable place for making the banking transactions and operations.

The same way as Swedbank maintained the product strategy, which has been worked out in the time of the crisis; also the prices in Estonia remained on the same level. As Ines Estrin said, “it was due to the public which is very keen in raising the discussion about the high prices. We cannot increase the prices again even though the crisis has finished”.
5. Analysis

In this chapter the empirical data will be compared with the theoretical framework with the aim to answer our research questions. First, the nature of the crisis for Swedbank will be analyzed. Stages of the crisis that the company went through will be identified. Further the changes of marketing mix through those phases will be analyzed – separately for Sweden and Estonia, by doing two within-case analysis. This will be followed by a cross-case analysis.

5.1. The nature of the crisis

To answer the research questions, a time line for the period of the global financial crisis has to be found. Falkheimer et al. (2009) argues that every crisis can be divided in many stages. Larsson (2001) stresses that number of theories on the nature of the crisis exist. Based on literature research (Cullberg, 2006; Falkheimer et al., 2009; Fearn-Banks, 2007; Flodin, 1999; Larsson, 2001) five stages of crisis can be indentified: (1) detection, (2) crisis prevention/preparation, (3) containment, (4) recovery and (5) learning. Below we will compare obtained data with the features of particular stages to identify the stages of the crisis for Swedbank in Sweden and Estonia.

5.1.1. Detection

The phase of detection is characterized by appearing of warning signs that can help predict the crisis (Fearn-Banks, 2007). Peter Borsos had an interesting opinion to that. As he said, “You can never ever foresee a crisis. If you can – it is not a crisis”.

Fearn-Banks (2007) warns that the organization should be aware, because it is difficult to detect the signs, since they might be unclear. In banking sector, in the time before 15th of September 2008, there were some pre signs but, as we found out, not that clear. Swedbank was not alert enough. While part of the management claims that there were no warning signs, the other part admits that Swedbank misjudged the strength of the global financial crisis. Nobody thought that the crisis might affect Swedbank that hard as it did.

Following the theory (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001) in the phase of crisis detection a company should make attempts to stop a crisis before is develops into a full-blown crisis. The steps could be for instance risks analyses or training programs to prevent the appearance and minimize the risk of accidents and crisis. As Swedbank did not detect the crisis before it hit the organization, none changes in the bank’s performance were made. Within one day the company found itself in the middle of a crisis.

5.1.2. Crisis prevention/preparation

Some argue that planning for a crisis is needless because the organization will never know how the crisis will hit them in the exact manner that one would expect (Fearn-Banks, 2007). This is something that Pearson and Clair (1998) confirm by saying that crisis can be perceived as recurrent and no preventable.

The story of Swedbank confirms this statement. The crisis hit Swedbank suddenly. Because of this the company did not have time to undertake any prevention activities. As the heard of Channel Management, Vithlani “the bank’s management was not prepared for the difficulties and nobody started to take any initiatives in terms of preparing the bank for the crisis”. One
reason is that, at that time Swedbank did not have a sufficient crisis management plan in place. Another can be that it was too late to organize the resources to prevent the crisis.

Augustin (1995), Fearn-Banks (1996), Larsson (2001) and Boudreaux (2005) argue that it is necessary to have a crisis management plan. By being prepared in this way, the organization can come out of the crisis in better condition than they would otherwise. If a company does not have a crisis plan, this is often the main reason to why the crisis management will not be successful. The crisis prevention/preparation phase is also about organizing and creating resources to handle the inconveniences (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001).

As we found out, Swedbank did not have a sufficient crisis management plan in place. This, beside the lack of warning signs and lack of time, was the reason why no prevention activities were undertaken. Based on the statements of our interviewees, another feature that made it impossible to prepare for the crisis is that every crisis is different from the previous one. Nobody can predict the direction of a global crisis and therefore an organization cannot be prepared for it before the crisis will actually hit the company.

Fearn-Banks (2007) highlights that by developing relationship and trust with the environment and having an open interaction with members in the organization, a company can prevent crisis, minimize the blows of a crisis to occur or limit the duration of a crisis. As already said, Swedbank didn’t have the time to work on this task before the crisis hit the company. However, we can see that all of those activities were undertaken as soon as the crisis appeared. As well in Estonia, as in Sweden, in the most intensive stage of crisis Swedbank implemented actions to build and maintain the relationships with its customers and the general public.

5.1.3. Containment

The phase of containment is the phase where the actual crisis event occurs and the first time of the crisis impact appears (Falkheimer et al., 2009). This was the first stage of the crisis that the respondents were able to identify. In both markets, Sweden and Estonia, this phase occurred around the date when Lehman Brothers went bankrupt. However, the indicators of the crisis were different.

In Sweden the crisis occurred in the form of the loss of the trust towards Swedbank. The company’s reputation was damaged, what resulted in losing customers. In Estonia the crisis had a business-like character. The indicators of the crisis were the financial losses of the bank. Many of Swedbank clients lost their homes because of credits that they were not able to pay back.

Research (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001) advice, at this stage of crisis, to save as much resources as possible and prevent injuries. Moreover, the organization should try to gain control over the impact of the crisis as soon as possible (Fearn-Banks, 2007). In the case of Swedbank in Sweden, where the crisis was caused by the loss of the trust, it was possible to undertake activities to regain the trust and build a positive image of the company; Unlike in Estonia, where the crisis had a more economical background. The mechanisms of financial market are hard to control, and therefore it is hard to speak about gain control over the impact of the crisis. What Swedbank in Estonia could do at this stage, was to reduce the negative impact of the crisis on the performance of the bank.
5.1.4. Recovery

According to the theory (Falkheimer et al., 1999; Fearn-Banks, 2007; Larsson, 2001), in the phase of recovery, the main task is to get the organization started again as fast as possible after the crisis, return to the business as usual and restore the damage that occurred during the crisis. Although it is hard to identify clearly the date of the recovery of Swedbank, it can be seen that it was the time around the middle of year 2010. Depending on the character of the crisis and its impact on the company, different indicators of the recovery stage can be found. In Estonia, where the crisis were based on economic performance, the moment when Swedbank started to generate profit again, has been seen as the recovery time. In Sweden, where the trust issue was of great importance, Swedbank came back on “the track” as soon as general public stopped to ask and talk about “the Baltics”. It was also the time when the trust figures showed a positive trend.

When talking about the recovery stage, two research traditions exist. First one, the traditional, stresses the ambition to return to previous systems and routines of the company. Second approach, called late modernity, underlines that a crisis is an occasion to reorganize the organization (Falkheimer et al., 2009). Based on the cases of Swedbank in Sweden and Estonia we can clearly see that the company employed the second approach. Already in the stage of containment, the company took an active decision about changing the way of working. In the consecutive part of the crisis Swedbank decided to change the whole philosophy of the organization. They moved from product-innovator toward relationship-builder, from transactions toward relations and finally form pushing products towards fining solutions to meet customers’ needs.

5.1.5. Learning

According to Fearn-Banks (2007), the last stage of crisis is the learning phase. This period includes the process of examining the crisis and determining what have been lost and gained during the crisis. At this time the organization should consider how did it perform in the time of the crisis. This will allow the company to attain the practical experience that comes out of a crisis and the knowledge that can be used in the future (Falkheimer et al., 2009; Larsson, 2001).

When analyzing our respondents’ answers, we can see that Swedbank started the learning phase immediately when the crisis occurred. It was rather parallel to the entire crisis then one of its stages. Moreover, we have found that the learning process does not stop with the end of the crisis. As Diviesh Vithlani noticed, after the recovery the learning continued. In this time the new management team developed the new guide principles, and this was the results of the experience they could gain from post crisis.

The whole process of crisis was a great lesson for Swedbank. As we have found, the organization, and its employees, learned a lot from the beginning of the crisis, through it and also in the time of recovery while managing the crisis. This, according to Pearson and Clair (1998) is a feature of a successful crisis management.

When looking at Swedbank in the time of recent global financial crisis, one can see that it is hard to identify all of the stages suggested in the literature. Because the crisis came unexpected without clear warning signs, neither the stage of detection nor the preparation/prevention stage occurred in the case of Swedbank. The first stage that could be identified by its features is the containment stage. It was the time when the crisis hit
Swedbank, accordingly by losses in performance in Estonia and the loss of trust in Sweden. It was also the time when Swedbank undertook activities to minimize the negative impact of the crisis. The next stage that Swedbank went through during the crisis was the recovery. All of the interviewees could easily identify the beginning of this stage, although the indicators differed. In this stage Swedbank started to gain profits again, regain the trust, rebuilding its image. As for the last stage mentioned in the literature – the learning stage, it can be noticed that differently than in the theory, the stage does not occur after the recovery. The learning is rather a process which continues simultaneously with the stages of the crisis. In case of Swedbank – with the stage of containment and recovery.

5.2. Marketing mix

In following section the changes in particular marketing mix elements will be described.

5.2.1. Product

The product is being described as the core of marketing mix (Mühlbacher et al., 1999). As Ferrel and Hartline (2002) argued, if the product is not able to meet the consumers need, any other part of marketing mix cannot help to build a competitive position on the market. The empirical findings showed the product was not of that great importance when talking about marketing activities. Because the global financial crisis had its roots in the financial sector and the key trigger of the crisis have been banking products that turned out to be improperly sold, the customers were afraid to purchase banking products. Therefore the approach of Swedbank in both cases – Sweden and Estonia – changed from sells pushing towards customer relations. One can see that in the stage of containment the company decided not to be product centered. In the stage of recovery, this approach has been maintained.

Köksal and Özgul (2007) claim that in the time of a crisis, the basic strategy related to the product should be to withdraw the weak items from the market and make an extra effort to R&D to support new products. Therefore it is advisable to make an extra effort to R&D to support new products (ibid). As noticed by Kotler et al. (2008), marketing decisions regarding product include the issues of variety, quality, design, features, brand, packaging, services and warranties. Although the product strategy was not on the main focus of Swedbank in the time of the crisis, some decision have been made in order to handle the turbulent situation.

In the following sections, the changes in product strategy in two before identified stages of the crisis will be described. In banking, because of the intangible character of products, the packaging does not have a great importance and therefore will not be taken into account in the following analysis.
5.2.1.1. Sweden

Table 1
Changes in product strategy - Swedbank in Sweden

<table>
<thead>
<tr>
<th></th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variety</td>
<td>The depth and length of the assortment did not change. No new products developed.</td>
<td>The depth and length of the assortment did not change. No new products developed. The bank started to combine the products in packages.</td>
</tr>
<tr>
<td>Quality</td>
<td>Introducing customer oriented approach. Mapping the needs in order to satisfy them in the best possible way. Focus on value of the products.</td>
<td>Maintaining customer oriented approach. Mapping the needs in order to satisfy them in the best possible way. Focus on value of the products.</td>
</tr>
<tr>
<td>Design</td>
<td>Decision to reduce the complexity of the products.</td>
<td>Working on reducing the complexity of the products.</td>
</tr>
<tr>
<td>Brand</td>
<td>New brand values: open, simple, caring.</td>
<td>Maintaining new brand values.</td>
</tr>
<tr>
<td>Services</td>
<td>-</td>
<td>Advisory service and consultation. The customer service in the center of focus.</td>
</tr>
<tr>
<td>Warranties</td>
<td>-</td>
<td>Selling only safe products. Reduced risk for the customers.</td>
</tr>
</tbody>
</table>

When the crisis appeared Swedbank in Sweden introduced some changes in the product strategy. When talking about variety of the products, no big changes were made. Swedbank did not develop any new products; neither in the containment stage nor in the time of recovery. That stands in the opposition to what Köksal and Özgul (2007) recommend. The reason here is that in the time when the customers lost the trust for the bank it was impossible to push the products. The main goal of the company at this time was to rebuild the confidence with the customers and maintain the relationships. A sells pushing was not appropriate at the time of the crisis. Therefore there was also no use in investing in R&D.

The understanding of quality of the products was something that changed when the crisis hit Swedbank. Before the bank was focused on providing innovative products. In the containment stage the focus has shifted towards offering solutions that could best satisfy the needs of the customers.

According to Szczepańska (2009), quality is the sum of the product characteristics which decides about its capacity to meet the expressed or expected needs of the consumer. It was the time of the crisis when Swedbank realized that only taking into account the needs of customers can ensure the quality and in this way encourage customers to stay with Swedbank. Another feature of quality was the focus of value. Because customers became more sensitive about the value of purchased products, Swedbank worked on the offered value. This change in the product strategy turned out to be successful. The bank decided to maintain this approach in the next stage of the crisis. Learned from the crisis, this approach has been implemented as a permanent feature of Swedbank’s product strategy.
When talking about design, Swedbank decided to simplify their products. It was due to the fact that complex products have been the trigger of the global financial crisis. In order to avoid the risk a review of the products design has been made. The work on the design is a process that continued also in the recovery stage and perhaps will continue in the future. The aim of this decision was also to make it easier for customers to understand what they are buying and how to use the banking products. That confirms the theory saying that the design refers to product’s usefulness and is created based on an understanding of consumers’ expectation towards the product (Kotler et al., 2008).

Another change in products strategy was the change of brand values. The change was introduced in the stage of containment and was kept in the further stage. New brand values are “open, simple and caring”. The change was caused by the character of the crisis. Because of the crisis, the expectations of customers changed. Customers in Sweden were seeking for a safe bank which can take care of their financial situation. By changing the brand values Swedbank wanted to show that the company can meet the customers’ expectations.

Also in terms of services a change was made. Swedbank saw the importance of being close to the customer, being an advisor. Although already in the containment stage the company shifted its focus toward customer orientation, it can be seen that it was the recovery stage where the customer service was developed much more. In this time Swedbank examined the reasons of the crisis in Sweden and understood that by having complex customer service, the company can build long-term relationships, rebuild the trust and make the customer understand the way the bank is working. This change confirms the theory saying that the organization should build up relationships with the customers to make them revisit the company even if the market and their needs will change (Jobber & Fahy, 2009).

The last change in the products strategy regards the warranties. Banking products are always associated with a level of risk. That risk cannot be avoided. Swedbank realized that it is the risk that is scaring customers away. Therefore in the recovery stage the company started to claim that they will sell only safe products, which the customers can afford. Swedbank chose this approach because they knew that safety was what customer expected at this time. In this way the bank was showing that the company does care about the financial situation of the customers rather than about making money. The safety has been communicated as a feature of products quality and reducing customer’s uncertainty (Nowak, 2008).

Analyzing the changes in products strategy that has been made by Swedbank in Sweden, in the time of the crisis, one can see that the product strategy did not differ much in the stage of containment and the stage of recovery. The core product decisions were not influenced by the crisis. It can be noticed that changes made in the first stage were kept and developed in the second period. The two decisions that changed over time regarded the augmented and actual product. Those were decisions about warranties and service. However when looking at the empirical findings it becomes clear that the change was not radical and it was more a matter of time/resources limitation to not introduce those changes in the first stage.
5.2.1.2. Estonia

Table 2
Changes in product strategy - Swedbank in Estonia

<table>
<thead>
<tr>
<th></th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variety</td>
<td>The depth and length of the assortment did not change. No new products developed.</td>
<td>The depth and length of the assortment did not change. No new products developed.</td>
</tr>
<tr>
<td>Quality</td>
<td>Introducing customer oriented approach. Mapping the needs in order to satisfy them in the best possible way.</td>
<td>Maintaining customer oriented approach. Mapping the needs in order to satisfy them in the best possible way.</td>
</tr>
<tr>
<td>Design</td>
<td>-</td>
<td>The way of calculating the interest rate changed in that way that now the risk of the product is counted into the rate.</td>
</tr>
<tr>
<td>Brand</td>
<td>New brand values: open, simple, carry.</td>
<td>Maintaining new brand values.</td>
</tr>
<tr>
<td>Services</td>
<td>Advisory service and consultation of great importance.</td>
<td>Advisory service and consultation of great importance.</td>
</tr>
<tr>
<td>Warranties</td>
<td>Increased level of guarantees in lending products.</td>
<td>Maintaining increased level of guarantees in lending products.</td>
</tr>
</tbody>
</table>

In the case of Swedbank in Estonia no changes in the assortment were made. There was no use in developing new products since first the difficult financial situation of many customers had to be solved. The focus was on having dialog with the customers, helping them to deal with the crisis rather than on pushing the products.

When it comes to quality of the products, Swedbank in Estonia saw the importance of customer orientation. Already at the beginning of the crisis, the company understood that the way to provide good quality products is to prepare an offer that will meet the needs of customers. Therefore in both stages of the crisis a customer oriented approach was implemented. It was especially important since in Estonia many credit losses occurred. The reason was that Swedbank did not care about the needs of the customers or about the ability to pay back the credits. Avoiding this kind of situation can be the reason why the approach of Swedbank in Estonia changed during the crisis.

In terms of design nothing changed in the stage of containment. Perhaps it was because Swedbank in Estonia was struggling with economic issues and there was a lack of time and resources to work on product design at this time. In the recovery phase a change in the way of calculating the interest rate. Since then the risk of the product is being counted into the rate. This change made it more understandable for the customers for what they are paying when purchasing lending products.

In the containment stage the new brand values have been introduced. It was a strategic decision for the whole Swedbank group. New brand values were the same in all of the markets: open, simple and carry. It seems that these tree values were accurate in the time of the crisis since those were the ones which customers in Estonia were looking for.
From the first days of the crisis it became clear for Swedbank in Estonia that the contact with customers and general public is crucial. The bank was open with its communication and was seeking for dialog with the customers. In the stage of containment and in the recovery stage customer service was on great importance. This approach might be one of the keys in maintaining the trust in Swedbank in Estonia.

As for the warranties, a change has been introduced at the beginning of the crisis. It was an increase of the level of guarantees. However this was not Swedbank’s decision. It was due to governmental regulations. Hence, this change in the product strategy can be seen as a change in marketing mix done in order to overcome the impact of the crisis, influenced by external factors.

The actual and augmented product of Swedbank in Estonia changed when the crisis appeared. Changes were made around the quality of the products, the brand values, the warranties and the service. Those areas changed in the containment stage and remained the same in the stage of recovery. Also the design was changed in the stage of recovery. Surprisingly the product strategy did not depend on the stage of the crisis. It looks like the crisis was a stimulus for permanent changes in the product strategy rather than for adaptation to current conditions.

5.2.2. Price

Price turned out to be the less adaptable element of marketing mix. However some changes in this area were introduced. The decisions regarded the changes in the prices value, introduction of fees for products that have been free of charge and modifications in the pricing strategy.

5.2.2.1. Sweden

Table 3
Changes in price strategy - Swedbank in Sweden

<table>
<thead>
<tr>
<th></th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices changes</td>
<td>-</td>
<td>Increase of interest rates on the deposit site.</td>
</tr>
<tr>
<td>Introduction of new prices</td>
<td>Introducing provisions for transacts.</td>
<td>-</td>
</tr>
<tr>
<td>Changes in pricing strategy</td>
<td>-</td>
<td>Changes in the way of calculating the rates of lending products.</td>
</tr>
</tbody>
</table>

In the time of the crisis the prices of Swedbank’s product changed due to the changes in the market. However it was not the company’s decision. A bank has to respect the external changes while setting the prices (Grzywacz, 2006) and therefore it was not possible for Swedbank to keep the prices unchanged. However there has been also one intentional change. It was in the recovery stage, when Swedbank in Sweden decided to increase the interest rates on the deposit site. It was a way to attract the customers to leave their capital in the bank. The increase of the interest rates was equal to an increase of customers profit. As mentioned, this change was made in the recovery stage. One of the reasons for that could be that in the containment stage, when Swedbank was dealing with the trust issue, there was no space for dealing with pricing decisions. Another reason could be that in the time when the trust in Swedbank has been damaged, the company did not want to ask people for their money. It could scare the people and damage the image of the company even more.
Because of the unfavorable changes in the market, the profits of Swedbank decreased after the crisis started. In the first months of crisis Swedbank started to seek for opportunities to generate additional profit. As we have found out, they saw the chance in introducing provisions for transactions that before were free of charge. The provisions were low to not discourage the customers. This was a good choice since prices are only accepted by customers in the specified level. Prices set at much higher level could discourage customers (Grzegorczyk, 1997).

When talking about banking products, a marketer needs to count in the product’s conditions such as loan term, the method of calculating interest, costs of security, the conditions for early repayment of loans or the consequences of the resignation from the product (Grzegorczyk, 2004; Grzywacz, 2006). Having this in mind Swedbank made a revision of their pricing strategy. They made a change in the way of calculating the rates. The rates introduced in the recovery stage were addressing more the level of the risk. The reason of this change could be that Swedbank learned a lesson from the crisis. It became clearer that the price should involve the cost of the risk. It was a way of insurance for the bank in case of unexpected changes in market conditions or consumer.

5.2.2.2. Estonia

Table 4
Changes in price strategy - Swedbank in Estonia

<table>
<thead>
<tr>
<th></th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prices changes</strong></td>
<td>Lowering some prices, mainly interbank fees.</td>
<td>Maintaining lower prices.</td>
</tr>
<tr>
<td><strong>Introduction of new prices</strong></td>
<td>Introducing card fees and fees for channels usage.</td>
<td>Maintaining introduced fees</td>
</tr>
<tr>
<td><strong>Changes in pricing strategy</strong></td>
<td>Implementing loyalty programs and bonus programs.</td>
<td>Maintaining loyalty programs and bonus programs.</td>
</tr>
</tbody>
</table>

During the crisis, the public in Estonia became very sensitive about Swedbank’s prices. This has forced the bank towards lowering some of the prices in the phase of containment. It regarded mainly the interbank fees. The reason was both: internal – according to overall marketing strategy, which was to build a positive image of the company, and external – due to the, customers perception of the product’s value (Kotler et al., 2008). In the time of recovery the bank maintained the prices on the lower level. The reason for this, according to Ines Estrin, was because of the public which was inclined to raise the discussion about the high prices. Köksal & Özgul (2007) showed in their research that there is no difference in the scale of sales between companies who decide to decrease the prices in the time of the crisis and those who maintain the level of the prices. Based on this it could be assumed that there is no use in lowering the prices. However, in case of Swedbank in Estonia the reason for the change of the prices was not to increase the sales but to avoid criticism from the customers and the general public. As Köksal & Özgul (2007) claim, the price should be examined in concert with other elements of the marketing mix. That is something what the case of Swedbank in Estonia confirms. The company combined all of the marketing mix elements in order to achieve the overall marketing goal.
In the time of the crisis, Swedbank in Estonia was seeking for additional sources to increase the profits. Since the price is the only element of marketing mix that generates revenue for the company (Kolter et al., 2008), the bank saw the opportunity in introducing fees for cards and channels usage. In the stage of recovery, the once introduced fees remained. It seem to be an reasonable decision since if the customers accepted the level of the price in the turbulent time, there is a great probability that also after the crisis it will be accepted. Another reason could be the fear of negative opinions, saying that Swedbank took advantage of the difficult time and introduced fees to exploit the customers.

Also a change in the general pricing strategy was implemented in the containment stage of the crisis in Estonia. It was by introducing loyalty programs or bonus programs which guaranteed loyal customers more preferable financial conditions. For Swedbank it was a way to build long-term relationships with the customers. That was standing in line with the general trend in Swedbank’s activity, which is focusing on customers and building relationships with them. This system of pricing and stimulating customer’s demand has been maintained during the recovery and is still used now in Estonia. The reason is most probably the permanent change in the Swedbank’s orientation – toward customer relations building.

5.2.3. Promotion

Bank's promotion activities can be divided into two groups of operations, depending on their objectives: (1) promoting banking products and building the awareness of a company presence and (2) creating the positive image of the bank (Grzywacz, 2006). It seems that in the time of the crisis, the second role of promotion becomes more crucial. It became clear after examining the case of Swedbank in Sweden where the image of the company has been drastically damaged. In this case the company took advantage of the possibilities that promotion offers in order to overcome the negative public opinion. Also in the case of Swedbank in Estonia promotion tool have been used widely. Below, an analysis of the promotion strategy in Sweden and Estonia will be presented. The analysis is structured according to the theory, which suggests that the promotion consists of: advertising, sales promotions, personal selling, direct marketing and public relation (Kotler et al., 2008).
5.2.3.1. Sweden

Table 5
Changes in promotion strategy - Swedbank in Sweden

<table>
<thead>
<tr>
<th></th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Drawn back.</td>
<td>Wide marketing campaigns in bought media. TV commercials. Advertising via Internet: own Internet channel and social media.</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Personal selling</td>
<td>Personal contact in the branches. Promoting safety products.</td>
<td>Personal contact in the branches. Focus on complex offers.</td>
</tr>
<tr>
<td>Direct marketing</td>
<td>Drawn back</td>
<td>Direct marketing based on the maps of customers’ needs.</td>
</tr>
<tr>
<td>Public relations</td>
<td>Drawn back</td>
<td>Becoming transparent and open. Taking care of good relations with the customers, general public and the media.</td>
</tr>
</tbody>
</table>

In the first stage of the crisis Swedbank in Sweden did not use promotion very intensive. The advertisement has been totally drawn back. This is an opposite strategy that the recommended in the theory, saying that if a company will increase or maintain the level of advertising, this would increase sales and market share (Köksal & Özgul, 2007).

Almost all of the promotional activities have been drawn bank. The only promotion that was made in the stage of containment was trough personal selling. Even though Swedbank in Sweden was avoiding promotion and communication in the first period of crisis, it was impossible to avoid the contact with the customers at the branches. The bank decided to use this opportunity to promote safety products. It should be noticed that in the time of the crisis Swedbank in Sweden did not focus on sales pushing. It was because it became impossible to offer products to the customers when they were distrustful. However, the safety products do not raise negative emotions. It seems to be the opposite - the customers have the feeling of being cared.

In the recovery stage Swedbank in Sweden made lot of changes in the promotion strategy. The biggest step was the implementation of a wide marketing campaign. With the use of television and Internet Swedbank transmitted a video clip. The clip was showing a short history of Swedbank. In this way the company has underlined it’s long tradition and roots. Also social media such as Facebook and twitter were used to advertise the bank. This way of promotion has two strong advantages. One is that it allows the bank to be close to the customers. Second is that this kind of tools make it able to collect feedback from the customers. It is worth noticing that it was not products what Swedbank was promoting. It was rather the brand with its new values – open, simple, caring. The advertisement activities were introduced in the second stage of crisis because there was no use in doing it in the time when all of the people were talking about the losses of Swedbank. The negative image of Swedbank and the damage of trust created an adverse environment for advertising. This situation has changed in the last months of crisis. Swedbank in Sweden used the change and came up with
the marketing campaign. According to Ferrel and Hartline (2002) advertising is an expansive tool for promotion which is reasonable only when the aim is to reach a broad audience. This was the case of Swedbank since in Sweden the number of private clients is about 4 million and the corporate customers 420 thousands.

When it comes to sales promotion, it can be noticed that Swedbank did not use this tool in the time of the crisis. Swedbank in Sweden did employ a strategy to sell packages of products though. It was a way to encourage customers to purchase more of Swedbank’s products. This can be seen as an indirect way of promoting products. The customer instead of single products becomes an offer to satisfy more needs while the company increases its sales. However this, according to the theory is not sales promotion. It is because, sales promotion are short-term incentives to encourage the purchase or sale of a product or service (Kotler et al., 2008) and the decision about packaging the offers was a strategic change.

The above is connected to the general shift of Swedbank’s focus towards customer and his or her needs. In the recovery time Swedbank in Sweden started to offer complex solutions to the customers. It was done based on the process of customer needs mapping. The maps are prepared after a conversation with the customer. Then a solution is offered to cover all of the needs. It is a way of personal selling which Swedbank has developed in the time of the recovery. According to Kotler et al. (2008), the aim of personal selling has the form of personal is to make sales and build customers relationships. Swedbank did use this tool for the same purposes. Moreover, Kotler et al. (2008) argue that including sale forces into the communication makes it a two-way communication between salespeople and individual customers. Getting feedback and maintain dialog with customers was the main focus in terms of promotion and communication for Swedbank in Sweden in the time of the crisis. Therefore, personal selling has been of great importance in this time.

Based on the customers’ profiles, which have been created after personal communication, particular offers could be fitted to each customer’s segment. Swedbank in Sweden used those profiles together with direct marketing. Knowing the segments, the bank could target its customers in a low-cost, efficient and speedy way (Kotler et al., 2008).

As found out from the interviews, Swedbank in Sweden has been very closed to the communication at the beginning of the crisis. The reason behind this, according to Divesh Vithlani, was because the bank could not handle the difficult situation. Other respondents claimed that it was a thought-out decision. Whatever the reason was, the approach of Swedbank in Sweden has changed in the stage of recovery. At this time Swedbank decided to be transparent and open with the communication to the customers and general public. The company did use PR very intensive. To rebuild the trust that the bank has lost, the bank decided to be “out there to make people believe in Swedbank again”. In the recovery Swedbank’s communication specialists were accepting every interview request. Swedbank understood the importance of building and maintaining good relationship with the environment. An open communication is something that is being underlined in the theory. According to Ferarn-Banks (2007) by developing relationship and trust with the environment and having an open interaction with the personnel, a company can prevent the crisis, minimize the blows of a crisis to occur or limit the duration of a crisis. Unfortunately in case of Swedbank in Sweden the company realized that too late to prevent the crisis or shorten its duration.

Summarizing the changes in promotion strategy in Sweden, one can see that in the stage of containment the promotional activities have been drawn back. This element of marketing mix did not play a significant role in overcoming the first strike of the crisis. It was the company’s
choice to stay passive in this area. That can be seen as a mistake, since it is recommended in the containment stage to take effort in order to gain control over the impact of the crisis (Fearn-Banks, 2007). This has changed dramatically in the recovery stage. In this period all of the promotion tools were used intensively. As the recovery stage is being referred as the time when the company should build up the trust that the organization had towards its key publics before the crisis (Fearn-Banks, 2007), the case of Swedbank in Sweden confirmed the theory. Promotion became the core of marketing mix in this time. When asking why did the promotion change over the two stages, two possibilities seem to be likely. First reason could be that when the crisis began, Swedbank was not prepared and not experienced enough to implement an efficient promotion strategy and therefore did not undertake any activities. In the later stages, the company has already learned a lesson and drew some constructive conclusions. This helped to come up with a wide marketing campaign. Second reason could be, as mentioned by our respondent, that drawing back all of the promotion activities was the best choice in a situation of crisis, where a company was inundated with negative opinions. However this option appears to be less likely since most of the respondents admitted that “keeping silence” was the worst decision that Swedbank could make when the crisis began.

Besides promotion, being a part of marketing mix, another tool appeared to be of great importance in the time of the crisis. It was the internal marketing with special focus on communication. As we have found, Swedbank’s employees played a big role in the time of the crisis. In the containment stage personal selling has been the only promotion tool which was used. The importance of having well informed and trained personnel was underlined several times in the interviews. When saying “well informed” it is meant that the employees understand the company philosophy, goals, brand essence and approach to current situation. To achieve this, Swedbank in Sweden put lot of effort in internal marketing. Examples here are the training of the employees made by 100 of ambassadors who were visiting the branches and teaching the frontline staff how to deal with the customer communication; publishing a blog by the CEO of Swedbank and employing Swedbank’s website as an internal communication channel.

### 5.2.3.2. Estonia

**Table 6**

*Changes in promotion strategy - Swedbank in Estonia*

<table>
<thead>
<tr>
<th></th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advertising</strong></td>
<td>Drawn back in bought media. Advertising in Internet, but without sells pushing.</td>
<td>Advertisement mainly via Internet. TV commercials.</td>
</tr>
<tr>
<td><strong>Sales promotion</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Personal selling</strong></td>
<td>-</td>
<td>Personal contact in the branches. Focus on customer needs.</td>
</tr>
<tr>
<td><strong>Direct marketing</strong></td>
<td>-</td>
<td>Direct marketing based on the maps of customers’ needs.</td>
</tr>
<tr>
<td><strong>Public relations</strong></td>
<td>PR used actively. Great importance of maintaining a dialog with the customers and general public.</td>
<td>Maintaining relationship with the social environment.</td>
</tr>
</tbody>
</table>
In the case of Swedbank in Estonia, the crisis was connected to losses in credits and difficult situation of many customers. In these circumstances it became impossible to increase the sales. Therefore the company drew back most part of its promotion actions in the first stage of the crisis. The tools that have been used actively in this time were advertising and public relations. In the phase of containment, the usage of most of the promotion tools increased.

Advertising in the broad sense has been excluded from the promotion strategy. There were no TV or radio adverts at this time. However Swedbank did advertise itself in the Internet — trough their webpage. According to Ferrel and Hartline (2002), advertisement is a form of promotion that enables to reach a wide range of receivers. As we have found, Estonian website of Swedbank has approximately 400 000 logins per day, what made it reasonable to use this promotion channel. Another advantage of advertisement is that it can be transmitted to a specific defined target group (Ferrel & Hartline, 2002). Ferrel and Hartline (2002) claim that advertising is a costly way of promotion. However, in case of Swedbank it was done through their own channel what turned out to be cost efficient.

The message of the adverts was highlighting mainly the competitiveness of the bank’s core product usage. There was not a heavy sales push. The focus of the advertisement in this time was to invite the customers to come to a branch, talk about their needs and finding the best way to satisfy them. This approach was kept also in the recovery stage.

As we found out, after the turbulent time finished, Swedbank did not come back to pushing their products. The focus was still on building strong relationships with the customers. There was a change in advertisement in the recovery stage though. In the time of recovery Swedbank came back to the usage of advertisement in TV. The commercial was showing the roots of Swedbank and connecting Swedbank in Estonia with Swedbank in Sweden. This was a way to build an image of a bank which is having a support overseas. TV was not the main stream of Swedbank’s advertisement. The company used the Internet more intensive at this time. It was because it was less costly while at least the same efficient.

In the time of the crisis, sales promotions has not been used by Swedbank in Estonia. According to Boddewyn and Leardi (1989) this promotion tool because of high costs of alternative tools, the complexity of effectively differentiating a number of comparable products or services and the simpler targeting of customers by sales promotions. None of these factors seemed to be of importance in the time of the crisis, what could be the reason for not implementing sales promotion in the promotion strategy.

In the recovery phase personal selling became common in Swedbank in Estonia. It was not that case in the containment stage. The cause of this change most probably was the fact that at the beginning, because of the external circumstances, the bank refused to push their products to the market. The personal contact with the customers was of great importance at this time. However it had an advisory and informative character. In the later time this changed. The advisory role of Swedbank’s employees remained though. Additionally the focus was on promoting banking solutions to the customers. According to Kotler et al. (2008) personal selling is done by the company’s sales force for the purpose of making sales and building customers relationships. Swedbank in Estonia was making use of both of these characteristics in the recovery time.

Direct marketing has not been used when the crisis began. A change occurred in this area in the recovery stage. At this time Swedbank in Estonia started to use this tool together with customer’ needs map. Based on information gained trough personal contact, the company was
creating and offer that matched to the segment a customer belonged to. With this offer the company was approaching the customers using direct marketing.

Public relations was the promotion tool that was of greatest importance for Swedbank in Estonia in the time of the crisis. In both stages of the crisis the company was very active in communication with the customers, the government, the general public and the media. According to Muhlbacher et al. (1999), the objective of public relations is to establish a positively esteemed identity of the company. It is also to obtain favorable publicity; build up a good ‘corporate image’; handle or head off unfavorable rumors, stories and events; and to present the company as a reliable producer and partner (Dębski, 2007; Kotler et al., 2008). It seems that Swedbank in Estonia understood the importance and utility of this tool and therefore employed it as the core of promotion strategy in the turbulent time.

Examining changes in the promotion strategy one should note that in the containment stage most of the promotion tools were not used. Direct marketing, sales promotion and personal selling were excluded at this time. Advertising was used in a limited way. The crucial area of promotion was PR. Using this tool the company undertook activities to prevent the development of the crisis, what is recommended to do in the containment stage (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001). In the recovery stage the promotion strategy became more complex again. Most of the promotion tools (excluding sales promotion) were employed. The change of the external situation and also a change in the overall marketing approach - toward customer orientation - are the two rational reasons behind the overtime change. The changes in the environment resulted in a transformation of Swedbank’s promotion strategy. Especially regarding the way Swedbank was approaching its customers and the audience. As we have found out, before the crisis Swedbank in Estonia assumed very much what the customers need and want. Now they transmit more client-needs based messages. Swedbank is not mentioning the products so often. They build the message around the needs that the client can have and inform that Swedbank’s the solutions to address the needs. This was a great lesson of promotion learned out from the crisis.

5.2.4. Place

In the time of the crisis place as the element of marketing mix has played an important role for Swedbank. Below the role of particular distribution channels and the means of physical distribution in the time of the crisis will be discussed – separately for Sweden and Estonia. The analysis will include three types of distribution channels: traditional distribution, non-stationary distribution and electronic distribution (Grzywacz, 2006). Following this we will discuss the changes that have been done in terms of branches, Internet banking, Phone banking and Mobile banking. Also the adjustments of the means of physical distribution have been made in different stages will be described.
5.2.4.1. Sweden

Table 7
Changes in place strategy - Swedbank in Sweden

<table>
<thead>
<tr>
<th>Distribution channels</th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>Great importance of branches. Importance of branches personnel.</td>
<td>Change in the role of branches – form a place for making transactions towards the place for meeting the customers.</td>
</tr>
<tr>
<td>Internet banking</td>
<td>No focus on improving the website or encouraging the customers to use it.</td>
<td>Focus on Internet banking. Increase of the usage.</td>
</tr>
<tr>
<td>Phone banking</td>
<td>Increased importance. Great importance of well qualified phone operators.</td>
<td>Maintained as a part of the channel mix.</td>
</tr>
<tr>
<td>Mobile banking</td>
<td>-</td>
<td>Employed as a part of the channel mix.</td>
</tr>
<tr>
<td>The means of physical distribution</td>
<td>-</td>
<td>Introducing smartphone solutions, iPad solutions</td>
</tr>
</tbody>
</table>

In Sweden the importance of distribution channels has been great in the time of the crisis. In the containment stage the branches and phone banking played the crucial role. In the recovery stage the usage of other channels drew attention of Swedbank. The focus has been also on improving the means of physical distribution.

In the containment stage the Swedbank’s branches in Sweden were of great importance. It was the place where customers could come and ask questions about the situation of the bank and also customers’ financial situation. At this time Swedbank in Sweden did not make any modifications in the branches channel. What can be noticed in terms of branches is the importance of the personnel. According to Mühlbacher et al. (1999), the distribution channels are people are a part of the channel. The case of Swedbank in Sweden confirms the role of human factor in channels since as we have found the employees were the ones who were dealing with the customers and their requests. For Swedbank at this time it became crucial to make the employees understand the essence of the company’s customer approach.

In the time of recovery, Swedbank in Sweden realized the importance of having a strong branches network. Learned from previous stage of the crisis, the company knew that the contact with the customers is of great importance. This was in line with changes of the other marketing mix elements: product and promotion. Since the focus of product strategy was to offer solutions based on customers profile and the focus of promotion was to build relationships with customers through being transparent and communicative; maintaining the branches network became a part of the marketing strategy. That has been challenging, because in the time of the crisis a company is looking for cost reduction. Therefore the company had to make decision whether to reduce the number of the branches or reduce them. Swedbank in Sweden decided to maintain the branches. However the focus of the branches’ role changed. In the recovery stage, Swedbank in Sweden focused on making the branches a place for building relationships with customers rather than for doing transactions and operations.

Internet banking did not have a big contribution to marketing for Swedbank in Sweden in the containment stage. This channel has been used since a lot of customers are online-banking
users. However no focus was put on improving the web site or encouraging the customers to use it more. This changed in the recover stage. As discussed before, Swedbank in Sweden decided to move the operations from branches in order to use the personnel to build relationship. Internet turned out to be the main alternative channel for this. In the recovery stage the company put effort in encouraging customers to use Internet banking. This solution can bring cost efficiency for both – the bank and the customers. In the time of the crisis people became sensitive to costs, therefore it seems to be reasonable to introduce the change at this time.

Similar as branches network, the phone banking was used very intensively in the containment stage. Customers were seeking for answers about the crisis. Phone call was the easiest way for the people to get in touch with the bank. Because of this, Swedbank was centered on training the personnel to be reliable while talking with the customers. Phone banking has been used quite broad also before the crisis and in the recovery stage. However in the containment stage it has been, next to the branches, the main place for meeting customers.

Mobile banking is known in the banking sector for some years. Nonetheless Swedbank in Sweden did not focus on develop this channel in previous years. It was also not that case in the phase of crisis containment. In the recovery it has been though. When Swedbank in Sweden was coming out of the crisis, the company started to work on its distribution channel. The management of the bank is of the opinion that most customers are very rational when choosing the channel. Therefore there is logic of having a multichannel strategy in order to give the customer a choice of channel that will fit best his expectations and needs. Keeping that in mind and taking into account the development of phone technologies, Swedbank in Sweden decided to develop the Mobile banking channel. This step allows reaching customers who are time and cost sensitive and familiar with the technologies.

For similar reasons as the discussed above, Swedbank decided to work on the means of physical distribution. It was the recovery stage when the bank started to work with newest solutions, such as smartphone and iPad solutions for banking.

When looking on place in the time of the crisis, one can see that it played an important role in overcoming the impact of the crisis. However it should be noticed that during the containment stage, place changed its function. According to Grzywacz (2006) place in marketing mix means the place and form of providing product to the consumers. In case of Swedbank in Sweden the in the containment stage the usage of the distribution channels shifted from providing product towards talking with the customers and providing them with answers about the financial situation.

Another thing worth to mention is that in terms of the design of distribution channels and place mix no modifications of changes have been introduced in the beginning of the crisis. A change occurs in the recovery stage, where the bank started to move the transactions to the Internet channel and where new channels and means of physical distribution were developed. This change was due to the change in overall marketing strategy and due to the lesson about having personal contact with the customers, learned out of the crisis.
5.2.4.2. Estonia

Table 8
Changes in place strategy - Swedbank in Estonia

<table>
<thead>
<tr>
<th>Distribution channels</th>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>Closing some branches or service desks based on customer flow.</td>
<td>Reorganization of the branches network based on customer flow.</td>
</tr>
<tr>
<td>Internet banking</td>
<td>Encouraging customers to use Internet channel more frequently.</td>
<td>Encouraging customers to use Internet channel more frequently.</td>
</tr>
<tr>
<td>Phone banking</td>
<td>Used as a regular channel.</td>
<td>Used as a regular channel.</td>
</tr>
<tr>
<td>Mobile banking</td>
<td>-</td>
<td>Employed as a part of the channel mix.</td>
</tr>
</tbody>
</table>

The means of physical distribution

<table>
<thead>
<tr>
<th>Containment stage</th>
<th>Recovery stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch on the wheels – Swedbank bus. The purchase of an additional bus.</td>
<td>Introducing smartphone solutions, iPad solutions</td>
</tr>
</tbody>
</table>

The place has not contributed much to the overcoming of the crisis for Swedbank in Estonia. The channels have been used for its traditional usage. That is providing the products to the consumers and making the product available to target market (Grzywacz, 2006; Kotler et al., 2008). Throughout the crisis the place strategy did not change significantly. Some changes were introduced, however those seem to be rather strategic decisions than operational changes.

When the crisis began, Swedbank in Estonia closed some of their branches. The decision was based on the customer flow monitoring. In some cases the costs of maintaining a branch were too high in relation to the customer flow. This step confirmed the theory Köksal and Özgül (2007) who argued that in the time of a crisis, an organization should eliminate the unprofitable intermediaries. This can affect the organizations performance positively, by lowering operating costs and improve cooperating within the channel. It was also in line with the recommendation to focus on managing the resources effectively in the containment stage (Falkheimer et al., 2009; Flodin, 1999; Larsson, 2001).

In the recovery stage some new branches have been opened. Again the decision has been based on the customer flow monitoring. This was again according to the theory which is saying that decision about distribution channel should consider financial and human resources of the bank (Gregorczyk, 1997). Moreover, the decision about channels should concern the proximity of a bank to the customer (Grzywacz, 2006). Swedbank in Estonia did consider these in the stage of recovery and decided to reorganize their branches network. In this way the company could perform more efficient. It can be assumed that the reason for this decision had its roots in the crisis. Swedbank learned out of it how to manage their resources more efficient and how to manage the resources best.

Internet banking has been used by Swedbank in Estonia intensively in both the containment stage and recovery stage. The bank encouraged the customers to increase the usage of this channel. It had two main reasons: one is that Internet is not only a distribution channel but also a communication and promotion channel. Other factor is the fact that customer contact...
tough Internet more efficient than the personal contact when it comes to banking transaction. Swedbank focused on Internet channel instead of branches also because it is more environmental friendly. The feature is important for Swedbank since the bank is considering itself as a social responsible organization that is taking care of the natural environment. No changes in the Internet channel according to the stages of the crisis can be found in the case of Swedbank in Estonia.

Similarly to the Internet banking, also the phone banking has been used through all the crisis in a regular way. The bank did not introduce any changes in this channel. Also no contribution in overcoming the crisis has been highlighted by the respondents.

Mobile banking has not been on focus of Swedbank in Estonia in the time when the company has been hit by the crisis. However later, in the stage of recovery the bank decided to develop Mobile banking as an channel. One reason for this change could be the change in Swedbank’s overall strategy, which in the time of the crisis became to satisfy customer’s need in the best possible way. Adding a new distribution channel was giving the customers another alternative when choosing the way of connecting with the bank. Another reason of the change in place mix could be simply the technological development and competition. If the bank does not want to stay behind the competitors, it has to employ the newest technologies. For similar reasons, in the recovery stage the company started to work with smartphone solutions. It was to ease the access to banking while using Mobile banking.

When talking about place in marketing, Swedbank in Estonia introduced an innovative way to increase the access to the bank in places where it was limited due to the distance of the branches or limited access to Internet. The solution was the Swedbank bus – a branch on wheels. According to Mühlbacher et al. (2006), the means of physical distribution are the tools and abilities used to reduce the physical distance between the company and its customers. The moving branch can be seen as this kind of tool. On the other hand it can be also seen as a mobile branch. Swedbank has used the moving branch already before the global financial crisis. In the containment stage another buss was bought though. The purchase was done to replace the branches that had to be closed. Another reason for this the fact that in that time Estonian pensioners could not get their pensions in cash anymore. Every pensioner had to open a bank account in order to receive the pension. Although in the time of crisis Swedbank was focused on cost reduction, they took a decision about purchasing the bus in order to reach pensioners who were living outside the cities. This event contributes to the confirmation of the theory saying that in the time of a crisis a company should take advantages of opportunities (Jobber & Fahy, 2009).

Summarizing the analysis of place mix of Swedbank in Estonia, one can see that the bank did not employ many adjustments that could help the company to overcome the impact of the global financial crisis. One change that is worth mentioning is the reorganization of the branches network. The crisis has been an wake up call for the bank to manage their resources more efficient. Therefore Swedbank decided to analyze the customer flow more carefully. Another improvement in the place strategy was the purchase of second Swedbank bus. This allowed the bank to stay close to the customers in the time when it was especially needed. However, it is not clear if the decision was caused by the crisis or by the changes in Estonian law.

5.3. Sweden vs. Estonia – a cross-case study

The above within-case analysis will be the input for following cross-case analysis. Findings done in the area of each case will be compared. In this way similarities and differences
between marketing mix decisions will be examined. This will help to find the reasons of those changes in the time of a global financial crisis.

The cross-case analysis will be presented in a form of matrixes showing similarities in the decision made in the area of each marketing mix element trough two stages of the crisis. The level of similarities is presented with the usage of colors, where dark means high level of similarity, and light – low level of similarity.

Further, a discussion about possibly reasons of the changes in marketing mix strategy will be provided.

5.3.1. Product

Decision about bank’s product cover maintaining an existing product without change; making changes to product features and shaping the structure of product portfolio; or introducing a new product to the market (Grzegorczyk, 1997). The offer of Swedbank in Sweden did not differ significantly from the offer in Estonia. However, during the crisis some changes in were introduced in both markets. The table below shows the similarities in the changes.

<table>
<thead>
<tr>
<th></th>
<th>Variety</th>
<th>Quality</th>
<th>Design</th>
<th>Brand</th>
<th>Service</th>
<th>Warranties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Containment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>stage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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Figure 1

*The product matrix*

In the banking sector products are very homogeneous. The core product is the same in both cases – Swedbank in Sweden and Swedbank in Estonia. However in both countries some adjustments in the product strategy have been made in the time of the global financial crisis.

In both cases in the stage of crisis containment no changes in the product variety have been made. One of the reasons can be simply that the banking sector is one where there is no place for R&D. Another factor is possibly that when the crisis begun Swedbank was focused on overcoming current difficulties and therefore could not focus on being innovative. In case of Sweden in the recovery stage the products were sold in packages. This was a change that Swedbank in Estonia did not introduce. It was due to the legislation in Estonia which is prohibiting the market leader in banking sector to package the offer. The reason behind is to avoid the danger of formation of a captive market in this sector.

As shown in the table, the direction of changes in offer quality was similar in both countries. The reason for this trend might be the characteristic of banking sector or the character of the crisis. Both factors are creating a certain need of product and service quality, which the bank has to ensure. In both cases the feature of quality, in the form of customer oriented offer, has been introduced in the stage of containment and maintained in the recovery stage. It can be
assumed that the change is permanent and will become a constant part of company philosophy.

In the crisis containment stage, Swedbank in Sweden took a decision around the product design. It was about reducing the complexity of the products. The work on this change has been continued in Sweden in the recovery. In Estonia this kind of modification has been not implemented, however in the recovery phase the design was changed. It regarded the way of calculating the interest rate changed. The decisions about the product design in both cases were depending on the micro- and-macro environment of the company in different markets.

The decision about new brand values has been made central, for both – Swedbank in Sweden and Estonia. Although the character of the crisis differed in the two countries, and the goals of the company at this time were different in Sweden and Estonia, the company decided to implement an standardized brand strategy. It could be seen as an attempt to build an image of a strong, unite brand.

In both cases a decision about implementing advisory and informative customer service was made. However this change was introduced in Estonia sooner than in the case of Sweden. It could be because in the stage if containment Swedbank in Sweden has not been so open with the communication to the customers and general public. Because the bank in Sweden did not know how to deal with the entire critic, it was also hard for them to become transparent and open. This was done in Sweden in the recovery stage though. In this phase the service became unit in both cases.

When looking at the area of warranties one can see that the direction of the changes was been different. In both cases the company worked on lowering the risk, however the way of doing it differed. Also the reasons were different. In Sweden it was due to a general trend of selling less risky products. It could help avoid further crisis and also improve the image of Swedbank in Sweden as a “safe bank”. For Swedbank in Estonia this decision was kind of a duty dictated by the financial law.

When looking at the level of products one can see that some features of product strategy had changed in a similar way while the other changes had a local character. There is no clear trend neither in the direction of the adjustments nor in the time when the changes have been introduced.

5.3.2. Price

Price is being described as the marketing mix element which is easiest to change. This statement seems not to be true for banking sector. In this sector the prices depend on the market and the rates are influenced by the macroeconomics. When setting prices, Swedbank had to take into account both, internal and external factors (Grzywacz, 2008). Although the company was bounded by market mechanisms, they made some changes in the pricing in the time of the crisis. Below, in the table, a statement of changes in both countries is presented.
When comparing the changes in the area of pricing for Swedbank in Sweden and Estonia, one can see that they did not have the same direction. When looking on changes in the level of prices, it can be noticed that Estonia the interbank fees have been decreased in the stage of containment and maintained at similar level in the recovery phase. In Sweden, in the containment phase, no changes in the level of prices occurred. In the recovery stage the interest rates for the deposits increased. As discussed before, the reasons for the changes were different. In Estonia it was to avoid negative public discussion about Swedbank. In Sweden it was about stimulating the demand and encouraging customers to use deposits.

In both markets new prices for products were introduced in the time of crisis containment. Also in both of the countries the prices have be maintained during the recover stage. In both cases the reason was similar – seeking for opportunity to increase the profits of the bank. The difference was about the products (services) which have been are encumbered by price. In Sweden those were additional provisions for certain transactions. In Estonia, besides of introducing fees for doing transactions through particular channels, also card fees have been employed. It can be noticed that the way managing this area of pricing was similar. It was to introduce small charges in order to, by the usage of economic of scale, gain additional profit.

It seems to be the only way to do that in a time when the customers and general public is very sensitive to the changes of the prices.

Swedbank in Sweden, in the time of recovery introduced also a change in the way of calculating the lending products. It was about calculating the risk into the price. This decision was made based on the knowledge gained through the crisis. In Estonia also a made in the pricing strategy was made. It was the introduction of some loyalty and bonus programs. The logic behind it was to build long-term relationships with the customers. The reason so was connected with the change in the company’s philosophy. What is interesting, in Sweden the focus of the company also has shifted towards customer relationship oriented. However it did not result in an implementation of loyalty programs. The reason could be before encouraging the customers to be loyal to the bank; Swedbank in Sweden had to rebuild the trust and company’s image first. It is possible that this kind of pricing system will be introduced in Sweden in following time.

When summarizing the changes in pricing done by Swedbank in Sweden and Estonia, it can be concluded that the decisions were not centralized. Changes were made accordingly to the situation in both markets.
5.3.3. Promotion

In the time of the crisis promotion was the most useful marketing mix element. Promotion is being described as the activities undertaken to communicate the attributes and benefits of a product to the consumers (Ferrel & Hartline, 2002; Kotler et al., 2008). This definition implies that the tools of promotion, that is advertising, sales promotions, personal selling, direct marketing and public relation (Kotler et al., 2008) are used to promote certain products. Both cases of Swedbank showed that promotion can be used for other purpose also. The bank is an example of how to use promotion to build a positive image of a company and deal with negative discussions around the company. This can be especially noticed when looking at the stage of recovery. Below, the compilation of changes in promotion strategy made over two stages of the crisis in Sweden and Estonia will be presented.

<table>
<thead>
<tr>
<th></th>
<th>Advertising</th>
<th>Sales promotion</th>
<th>Personal selling</th>
<th>Direct marketing</th>
<th>Public relations</th>
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<tr>
<td><strong>Containment stage</strong></td>
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<td>Recovery stage</td>
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Low level of similarities  Medium level of similarities  High level of similarities

Figure 3
The promotion matrix

As can be seen in the graphic above, in the containment stage the direction of promotion strategy differed in the two countries. It can be noticed that in the recovery stage the strategies became very close. And standardized promotion approach has been employed.

As for advertising, in the containment stage, Swedbank in Sweden has drawn back all of their activities. Also in Estonia the advertisement has been drawn but only to certain level. Advertisement in Internet was still used at this time. The difference was caused by the character of the crisis in both countries. In Sweden it became impossible to promote any products in a situation where nobody had trust in the company. In Estonia the case has been different. Although the bank was in a deep crisis, the customer still believed in the company. In this situation Swedbank in Estonia decided to maintain advertisement. According to the Köksal and Özgul (2007) this was a rational decision, since it has been proved that if an organization will increase or maintain the level of advertising this will increase sales income and market share during and after a downturn.

In the recovery stage, in both cases advertising has been used very intensive. Bought media were used. In case of Estonia it was a come back to the practice from the time before the crisis. However in case of Swedbank in Sweden it has been the first time in over 8 years the company has used bought media as an advertisement channel. The adverts were standardized. The main idea was the same in both countries: to show the history and roots of the company and its brand. It was also to present the whole Swedbank group as an united solid institution.

In both cases sales promotion turned out not to be used during the whole crisis. However, it seems possible that sales promotions in general are not a common promotion tool in banking
sector. Another reason for this could be that purpose of sales promotion is primarily to encourage the purchase and increase sales (Ferrell & Hartline, 2002). This was not the aim of Swedbank in the time of the crisis since the focus was rather on building customer relationships.

Personal selling has been used intensively in both cases. However, in the case of Swedbank in Sweden the way of promotion was employed in the recovery stage, while in the crisis containment it was drawn back. In Estonia, this tool has been used through the whole crisis. One reason behind this could be the difference in the nature of the crisis in the two countries – the trust and the performance issue. In the case of trust issue it was not useful to promote products. The task of the sales forces in phase of containment, in Sweden was to calm down the tense atmosphere around the company.

According to Gębratowski (2010) personal selling is a form of contact between the seller and the consumer through which the company is seeking for an immediate sale of a product or service or increasing the interest in this product enough to purchase it in the near future. In the case of Swedbank it looks that the role of personal selling was more than that. It was mainly to start and maintain relationships with the customers, get to know their needs and obtain feedback about the prepared offer. This is standing in line with the theory, saying that including the sale forces into the communication makes it a two-way communication between salespeople and individual customers. For this reason personal selling is the most precise form of communication and can be used in complex situation where a need of understanding of customers’ needs, problems and expectations occur. (Ferrell & Hartline, 2002; Kotler et al., 2008).

In the containment stage, direct marketing has been drawn back in both markets. Swedbank did not use this tool. Perhaps it was because the general trend for the company was to reduce the sales pushing. However, according to Kotler et al. (2008), the role of direct marketing is to obtain an immediate response and to cultivate lasting customers (Kotler et al., 2008). It is a form of dialogue with the customer, based on relationship building and operating within an interactive environment, thanks to which company obtains feedback which is helpful by creating and maintaining the relation with customers (Groucutt et al., 2004). Having that in mind it is surprising that in none of the markets this tool has not been implemented at the beginning of the crisis. It has been done in the recovery time though. It is interesting whether there is a correlation between the directions of the changes in both countries. If yes, the reason of the change in promotion strategy could be the change in overall Swedbank’s strategy. That is the attempt to segment and precisely target the customer by offering them solutions which can satisfy complex needs. If refusing the assumption about a positive correlation between the changes in promotion strategy, the reason of the change in Sweden could be the improvement of the atmosphere around the company and in Estonia – the improvement of financial performance. In both cases the change of circumstances gave the company a license to approach the customers directly with a sales offer.

In the turbulent time public relations occurred to be of great importance for Swedbank. According to Dębski (2007), this tool helps to create a positive image of the company, build good relations with the environment and increase confidence in the company. This was what Swedbank needed when the crisis begun. Nonetheless the company in Sweden did not make a use of these advantages at the beginning of the crisis. Intentionally or involuntarily, Swedbank in Sweden neglected public relations activities in the containment time. It has resulted in deterioration of the company’s reputation in Sweden. At the same time Swedbank in Estonia has been open with the communication about their crisis. The company in Estonia has been
honest when talking about troubles that the company was going through. The feedback was surprisingly positive. The customers and the general public did appreciate the sincerity. The challenging situation did not frighten stakeholders. Out of this a conclusion can be drawn that transparency and open communication is a good choice for the time of crisis containment. However, another issue can be concerned regarding this. It is if being that open would be an appropriate strategy for Swedbank in Sweden. In the case of Estonia, the company could afford to speak open about its troubles, because all of the audience kept in mind that even in the hardest time Swedbank in Estonia will be supported by an Swedish capital. In Sweden the situation was opposite. One can imagine that if Swedbank would speak open about all of the straits the whole Swedbank group was facing, the Swedish customers would be afraid that they will lose their money because of the risky investments done in Baltics. That could result in the loss of consumers.

In the recovery stage, Swedbank in Sweden took a decision about becoming more transparent. Public relations became of great importance. At this time both, Swedbank in Sweden and in Estonia employed an uniform approach towards public relations. The aim was to build and maintain the best possible relations with company’ stakeholders and also the broader audience.

Summarizing the findings about promotion activities of Swedbank in Sweden and Estonia it can be said that it was the marketing mix element that has changed most over the two stages of crisis. That can suggest an opinion that promotion is an area of marketing that is sensitive to changes in the environment. In the stage of containment most of the activities in the area of promotion have been drawn back. In this time promotion has not contribute much to the fight with the crisis. One of the tools that can be seen as particular useful in this time is public relations, which were used in a broad way in Estonia. In the recovery stage all of the promotion tools have been used in an intensive way. The main use of promotion at this time, in both markets, was to create a positive image of the company. It can be concluded the basic task of promotion, that is to promote products to the customers, is on less importance for a bank in the time of a crisis.

5.3.4. Place

In the time of the crisis the place mix has been used in a different way in the two markets. In Sweden the distribution channels have been employed as a place to communicate with customers. Instead of providing products, the main focus was to provide the customers with information about the current situation of the bank and of the customers’ capital. In case of Estonia, Swedbank did use the channels in a traditional way. That is to provide the product to the consumers (Grzywacz, 2006).

Below a compilation of place mix decisions of Swedbank in Sweden and Swedbank in Estonia will be presented. Further the changes in place strategy will be discussed.
Distribution channels

<table>
<thead>
<tr>
<th></th>
<th>Branches</th>
<th>Internet banking</th>
<th>Phone banking</th>
<th>Mobile banking</th>
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<tr>
<td>Containment stage</td>
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<td>Recovery stage</td>
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Low level of similarities  Medium level of similarities  High level of similarities

Figure 4
The place matrix

As presented above, the place differed strongly in the containment stage. In the time of recovery the channel strategy became more standardized.

In Sweden the importance of the branches in the time of the crisis increased significantly. It was due to the character of the crisis. Swedish customers were seeking for conversation with the bank’s representatives. In Estonia, where the trust issue was not observable, the role of branches did not change. However the branches network changed. The number of branches has been reduced and an additional mobile branch has been introduced. In the recovery stage Swedbank in Estonia continued the reorganization of branches network based on the customers flow, while Swedbank in Sweden maintained the changed role of branches – the role of a meeting place where the bank can build relationships with the customers. One can notice that the branches channel did not change over the crisis stages in none of the markets. A conclusion can be drawn saying that the branches channels are not very sensitive to the changes in the environment. The second reflection is that the decisions about branches were different in both cases. One reason for these dissimilarities is the background of the company’s crisis in the two markets.

When looking at Internet banking the difference in the approach toward this channel is easy to see. In Swedbank in the containment stage no focus on the digital channel has been put. It was the recovery stage when the company started to encourage its customers to increase the use of Internet banking. In Estonia already in the early stage of crisis the company underlined the importance of the increased employment of Internet banking. The reason why Swedbank in Sweden did not focus on improving the digital channel could be that in the containment stage customers were looking for a personal contact with Swedbank’s employers. In this situation there was no use of investing in non-personal channels.

Phone banking was an important channel for Swedbank in Sweden. Similar to the branches network it contributed to the battle with the loss of customers’ trust. Although no changes were introduced in the way the channel was organized, the bank in Sweden put extra effort to ensure a well-qualified and prepared personnel to operate the Phone banking. It was due to the number of customers seeking to reliable information from the bank. Also because of the trust issue, Swedbank in Sweden had to ensure the highest quality of customer service. Again, as in the case of branches the role of the Phone channel shifted from providing products toward advisory and informational service. In the recovery stage though the role returned to the prior role – the channel for conducting bank operations. In Estonia Phone banking has been employed for its traditional way through the entire crisis. Since the bank in Estonia used PR and other ways of external communication, there was no additional use for adapting the Phone channel as a communication channel. Obviously customers in Estonia were also calling the bank in order to be informed about the current crisis situation, however it did not dominate the use of Phone banking.
Mobile banking is the channel that has been shaped the same way in the two markets. As well in Sweden as in Estonia, in the containment stage, Swedbank did not focus on developing the Mobile channel. This changed in the recovery stage. In both cases the bank put effort to increase the diversity of channel mix. Developing mobile channel was one way to do it. Another was to introduce smartphone solutions or iPad applications that helped the customer to use Swedbank’s products in an easier way. The reasons for the changes were perhaps both: the competition and the overall customer orientation that the company employed in the recovery stage.

When examining the changes in place in both cases, one can see that not many changes in this area of marketing mix occurred. Most of the adjustments were made according to an overall change in marketing strategy of the company. When looking for changes made in order to overcome the impact of the global financial crisis, not many can be outlined. However it can be noticed that the channels, especially branches and Phone banking has been very useful for Swedbank in Sweden in the time when the company was struggling with the trust issue.
6. Conclusion

The purpose of this study is to gain better understanding of banks’ marketing mix in the time of a global financial crisis. More detailed it was to describe how banks have used the marketing mix to overcome the negative impact of the latest global financial crisis. It was also to find out how and why has the marketing mix of a bank changed over the different stages of the latest financial crisis.

In order to answer the research questions, two cases of a bank operating in different countries have been studied. The study has been put in the context of the latest global financial crisis. It has been shown that in the two countries the impact of the global financial crisis has been different. In Sweden Swedbank has been affected by negative public opinion and loss of the trust towards the bank. In Estonia the bank’s crisis had a business-like basis and was connected to the economic performance of the company.

RQ1: How have banks used the marketing mix to overcome the negative impact of the latest global financial crisis?

When answering the first research question, it can be noticed that not all of the marketing mix elements contributed equally to the battle with the negative impact of the global financial crisis.

Promotion seems to be of greatest importance. It can be concluded that in the time of a financial crisis banks should change the role of promotion from promoting products towards communicating with the customers and general public. It has been examined that open communication can limit the duration of the crisis and prevent its development.

Also place seems to be an important factor in the time of the crisis. It became especially important in the case of Swedbank in Sweden, where due to the trust issue, the personal contact with customers was of great importance. The branches network contributed significantly to external communication. The revision of the distribution channels has been also crucial in the time of the crisis. Changes in the channels can increase the financial efficiency, what is often crucial in the turbulent times.

Product played less an important role in facing the crisis. An observable trend in this marketing area is the change from product pushing towards a customer oriented approach. In both cases, in the time of the crisis, the bank transformed the whole organization philosophy. Consequently, Swedbank resigned from product centered activities and focused instead on satisfying customers’ needs in the best possible way.

Price turned out to be last useful marketing mix element when overcoming the crisis. It is mainly due to the specification of banking sector, which limits the ability of bank to control the prices. However a bank can stimulate customers’ reaction to some extend for example by employing loyalty programs or changing the way of calculating rates. Moreover, a bank can increase profits by introducing fees for products which were free of charge before.

When examining the usage of marketing mix in the time of a global financial crisis, another finding seems to be interesting. The research showed the importance of human factor. The frontline staff became crucial in meeting the customers, communicating external, calming down the negative rumors. As have been showed an experienced, well trained personnel have been of great importance when overcoming the impact of the global financial crisis. The activities of human resources have been significant in both cases: Sweden, where the aim was
to rebuild the trust and in Estonia, where the bank was handling financial difficulties. Therefore it can be concluded, that in the time of a crisis, banks should add an additional element to their marketing mix. This element is “people”.

**RQ2: How and why has the marketing mix of a bank changed over the different stages of the latest financial crisis?**

To investigate the second research question, a timeline had to be build. To do this we started with theoretical framework. Based on reviewed theories, we assumed that a crisis can be divided into five stages: detection, prevention, containment, recovery and the learning stage. While investigating the two cases, it turned out that the crisis that Swedbank was going through due to the global financial crisis from the year 2008 can be divided only into two stages. These two identified stages are: the containment stage and the recovery. The two first stages suggested in the theoretical framework did not appear in the studied cases due to the nature of the global financial crisis, which turned out to be unexpected in terms of its scale and pace of development. The learning stage did not appear as a separate phase of crisis, because as has been found, the company is learning through the entire crisis.

Having identified the two stages of the changes of marketing mix over time has been investigated. It was shown that the changes depend on the character of the crisis.

In the case of Sweden, where the crisis had its roots in the trust, the main changes have been observed in the area of promotion. In the containment stage most promotion activities have been drawn back. It was to avoid the confrontation with the critical public. This has changed in the second stage, when Swedbank decided to be open and transparent.

In the case of Estonia, where the crisis had an economic background, the main changes were noticed in the place. In order to manage the resources more effective, the bank reorganized the branches network. Also the usage of digital channels changed over time. Because Internet channel appears to be more cost efficient, the company put effort to increase the usage of this channel.

The changes of price were in both cases dictated by external factors, such as changes in the markets or law regulations. In the phase of containment also internal decisions about pricing were introduced. This was to stimulate the demand in order to bring the company to business as usual.

Product is the area of marketing mix where no clear trend of changes according to the crisis occurred. A significant change in the product approach can be noticed; however it seems that the changes cannot be correlated to the timeline set.

The marketing mix of a bank, and its changes over time, in the time of the latest global financial crisis differed between the two countries. It is difficult to sum up the changes in couple of sentences, however a more detailed study gives a descriptive picture of how to use the marketing mix to overcome the negative impact of the global financial crisis.

**6.1. Managerial implication**

The results of this study can contribute the practical marketing management. The analyzed cases can help managers to become more sensitive to the changes in the market, which could herald a crisis. As learned from the study, a crisis is difficult to foresee, but being aware of pre-warning can help to prevent the development of the crisis.
Moreover, the description of the changes in the marketing mix can be used as a starting point for making marketing decisions, when facing similar crisis situation. Although each crisis is different, some solutions found in analyzed case studies could be applied.

Managers should be aware that by modifying the marketing mix the duration of the crisis as well as the impact on the company can be decreased. Promotion can be most useful in a turbulent time. The focus should be on communication, both: internal and external. Companies should be careful when managing the product strategies. A customer oriented approach, rather than sales pushing will be appropriate. To reduce the costs, the place strategy should be revised. A reorganization of distribution channels can increase the efficiency of the company, what can be important in the time of a crisis. Price, especially in banking sector, will be the least used marketing mix element when overcoming the crisis. However, one should be aware that the external factors can force the company to modify the pricing strategy. It will be the task of managers to compose all of the marketing mix elements in a way, which will support the changes in prices.

Another issue to consider in the time of a crisis is the human factor. Including personnel into the marketing mix can become an advantage.

Last but not least, the managers should understand how the external factors influence the usage of marketing mix. When building the marketing strategy, the nature of the crisis, its indicators and impacts on the company should be taken into consideration.

6.2. Recommendation for further research

This study had examined the role of marketing mix in overcoming the negative impact of a global financial crisis. While studying this topic, it has been found out that internal marketing and the role of human resources have been of great importance for the bank in the time of the crisis. Internal communication, trainings, motivation have been highlighted by the respondents as a factor that has contributed to the battle for the trust in the case of Swedbank in Sweden. Also in the case of Swedbank in Estonia, internal marketing seemed to be crucial in the time of the crisis, when changes in the overall marketing strategy were introduced.

Following those additional findings, we recommend to investigate further the role of internal marketing and the people as a marketing mix element in banking in the time of a global financial crisis. It could be interesting to examine whether, how and why do internal marketing and the performance of banks’ personnel change over the two stages identified.
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Appendixes

Appendix 1

Interview guide

Name:
Position:
Date:
Place:
Time:

PART I

1. Could you tell, in your opinion, how did the global financial crisis affect Swedbank in Sweden/Estonia?
2. When did you notice the first signs of crisis for Swedbank? For example, when did the other banks started being affected by the crisis?
3. When did you start preparing an crisis management plan? When did you start organizing and creating resources to handle the inconveniences?
4. When did the actual crisis event occur? When did the first time of the crisis impact appear?
5. When did Swedbank return to business as usual and build up the previous trust of the customers to the organization?
6. When did you start to examine the crisis? When did you start to acquire the practical experience and the knowledge that can be used in the future?

PART II

Please describe the promotion/price/place/product in different stages (the respondent can speak free about each stage. Below also “helping” questions and follow-up questions. 4 variants for 4 areas of interest).

a. Promotion
   • What tools did you use?
   • What was the main message?
   • What difficulties did you meet?
   • How did you overcome them?
   • What was the effect?
b. Price
- What difficulties in terms of prices did the crisis bring?
- How did you overcome it?
- Did the price decrease/increase?
- What was the reason for that?
- What was the effect?
- How did you communicate it to the customers?

c. Place
- What difficulties in terms of place did the crisis bring?
- How did you overcome it?
- Did you reduce/increase the numbers of bank units?
- Why?
- What was the effect?
- Did you make any changes in channels?

d. Product
- What difficulties in terms of product did the crisis bring?
- How did you overcome it?
- Did you develop any new products?
- Why? What was the effect?
- Did you eliminate any product?
- Why? What was the effect?
- Did you make some modifications in already existing products to make them meet the needs of customers?
- Why? What was the effect?