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Product digitalization phenomena analysis in terms of customer perceived value

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Adelė Dambrauskaitė. PRODUKTO SKAITMENINIMO FENOMENO ANALIZĖ IŠ VARTOTOJO SUVOKIAMOS VERTĖS PERSPEKTYVOS: studijų programos Marketingo ir tarptautinės komercijos magistro baigiamasis darbas / Darbo vadovas Lina Pilelienė / Vytauto Didžiojo universitetas, Ekonomikos ir vadybos fakultetas, Magistrantūros studijos. – Kaunas, 2023. – 66 p.

SANTRAUKA

Taip sparčiai tobulėjant technologijoms, neišvengiama, kad istoriškai fiziniai daiktai ir paslaugos dėl patogumo tam tikru būdu prisitaiko. Kadangi vis daugiau žmonių įpranta naudotis technologijomis ir vis daugiau laiko praleidžia skaitmeninėje erdvėje, įmonėms kyla būtinybė išlaikyti klientų dėmesį besikeičiančioje aplinkoje. Šiame tiriamajame darbe daugiausia dėmesio skiriama produktų skaitmeninimo reiškiniui ir kliento suvokimo aspektui, konkrečiai - kaip klientas suvokia anksčiau fizinių skaitmeninių produktų vertę ir kaip ši patirtis gali paveikti kliento suvokiamą produktų vertę. Pagrindinis probleminis darbo klausimas - kaip sėkmingai įgyvendinti produkto skaitmeninimą remiantis klientų suvokiamą verte. Tyrimo objektas yra produkto skaitmeninimo poveikis klientų suvokiamai vertei. Darbo tikslas - nustčius teorinius produkto skaitmeninimo reiškinio pagrindus ir išanalizavus sėkmingą produkto skaitmeninimo įgyvendinimą remiantis klientų suvokiamą verte, nustatyti pagrindinius produkto skaitmeninimo sėkmės elementus, susijusius su klientų suvokiamą verte. Siekiant šio tikslo, tyrimo metodai susideda iš teorinės skaitmeninimo ir klientų suvokiamos vertės dimensijų sąvokų analizės, empirinio tyrimo, atlikto naudojant kokybinius tyrimo metodus, kurie leidžia pateikti svarbias ir naudingas išvagas apie pagrindinius produkto skaitmeninimo sėkmės elementus, susijusius su klientų suvokiamą verte. Baigiamajame darbe taikomi tyrimo metodai - mokslinės literatūros analizė, lyginamoji literatūros apžvalga, taip pat atvejo analizės tyrimo ir tikslinės grupinės diskusijos metodai. Kai kurios pagrindinės tyrimo išvados atskleidžia, kad labai svarbu suprasti skirtingas vertės dimensijas, nes įmonės gali efektyviai naudoti skaitmenines technologijas, kad patenkintų klientų norus ir įgytų konkurencinį pranašumą skaitmeninėje arenoje, suprasdamos ir panaudodamos klientų suvokiamos vertės dimensijas.

Šis darbas yra tiriamojo pobūdžio magistro baigiamasis darbas.

Raktažodžiai: skaitmeninimas, klientų suvokiamą vertę, skaitmeniniai produktai, klientų pasitenkinimas, multidimensinė vertė.

Adelė Dambrauskaitė. PRODUCT DIGITALIZATION PHENOMENA ANALYSIS IN TERMS OF CUSTOMER PERCEIVED VALUE: Final Master Thesis in Marketing and International Commerce/ Supervisor Lina Pilelienė / Vytautas Magnus University, Faculty of Economics and Management, Graduate studies. – Kaunas, 2023. – 66 p.

SUMMARY

With technology advancing at such a rapid pace, it is only inevitable that historically physical items and services, for the purpose of convenience, adapt themselves in some way. As more individuals become accustomed to utilizing technology and spend more time in the digital realm, the necessity for businesses to maintain capturing the customer's attention in a changing landscape develops. The focus of this research paper is on the phenomenon of product digitalization and the customer's perception aspect, specifically how the customer perceives the value of previously physical digital products and how the experience can influence the customer's perceived value of products. The main problem question of the paper is: how to successfully implement product digitalization based on customer perceived value. As such, the object of the research is product digitalization effect on customer perceived value. The aim of the paper is after establishing a theoretical background of product digitalization phenomenon and analysing successful implementation of product digitalization based on customer perceived value, to determine the key success elements of product digitalization in terms of customer perceived value. To achieve this aim, the research approach consists of theoretical analysis of the concepts of digitalization and customer perceived value dimensions, empirical research conducted using qualitative research methods, which allows to make relevant and useful insights into the key success elements of product digitalization in terms of customer perceived value. Research methods used in the thesis are scientific literature analysis, comparative **literature review** as well as the methods of case study research and a focused group discussion. Some of the key findings of the study reveal the crucial need for understanding different value dimensions as businesses can effectively use digital technology to meet customer wants and build a competitive edge in the digital arena by understanding and harnessing the dimensions of customer perceived value.

This paper is a research-oriented final master thesis.

Keywords: digitalization, customer perceived value, digital products, customer satisfaction, multi-dimensional value.

INTRODUCTION

Relevance and topicality. With technology advancing forward at an ever-growing rate, it is only natural that traditionally physical products and services, for convenience's sake, transform themselves in one way or another. As more people grow used to using technology and spend more time in the digital world, a need for companies arises to continue to capture the customer's attention in a different landscape. Digital marketing is a concept that most technology users are used to by now, but another phenomena that is becoming more relevant and widespread is product digitalization. Considering the rapidly growing popularity of digital markets and different types of firms following the trend and becoming more digital, a natural inquiry into how much can be digitalized and then should it be digitalized remains.

Previously done research has stated that the change has a high percentage of capital investment (Orji, 2019) and that not all succeed in successfully transforming the products and, by extension, their business model (Gebauer, Fleisch, Lamprecht, Wortmann, 2020). As such processes begin to take place, the question arises of how valuable said phenomena is to both the seller and the buyer. Despite the goal being achieving more convenience, less resources spent and more profit, it is seen that in some industries and product varieties, digitalization can be less efficient than expected (Kagermann, 2015). With this in mind, it is relevant to re-assess the concept of digitalization and its' usefulness considering different value dimensions and customer needs, as well as expectations.

In this research paper, focus is on the phenomena of digitalization of products and on the customer's perception aspect, in particular, how the customer perceives the value of digital products that were previously physical and how the experience can influence the customer's perceived value of products.

Research problem addressed in this paper is how to successfully implement product digitalization based on customer perceived value.

The object of the paper is product digitalization effect on customer perceived value.

The aim of the paper after establishing a theoretical background of product digitalization phenomenon and analysing successful implementation of product digitalization based on customer perceived value, to determine the key success elements of product digitalization in terms of customer perceived value.

In order to achieve this aim, the research **objectives** are as follows:

1. Determine the conceptual background and definition regarding the phenomena of digitalization.
2. Review and analyze the concept of customer perceived value and its dimensions, identifying the main areas of focus that interact with the phenomena of product digitalization.

3. Elaborate the research methodology and empirically assess customer tendencies toward product digitalization in terms of different value dimensions in order to make relevant insights and recommendations.

The **structure** of the research paper:

Firstly, in order to better understand the problem and object of this study, the first section of the paper focuses on reviewing literature regarding the conceptualization and theory of digitalization, as well as its definition. Additionally, the theoretical part is dedicated to analyzing the emergence of a customer-centric value proposition concept in the field of marketing, as well as theory on concepts of customer perceived value and the importance of different value dimensions that are relevant to the study.

The second part of the paper is dedicated to presenting the methodological information of the study as well as describe the research methods used in the paper in detail.

The third part of the paper is focused on analysing the research findings from the focus group study and case study analysis of three important companies: Netflix, Spotify, and Under Armour. The analysis of studies conducted allows to offer valuable insights into the subject matter, and to provide recommendations for future research that may contribute to the academic understanding of product digitalization and customer perceived value, while also offering practical implications for businesses aiming to succeed in the digital era.

Research methods. In order to have a good understanding of the topic and research problem, a comparative **literature review** is performed based on previously done theoretical research. Moving forward, the paper uses the methods of case study and a focused group discussion.

Information sources. The analysis is conducted using scientific literature of researchers on the topics of marketing, digitalization, and value proposition. Scientific literature is considered published scientific books and published peer-reviewed articles found in the scientific databases.

I. PRESENTATION OF THEORETICAL CONCEPT OF DIGITALIZATION

Being digital is not a novelty concept anymore, therefore the literature exploring digital and technological advancements and their definitions is vast. That being said, no unanimous definition of digitalization yet exists. Furthermore, some authors use the terms digitalization, digitization and digital interchangeably. Nevertheless, for clarity, it would be valuable to explore these definitions or concepts as this will allow for a more cohesive and clear discussion in order to achieve the research paper's set aim.

It is also critical to present the theoretical aspect of digitalization, especially when evaluating its relationship to successful product digitalization and customer perceived value. Understanding the theoretical foundations of digitalization aids firms in identifying the tactics and approaches that lead to successful product digitalization initiatives. Businesses can obtain insights into the fundamental aspects and procedures required for transitioning traditional products into digital offers that correspond with customer expectations and preferences by investigating the theoretical foundations. Furthermore, a thorough theoretical grasp of digitalization allows firms to better understand the aspects that influence customer perceived value in the digital context. Customer perceived value is an important factor in product adoption and satisfaction. Businesses can find value dimensions that are particularly significant in the digital arena by investigating the theoretical components of digitalization, such as functional value, emotional value, social value, epistemic value, and conditional value. This insight enables businesses to personalize their digital goods to fit the needs and expectations of their customers, ultimately increasing customer happiness and loyalty. Furthermore, a theoretical understanding of digitalization sheds light on the potential problems and hazards connected with product digitalization. It assists firms in anticipating and mitigating potential hazards such as technological hurdles, data privacy concerns, and change opposition. Organizations may build strategies to address these issues and ensure a successful digitization process that gives value to customers by examining theoretical aspects.

This analysis may provide organizations with a solid foundation to develop effective digitalization strategies, understand the key dimensions of customer value in the digital context, anticipate and mitigate challenges, and stay abreast of industry trends. For this reason, a literature review is done of authors' works which have previously studied the concept of digitalization in terms of marketing and product management.

1.1. Definition of digitalization

As previously mentioned, multiple definitions of the term digitalization exist. To fully comprehend the implications and potential of digitalization, it is essential to establish a clear definition and understanding of this concept and to understand what the concept usually entails.

To fully grasp the implications and potential of digitalization, it is crucial to establish a clear and comprehensive understanding of the concept and its key components. Brennen and Kreiss (2016) emphasize the importance of distinguishing between the conceptual terms of digitization, digitalization, and digital transformation, as they each encompass distinct aspects of the digital landscape (see Table 1).

Table 1

Semantical analysis of concepts

CRITERIA	CONCEPT			COMPARISON
	Digitization	Digitalization	Digital transformation	
Definition	the process of converting analogue data into digital data sets	the exploitation of digital opportunities	the process that is used to restructure economies, institutions, and society on a system level	No match
Key elements	Transforms existing products to another medium	Introduces new products, services or business models	Reconstructs societal institutions, economies	No match
	Part of a bigger, digital landscape	Part of a bigger, digital landscape	A bigger, digital landscape	Partial match
	Limits itself to one technological method	Adapts several different technological methods	Adapts several different technological methods	Partial match
Focus on	Changes focus on technical process	Changes focus on technological innovation in the business	Changes focus on all societal levels	No match

Note. Semantical analysis based on Rachinger's (2019) definitions.

Digitization, as a separate concept, involves the process of converting analog data into digital formats, essentially transforming existing products or information into a digital medium. On the other hand, digitalization goes beyond mere digitization and focuses on the exploitation of digital opportunities to introduce new products, services, or business models. It involves leveraging digital technologies to improve or innovate a business model, thereby creating new dimensions of value for products and increasing revenue. Furthermore, digital transformation is often mentioned alongside

digitalization, and while it shares similarities, it is increasingly regarded as interchangeable with digitalization. Both concepts revolve around the transformation of a business model in response to the digital landscape. It is important to note that digitalization encompasses the idea of business transformation towards a digital environment and the generation of value.

With the definition of digitalization reviewed, it is equally important to gain a deeper understanding of how it works and the various components it entails. In the subsequent section of this paper, we will provide a brief introduction to the history and key components of the digitalization concept, shedding light on its evolution and significance in the context of modern business practices. To achieve this, in the following section of the paper, a brief introduction into the history and components of the concept are provided.

1.2. The phenomena of digitalization

It is increasingly clear that becoming digital is becoming one of the most prioritized business steps right now and will be even more so in the near future. As businesses re-asses their traditional business models, the option arises to digitalize the entire process, part of the process or just the final product (Weber, 2020). As the research paper topic focuses on how to provide value to the final customer, the further paragraph considers the digitalization of the product that a customer receives, rather than the full scope of digital transformation process, to be the priority of this research.

When discussing digitalization, as the previous section about the definition of the concept showed, there is still a great deal of ambiguity regarding what can be considered as part of digitalization. Based on previously reviewed literature one can continue the notion that digitizing and digitalizing are two separate concepts and regard digitization as the basis for digitalization. In practice these processes could take the form of turning an analog product into a digital one (digitizing) and then using digitalization to further enhance the digital product using advanced software for specific operations and increased convenience (Vrana and Singh, 2022). As Vrana and Singh (2022) describe it, digitalization is done with the intent to simplify, increase convenience and also create value for the customer. That is why, rather than focusing on the process of digitizing, this paper refers to digitalization as the more important concept.

The phenomenon of digitalization has rapidly gained prominence in today's business landscape, propelled by advancements in technology and evolving consumer expectations. As digital technologies continue to advance and permeate various industries, organizations are compelled to adapt and embrace digitalization in order to remain competitive and meet the evolving needs of their customers. Digitalization extends beyond mere process optimization and has the potential to reshape entire business models, generate innovative products and services, and create new avenues for value

generation. Companies that effectively embrace digitalization can leverage the power of data, connectivity, and automation to deliver enhanced customer experiences, improve operational efficiency, and unlock new revenue streams. To thrive in the digital era, firms must navigate complex technological landscapes, overcome organizational barriers, and continuously innovate. Therefore, it is crucial for organizations aiming to succeed in today's increasingly digital world to comprehend the intricacies of digitalization and its impact on value creation.

In summary, while the concept of digitalization is not entirely new, there remains a significant lack of comprehensive understanding and numerous misconceptions surrounding it. Despite its undeniable growing importance in the modern technological landscape, digitalization can still be misunderstood or underutilized. Moreover, questions arise regarding the specific value that digitalized products seek to create and the extent to which they succeed in doing so. Consequently, it is essential to investigate how customers perceive value, particularly in relation to new or digitally transformed products. In the subsequent section of this paper, an examination of the concept of customer perceived value is undertaken, along with an analysis of the relevant value dimensions applicable to digitalized products. By delving into these aspects, a deeper understanding of the intricate interplay between digitalization and value creation can be achieved.

1.3. Customer perceived value concept analysis

Over the last few decades, marketing specialists and business owners have paid close attention to the concept of perceived value, particularly with the advent of customer-oriented marketing tactics. This shift in perspective, away from the old belief that stressing a product's practical utility is the cornerstone of effective marketing, has prompted substantial study targeted at improving marketing methods and business models. With the introduction of a customer-centric marketing perspective, the concept of value and value propositions has been reevaluated, expanding beyond a restricted focus on utility and embracing the possibilities of emotional and symbolic worth.

Previously, the emphasis was mostly on explaining to clients the tangible benefits and functional qualities of a product. However, as consumer behavior and tastes have evolved, marketers have come to appreciate the critical role that emotional and symbolic value play in molding customer perceptions and preferences. Customers are looking for deeper connections and experiences that resonate with their values, goals, and identities, rather than just the practical components of a product. This shift in perception paved the way for a more comprehensive and customer-centric concept of value. Businesses increasingly understand that a product's perceived worth includes not just its functional features, but also the emotional and symbolic benefits it brings. The good sentiments and experiences that buyers connect with a product, like as joy, enthusiasm, or contentment, are referred

to as emotional value. In contrast, symbolic value refers to the intangible meanings and connotations that a product contains, allowing purchasers to display their self-identity, social standing, or allegiance with specific groups or values. As a result, marketing techniques and business models have adapted to include these new aspects of value. Successful firms realize the significance of matching their products and brand services to their target customers' emotional and symbolic demands. They attempt to develop captivating storylines, experiences, and brand identities that elicit strong emotional responses from customers, fostering a sense of loyalty and connection. Businesses may differentiate themselves from competitors, establish deeper customer relationships, and generate long-term success by understanding and delivering on these emotional and symbolic elements of value.

In the subsequent section of this research paper, the evolving landscape of customer-centric value concepts is presented. It is important to explore the introduction and analysis of relevant value dimensions that are integral to understanding how customers perceive value, particularly in the context of digitalized products. This exploration will provide valuable insights and practical implications for businesses aiming to effectively leverage digitalization and customer perceived value to thrive in today's dynamic market environment.

1.3.1. Shifting toward a customer-centric perceived value concept

The dynamics of society and technology continually drive changes in various aspects of our lives, including the way business is conducted and marketing strategies are implemented. For the purpose of clarity in this research, the concept of marketing is defined according to the definition provided by the American Marketing Association (2017): "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." This definition emphasizes the core objective of marketing, which is to provide value to customers. However, the notion of value has evolved over time, recognizing that different customers prioritize specific types of value based on their individual needs, desires, and demands.

Philip Kotler, a renowned marketing expert, has significantly contributed to the development of marketing theory over the past few decades (Fuciu, Dumitrescu, 2018). The evolution from marketing 1.0 to marketing 4.0 exemplifies the shifting perspectives of businesses and marketing specialists regarding the concept of marketing and the elements they consider essential. The emergence of marketing 2.0 was driven by the challenge of an informed customer who possesses awareness of products and services offered by competitors. Consequently, the concept of value and the importance of meeting customer needs and wants came to the forefront. Marketing 3.0 further expanded this notion by recognizing that customer needs and wants are not solely based on

practicality or purchasing power. Customers are viewed as human beings with multifaceted needs that extend beyond the tangible aspects. Therefore, in order to win over customers, businesses must find ways to connect with their minds, hearts, and spirits (Kotler, Kartajaya, Setiawan, 2010). Marketing 4.0 took this idea even further by fully integrating the digital landscape, leveraging AI systems, social media, and influencers to understand and respond to customer needs, wants, and expectations (Kotler, Kartajaya, Setiawan, 2017).

Recognizing the diversity in customers' prioritization of values implies that a product and the corresponding business should aim to provide value through multiple dimensions. As mentioned earlier, not all customers share the same value priorities. Understanding customer perceived value is critical in the context of product digitalization for making educated decisions about which components of a product to digitize and how to enhance its value through digital means. Businesses should ensure that their digital goods provide real and relevant advantages by connecting their digitalization efforts with the value dimensions that matter most to customers. This alignment not only improves the entire customer experience, but it also raises the possibility of adoption, usage, and positive word-of-mouth, all of which contribute to the success of digitalization initiatives. Therefore, businesses must strive to understand their specific customer segments and determine how their products can best satisfy those segments. Overcoming the challenge of differing value concepts among customers requires a deeper understanding of customer perceived value. In the subsequent section of this paper, the critical role of customer perceived value is discussed. It is important to explore how it influences customer decision-making processes and how businesses can effectively align their offerings with customer expectations. This exploration will provide valuable insights and practical implications for businesses seeking to optimize their marketing strategies and enhance customer satisfaction in today's dynamic and diverse market landscape.

1.3.2. Concept of customer perceived value

In the realm of product manufacturing and marketing, it is important to recognize that the value perceived by customers does not always align with the value intended by manufacturers and marketers (Kotler, 2014). Understanding and satisfying customer perceived value requires acknowledging this disconnect. The concept of perceived value encompasses two schools of thought: utility-based and multidimensional. Zeithaml (1988) provides a foundational definition of perceived value as "the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given. [...] value represents a tradeoff of the salient give and get components" (p. 14). Building upon this definition, McDougall and Levesque (2000) suggest that perceived value

relates to the results or benefits customers receive in relation to total costs, including the price paid and other associated costs.

However, researchers such as Moliner et al. (2007) argue for a more multidimensional perspective on perceived value. Drawing upon the works of Rust et al. (2000), Sweeney and Soutar (2001), Woodruff (1997), De Ruyter et al. (1997; 1998), Sinha and DeSarbo (1998), Moliner et al. highlight the shift from a utility-centric view to a concept that encompasses emotional reactions. They propose that perceived value is formed not only through cognitive processes (beliefs) but also through primary affective processes. This expanded definition acknowledges that perceived value encompasses more than just monetary and functional aspects; it also fulfills customers' emotional, social, and symbolic needs. It is worth noting that perceived value should not be confused with customer satisfaction. Sweeney and Soutar (2001) emphasize that customer satisfaction is the consequence of a purchase and does not fully encompass the elements of service, promotion, and other stages that precede the actual purchase. Perceived value, on the other hand, represents a broader and more comprehensive construct.

A multidimensional value idea has numerous benefits for both enterprises and customers. For starters, it improves customer happiness by allowing businesses to better understand and address the different demands and preferences of their consumer base. Recognizing that perceived value includes dimensions more than economic and functional considerations, such as emotional, social, and symbolic factors, enables organizations to design products and experiences that resonate with customers on a deeper level, leading to higher levels of satisfaction. Furthermore, implementing a multidimensional value concept allows organizations to differentiate themselves in highly competitive marketplaces. Organizations can identify unique value propositions that set them apart from competitors by analyzing multiple dimensions of value. This could include creating new features, personalizing experiences, and building emotional relationships with clients. Differentiation not only attracts and retains customers, but it also provides firms with a competitive advantage. Furthermore, a multifaceted value notion is critical in building consumer loyalty and advocacy. Customers are more likely to establish strong brand affinity and loyalty when they sense value across numerous dimensions. Meeting their emotional, social, and symbolic requirements encourages a stronger bond with the business. Satisfied customers frequently become advocates, spreading positive word of mouth about the product or service. As a result, these devoted clients contribute to long-term relationships and long-term corporate growth. Furthermore, understanding the many dimensions of perceived value enables organizations to target certain client segments with their marketing and product strategies. Depending on their own needs and wants, different client segments may emphasize different value dimensions. Businesses can modify their offers to deliver value that corresponds with specific client segments by understanding these preferences. This focused strategy guarantees that

clients receive value that is relevant to their needs, boosting the chances of product uptake and long-term customer loyalty. Adopting a multidimensional value idea can result in long-term financial improvements in terms of profitability. Businesses can command premium pricing by providing value beyond economic and functional factors, resulting in higher revenue and profitability. Furthermore, satisfied and loyal consumers are more likely to make repeat purchases, enhancing the customer lifetime value. Delivering value consistently across various dimensions enables firms to establish strong customer connections, foster loyalty, and promote long-term revenue growth.

To delve further into the multidimensional construct of perceived value, researchers have proposed various value dimensions. These dimensions capture the different aspects that contribute to a customer's perceived value, going beyond economic and functional considerations. By exploring and understanding these value dimensions, businesses can gain insights into what customers truly value and use that knowledge to design and deliver products that align with customer expectations.

In the following sections of this research paper, analysis of the multidimensional nature of perceived value is conducted and review of the proposed value dimensions put forth by researchers. Understanding these dimensions is vital for businesses aiming to enhance customer satisfaction, differentiate their offerings, and effectively navigate the landscape of product digitalization. By considering the diverse dimensions of perceived value, businesses can strategically align their digitalization efforts with customer preferences, leading to successful product digitalization and ultimately driving customer loyalty and business growth.

1.3.3. Customer perceived value dimensions

Since previously discussed literature regarding perceived value describes the multidimensional definition of perceived value as being more focused on the variety of value dimensions from which a customer can derive value, it is important to acknowledge these components. Various researchers have done their own studies based on theory developed by Sheth, Newman and Gross (1991) that focuses on customer's choice of consumption. In such empirical study, authors identified five value dimensions that are applicable for a vast range of product types of goods and services. The identified dimensions of functional, social, emotional, epistemic, and conditional values are analyzed in the following paragraphs, as well as discussing their relevance to the topic of product digitalization, considering each dimension's attributes.

Functional value dimension: The functional value dimension has traditionally been regarded as the primary driver of customer motivation to purchase or consume a product or service. This dimension emphasizes utilitarian attributes such as reliability and price, as identified by Sheth et al. (1991). The utility-centric view of perceived value, which emphasizes functionality and the

tradeoff between price and quality, has been widely adopted (Zeithaml, 1988). Customers naturally seek practicality and a fair tradeoff when considering products or services that come with a certain price. Given the functional value dimension's importance in influencing consumer decisions, it is critical to evaluate this dimension in the context of product digitalization. When products are digitized with the purpose of increasing convenience, the functional value dimension is directly related. Customers' desire for pragmatism and dependability is aligned with the capacity of digital products or services to give enhanced convenience and efficiency. Furthermore, the functional value dimension becomes even more important in the context of product digitization. Customers expect flawless and trouble-free experiences as products migrate to the digital sphere. Automation, real-time information, and remote access are common aspects of digital products that improve functionality and bring practical benefits to customers. Businesses can maximize the functional aspects of their offerings by embracing digital technologies, boosting reliability, simplicity of use, and overall customer experience. By addressing customers' need for practicality, reliability, and a fair tradeoff between price and quality, businesses can ensure that their digital offerings align with customers' functional value expectations.

Social value dimension: The social value dimension includes the advantages that customers gain from their membership in various social groupings. It is based on the assumption that people make purchasing decisions in order to attain a specific social image or status. Because both notions involve the desire for a sense of belonging and identity building, social value and symbolic value are inextricably linked. Products with social worth are generally highly visible and tactile, allowing individuals to indicate their social identity to others (Wu et al. 2018). In the context of product digitalization, it is vital to recognize that while certain digital products lack a physical presence, they can nonetheless provide significant social value. The structure of digital platforms and online communities fosters social interactions and connections, allowing people to create and sustain relationships with people who share similar interests or belong to similar social groups. Social media platforms, for example, have played an important role in defining social identities and fostering virtual communities where people can express themselves, share experiences, and interact socially. Furthermore, digital objects can be used as status and affiliation signals. The possession or use of certain digital gadgets or programs might indicate membership in a specific social group or society. Owning the latest smartphone model, for example, or being an active participant in a specialty online forum might help one's social image and sense of belonging (Alshibly, 2015). The digital world has created new opportunities for people to express their social identities and connect with others, increasing the social value that digital products can provide. It is critical to recognize that the amount of social value gained from digital products varies according to the individual's preferences and priorities. While some customers appreciate physical exposure and tangible social status badges,

others may value the sense of belonging and connection provided by digital platforms. The selection of digital products with social value should be aligned with the ambitions of the target customers and the specific social groups with which they seek to associate. While physical visibility is important for some products, digital platforms offer several chances for people to receive social value through symbolic representations, virtual communities, and relationships with like-minded people. Businesses can respond to customers' goals for social recognition, belonging, and identity creation by recognizing and including the social value component in product digitalization initiatives, resulting in products that align with their social demands and preferences.

Emotional value dimension: The emotional value dimension is based on the premise that products can elicit emotions, feelings, and affective states in customers, providing them with unique value. Customers' perceptions and decision-making processes can be dramatically influenced when products successfully elicit favorable emotional responses. Emotional value is important in creating customer preferences and, eventually, influencing their purchasing decisions. Numerous studies have shown that, while functional and social dimensions may drive customers' early choices, emotional value is often the deciding element in their final choice (Sheth et al., 1991). This emphasizes the importance of emotional value in the customer's overall evaluation and its potential to generate significant value in the customer's opinion. Products that elicit pleasant feelings such as joy, enthusiasm, nostalgia, or comfort are more likely to resonate with customers and foster a stronger connection. A product's emotional worth can be derived from a variety of factors, including its design, packaging, branding, messaging, and overall user experience. A well-designed and aesthetically beautiful product, for example, might provoke feelings of excitement and admiration, increasing the customer's overall emotional value. Similarly, products that conjure a sense of nostalgia or appeal to sentimental attachments can generate emotional resonance and promote greater consumer connections. Furthermore, emotional value plays a role that goes beyond the initial purchase decision. Products that continue to elicit favorable feelings in customers throughout their usage or ownership journey can lead to improved customer satisfaction, loyalty, and advocacy (Yan, 2019). Emotional value improves the total customer experience and develops the customer-brand tie, resulting in long-term consumer engagement and favorable word-of-mouth. Businesses may create and provide products that elicit positive emotional responses, generating a sense of value and connection, by knowing the emotions and affective states that their target customers seek. Incorporating emotional value into product digitalization plans can increase consumer engagement, contentment, and loyalty, resulting in corporate success in an increasingly competitive digital market,

Epistemic value dimension: The epistemic value dimension is an important component of customer perceived value because it taps into the human desire for novelty, curiosity, and knowledge acquisition. This dimension expresses the natural longing for exploration and new experiences.

Epistemic value is especially important for products and services that provide clients with unique and transforming experiences or useful knowledge. These solutions appeal to clients' need for intellectual growth and discovery, rather than only functioning or social features (Koay et al., 2022). The epistemic value factor is becoming increasingly important in today's dynamic and fast-paced society, where innovation and continual learning are highly appreciated. Customers seek products that allow them to broaden their perspectives, learn new skills, or obtain insights into previously unknown regions. The capacity to satisfy this epistemic value dimension can distinguish organizations from competitors and encourage strong client involvement. Furthermore, the relevance of the epistemic value component may differ depending on the nature of the product or service. While it is often linked with services that are fundamentally non-durable or have a short lifespan, such as digital information, courses, or experiences, its application extends beyond these specific contexts. Even long-lasting items can include components that pique customers' interest, give educational value, or allow them to find new views. Businesses can respond to customers' intellectual requirements and develop a competitive edge in today's knowledge-driven economy by including aspects that allow inquiry, give educational value, and offer unique experiences. Recognizing the worth of epistemic value and incorporating it into product development and marketing tactics can help to build deeper customer relationships, increase customer happiness, and contribute to long-term corporate success.

Conditional value dimension: The conditional value dimension adds an intriguing and distinct dimension to the concept of perceived value. Conditional value, unlike other dimensions, is extremely context-dependent and can alter depending on certain situational conditions. It denotes a transitory increase in functional or social worth that is dependent on external factors. Under essence, conditional value is gained when the situational conditions raise the worth of a product, although the product may have little or no value for the client under other circumstances. Conditional value is distinguished by its unpredictability and transitory nature. It occurs when a product fits extraordinarily well with a particular situation, precisely satisfying the customer's demands or aspirations in that context (Wu and Chang, 2016). For example, in an emergency or urgent scenario where ease and accessibility are critical, a product may provide enhanced functional value. Similarly, when a product is associated with a specific event or occasion, it might facilitate social contacts or convey social status. Customers may still find conditional value useful in the context of product digitization. Digitized items can provide simplicity and accessibility, which makes them especially helpful in specialized settings or time-sensitive scenarios. For example, when clients seek instant assistance or convenience, digital services that provide on-demand solutions, such as ride-hailing or food delivery apps, can be quite valuable. In these cases, the product's digitized nature increases its conditional value by delivering a quick and efficient answer to the customer's needs. It is crucial to highlight, however, that conditional value is inherently ephemeral and can be difficult to predict and precisely

assess. It is determined by a variety of external elements, such as the customer's unique circumstances, tastes, and the surrounding environment. As a result, organizations may struggle to supply conditional value consistently or adequately measure its effectiveness. Nonetheless, comprehending the existence and potential impact of conditional value can assist organizations in identifying chances to improve consumer experiences by connecting their digitized products with situational needs. As a result, digitalized items have the potential to provide conditional value by facilitating ease and meeting certain needs in specific scenarios. However, because conditional value is temporal and context-dependent, firms may struggle to successfully harness and provide it. Businesses may improve the overall perceived value of their goods and better respond to client needs in a dynamic and growing market landscape by recognizing the relevance of conditional value and actively adapting digitalization initiatives to align with situational demands.

In conclusion, the dimensions of customer perceived value play a critical role in shaping customer preferences, choices, and satisfaction. By recognizing and harnessing these dimensions, businesses can gain valuable insights into their customers and formulate strategies that effectively cater to their needs. The incorporation of functional, emotional, social, epistemic, and conditional value in product design, marketing, and delivery becomes imperative for organizations striving to excel in today's customer-centric marketplace. These dimensions provide a holistic framework for understanding and meeting customer expectations, enabling businesses to create offerings that align with customer priorities and deliver a superior value proposition. By embracing and leveraging the diverse facets of perceived value, organizations can enhance their competitiveness, foster customer loyalty, and drive sustainable growth in an ever-evolving business landscape.

1.3.4. Relevant value dimensions in terms of product digitalization

In the previous sections on the paper the value dimensions listed were functional, social, emotional, epistemic and conditional, but since the publishing of Sheth et al. value dimensions there have been more recent studies that have cut this list down to three or four main value dimensions.

Based on Sheth et al. (1991) developed framework, Sweeney and Soutar (2001) tried to improve the existing theory by suggesting that the previous concept of value dimensions was too narrow and by testing made a perceived value scale referred to as PERVAL. In the study they note that they “doubt that this conditional value component is of the same order as the other dimensions, Conditional value is derived from the moderating effect of a situation on perceptions of functional and social value on outcomes” (p. 16-17). Regarding the epistemic value, Sweeney and Soutar conclude that while the value dimension is worthy of researching further where the type of product

demands it, they also mention the commodity theory that claims that any unavailable commodity will have its value (Brock, 1968, as cited in Sweeney and Soutar, 2001).

According to the PERVAL scale the value dimensions that can be applied to all retail products are quality dimension, emotional dimension, price dimension and social dimension. It is of note that the previously described functional dimension has been split into quality and price dimension as Sweeney and Soutar (2001) conclude that they are different enough that they should be measured and considered separately.

A different model to measure and identify value has been proposed by Almquist, Senior and Bloch (2016), in which the authors formulated 30 elements of value that represent four main needs such as functional, emotional, social impact, and life changing (see Figure 1). The model takes form of a pyramid of hierarchy in which functional needs are at the very bottom and represent the most common values. After functional dimension, the hierarchy from bottom to top follows as such: emotional, life changing, and social impact.

Figure 1



SOURCE © 2015 BAIN & COMPANY INC. FROM "THE ELEMENTS OF VALUE," SEPTEMBER 2016

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Figure 1. The elements of value. Source: Almquist, Senior, and Bloch. (2016). The elements of value. Harvard Business Review. Retrieved from: <https://hbr.org/2016/09/the-elements-of-value>.

In each of the four core needs, elements of value are provided that businesses can use as reference to try and deliver value to their customers. According to Almquist et al. (2016) the model is based on Maslow's (1943) psychological study of hierarchy of needs, but concept of people is treated as customers. In addition, Almquist et al. (2016) regard the model as a "heuristic model – practical rather than theoretically perfect – in which the most powerful forms of value live at the top" (p. 4).

Therefore, there are multiple models that are used to measure and identify value proposition and perceived value. However, while there are some differences between the proposed models, the main four elements of functional, emotional, social and by extent life changing value dimensions can be discovered in most of them.

Since it was already established that the phenomena of digitalization grounds itself in the notion of convenience and simplicity, it is not hard to see that digitalized products are regarded as particularly valuable in the quality and price elements or functional dimension. Additionally, the topic of digitalization is a vast one and research done cover a variety of different goods and products. For this reason, the further analysis is done based on previously reviewed scientific material, with no particular product in mind.

Traditionally, the functional value dimension was the focus point of promoting and marketing a product. In the case of digital products, it can be assumed that the price and quality value dimensions are the ones to deliver most of the common value to the customer. With the assumption that the customer is a rational customer who is aware of the tradeoff concept and does not want to pay any more than they absolutely have to, it is natural that digital products, which are not limited in quantity because of manufacturing, and which are easily accessible due to technological advancement, deliver proper value regarding price and quality. In research done by Almquist et al. (2016) digital oriented business outperforms traditional retailers because of the price advantage and are perceived as more valuable. Furthermore, the factor of convenience appears to be a large influence on the direct choice between a physical and a digital product (Catapano, Shennib and Levav, 2022). As the study acknowledges previous research done that indicated preference for physical products, it also argues that the matter of convenience can outweigh attributes such as ownership and aesthetics. In terms of customer perceived value, it is attractive for a customer to have easy access to a product for a fair price and to receive consistent quality, as well as have a product that would last a long time.

The value dimensions that digital products most likely can fall short of expectations, would be the emotional and social dimensions. Some studies have found that while digital business is expanding, customers still prefer physical products instead of their digital counterparts (Atasoy and Morewedge, 2017). It is worth mentioning that in the research done by Atasoy and Morewedge (2017), while the general consensus was in favour of physical products, especially regarding the

psychological ownership, there was a noticeable trend of identity-relevance. This means that the higher identity relevance is given to a product, the more a customer is likely to prefer a physical product rather than a digital one. If customers are willing to pay more for a physical product instead of a digital product, or rather are **not willing** to pay more for a digital product, one could assume that, in the mind of a customer, a physical product is worth more and delivers more value. Additionally, for the emotional value dimension, the emotion of nostalgia is can be considered as a strong factor that ties into the previous notion of identity-relevance. Traditionally physical products can elicit nostalgic feelings as they can remind a customer of their past experiences. Moreover, the social value dimension that is related to social status, social approval, and acceptance (Sweeney and Soutar, 2001), is closely linked to the physicality of a product since they are the ones with the most visibility. To purchase a product, for some customers, can also mean to purchase a sort of entrance into the social group in which the product is popular or positively regarded.

In essence, as with most things, neither digital nor physical products have the monopoly over customer preference. If we continue to regard customer perceived value as a multidimensional concept, it is obvious that some types of products have an advantage over others in separate value dimensions. In this case, digital products are more valuable if one prioritizes functional needs, while physical products can deliver more value through emotional or social elements. This would support the idea that rather than focusing only on digital or physical products, businesses should strive to operate a seamless omnichannel approach and integrate digitalization into their business model, rather than forgo physical retailing altogether (Almquist et al. 2016; Climent, Haftor and Chowdhury, 2021).

It is important to note that while this paper differentiates between digitized and digitalized products, it could be useful to also separate digitalized products into a couple of categories. For future research, I would propose that three categories of products would be researched – fully physical products, physical-digital products, and fully digital products. Taking a product such as a book as an example, a physical book could represent fully physical products, a book with digitized features such as scannable codes would represent physical-digital products, and an e-book would represent fully digital products.

II. RESEARCH METHODOLOGY FOR THE PRODUCT DIGITALIZATION PHENOMENA IN TERMS OF CUSTOMER PERCEIVED VALUE

As society rapidly develops, fueled by revolutionary breakthroughs, it is necessary to critically analyze whether current customer consumption patterns will persist. Time has become a valuable commodity in an era characterised by increasingly hectic lifestyles and information overload demanding customers' attention. As a result, in the face of strong competition, firms must adapt to these changing dynamics and optimize their resources. Digital technology has not only supplied instruments for transformation, but it has also opened up a new world of possibilities. However, many businesses are still unsure how to successfully use digitalization to their benefit.

Researchers can provide useful insights into the appropriate deployment of digital products and services by examining the elements impacting customer perceived value in the context of digitalization. This information, in turn, provides chances for businesses to improve consumer happiness and encourage loyalty. The potential benefits of digitization, including as increased productivity, cost savings, and improved customer experiences, highlight the importance of understanding the complex relationship between digitalization and customer perceived value. Such comprehension is critical for firms seeking to thrive and remain competitive in the digital age.

This thesis employs qualitative research methods to acquire a deeper understanding of customer mindsets about digitalized items and unlock the full potential of customer perceived value. Qualitative research enables a thorough examination of customers' opinions as well as the complex parts of their value assessment. This research approach provides a rich and contextual understanding of how consumer perceived value is conceptualized and may be effectively utilized in the arena of digitalization by digging into the subjective experiences and interpretations of customers. The study's research approach is justified by its ability to capture the various characteristics of consumer perceived value and to provide relevant insights into customer attitudes and preferences in the digital setting. The parts that follow will provide a full explanation and reasoning for the chosen research methodologies, illuminate the logic that underpins the empirical research, and outline the particular actions taken to assure the rigor and dependability of the study findings. This study seeks to create in-depth and nuanced insights that contribute to the progress of knowledge in the field of digital product consumption and customer perceived value by using a qualitative research approach.

Through this methodological exploration, this study seeks to shed light on the intricate interplay between digitalization and customer perceived value, ultimately empowering organizations to adapt their strategies and thrive in the ever-evolving digital landscape.

2.1. Research object, logic and objectives

Research object. Through theoretical analysis made previously, it is evident that the digitalization concept has been already defined, however what is lacking is proper understanding of how customer perception of this phenomenon can affect the success or failure of its adaptation. Using customer perceived value dimensions may be used to further understand how digitalized products can benefit the customer and in turn, may determine the potential success or failure of digitalization of a business or its' products. For this reason the research object chosen is the impact and valuation of digitalized products based on customer perceived value, which is analyzed using qualitative research methods.

Research process. The first research method conducted is focus group, which is used to gather a deeper understanding of how customers may perceive digitalized products and their offered value, in contrast to traditional, physical products. Secondly, a case study using desktop review is used to analyze different cases of existing companies and their products which have adapted digitalization, to further understand what factors may have lead to their success or lack thereof. Such sequence of methods used is intentional as the focus group allows to gather knowledge of how the discussion's participants express their impressions of digitalized products and existing companies that they can recognize as successful.

Research problem: How can businesses successfully deploy product digitalization based on customer perceived value, and what elements influence customers' perceptions of the value of digital items versus their physical counterparts?

Research aim. To examine the relationship between product digitalization and customer perceived value, identifying the key factors for successful digital product implementation based on customer needs and preferences.

Research objectives:

1. To identify and assess the factors that influence customers' perceptions of the value of digital products in comparison to their physical counterparts through focus group discussion.
2. To understand the key challenges and opportunities in successfully executing product digitalization based on customer perceived value through a case study analysis of companies that have undergone the process.
3. To provide insights and advice for firms aiming to adopt effective product digitalization based on customer perceived value, using data from both focus group and case study methods.

2.2. Philosophical paradigm influence on research approaches

As outlined by Burrell and Morgan (1979) regarding social studies “All social scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated” (p.1), which supposes that any social research conducted may be, involuntarily, influenced by the researcher’s held worldview and philosophical view of the phenomena of the study. This is further reiterated by Hughes (2010) with the notion that behind every research is a paradigm that dictates how the world is understood, what makes sense and what does not. It is imperative, though often overlooked, that the researcher’s worldview is clearly stated and outlined as it serves the justification of the chosen research methods and approach (Creswell & Creswell, 2017; Mackenzie & Knipe, 2006).

The term paradigm has its’ roots in the Greek language meaning pattern and is synonymously used to describe a worldview meaning “the perspective, or thinking, or school of thought, or set of shared beliefs, that informs the meaning or interpretation of research data” (Kivunja & Kuyini, 2017, p. 26). Largely dependent on the researcher’s discipline of study as well as past research experiences and understanding of the topic, such identification with one or more worldviews can lead to adapting certain research methods like qualitative, quantitative or mixed methods in the research. Despite there being various recognized worldviews or paradigms that can shape the study, a few are named as the main ones nowadays that researchers can identify with (see Table 2): postpositivism, constructivism, transformative and pragmatism (Creswell & Creswell, 2017).

Table 2

Four worldviews of research

Postpositivism	Constructivism
<ul style="list-style-type: none"> • Determination • Reductionism • Empirical observation and measurement • Theory verification 	<ul style="list-style-type: none"> • Understanding • Multiple participant meanings • Social and historical construction • Theory generation
Transformative	Pragmatism
<ul style="list-style-type: none"> • Political • Power and justice oriented • Collaborative • Change-oriented 	<ul style="list-style-type: none"> • Consequences of actions • Problem-centered • Pluralistic • Real-world practice oriented

Source: Creswell & Creswell, 2017.

Based on the definitions and key elements provided, the research approach in this case most identifies with the paradigm of constructivism. Considering the nature of the topic, which focuses on the customer perceived value concept, research methods adapted qualify as qualitative as they strive

to understand and expand upon social phenomena that might be grounded in perception and feeling constructed by social norms and behavior.

The foundation and base ideas for constructivism stem from works such as Berger and Luckmann's (1967) *The Social Construction of Reality* and *Naturalistic Inquiry* by Lincoln and Guba (1985). Through these works the ideas of objective reality and the impact of social construction arose, which were then further examined and explained by various writers such as Crotty (1998) in *The Foundations of Social Research* and Mertens (2010) who provided a framework for methodology choices. By arguing that all human social experiences are shaped individually and are subjective, appears the notion that all things have multiple meanings therefore there is not one right answer and the goal should be to research the view and experiences of the researched individual, because that, his, is the true truth at the moment. According to Creswell & Creswell (2017) interpretation constructivism navigates research by asking open-ended questions and through broad and unassuming questioning one can construct and interpret the meanings behind various phenomena and concepts, which allows to inductively develop a pattern or theory. From Crotty (1998) several assumptions regarding constructivism can be made such as:

- Individuals actively generate knowledge rather than just acquiring it from the outside world.
- Individuals view and interpret reality subjectively based on their personal experiences and social situations.
- Rather than just explaining objective truth, research should focus on understanding how people make sense of their experiences and develop meanings.
- Rather than using a rigid and planned approach, research methods should be flexible and adaptable to the individual research situation.
- There is no single truth or objective reality that can be revealed by inquiry, and multiple perspectives and interpretations of reality can coexist.

In conclusion, because of its emphasis on studying subjective perceptions and social constructions that impact customer perceived value, the research approach used for this study aligns with the constructivist paradigm. Constructivism, which is based on works such as Berger and Luckmann's "The Social Construction of Reality" and Lincoln and Guba's "Naturalistic Inquiry," questions the concept of objective reality and emphasizes the individual's role in actively generating knowledge based on personal experiences and social contexts. This paradigm acknowledges the plurality of meanings and perspectives while rejecting the concept of a single truth or objective reality. The qualitative research methods chosen, namely focus groups and case studies, align with the principles of constructivism by allowing for open-ended questioning, exploration of individual experiences, and the inductive development of patterns and theories. By embracing the individuality and richness of personal experiences, this research approach aims to uncover the diverse and nuanced

understandings of customer perceived value in the context of digitalization. In the following sections of the thesis, the justification and application of these specific research methods will be elaborated upon, facilitating a comprehensive exploration of the research objectives and the complexity of customer perceptions and experiences.

2.3. Research logic and structure

Rapid technological improvements have altered the way organizations function and engage with customers. Product digitalization has emerged as a critical strategy for firms looking to improve customer experiences and create value in the digital age. Considering the purpose of this study is to investigate the phenomena of product digitalization from the standpoint of consumer perceived value, investigating successful cases of digitalization adoption may provide significant insights into the consequences and implications of digitalization on consumer perceptions and product evaluations, as well as which factors lead to success or failure. To fulfill the research aims, a two-stage research approach is used: focus group research and case study research. The combination of these methodologies will provide a thorough understanding of customer perceptions of digitalized items and shed light on the elements that contribute to their perceived value.

Focus group discussions will be held in the early stages of the research to elicit qualitative thoughts and opinions from a varied set of participants. Participants will be invited to voice their opinions, desires, and expectations about digitalized products through open-ended dialogues. Focus group study data will provide significant insights into the elements of customer perceived value that are relevant in the context of product digitalization. Conducting a focus group discussion prior to engaging in case study research may provide several notable benefits that can enhance the effectiveness and efficiency of the overall research process:

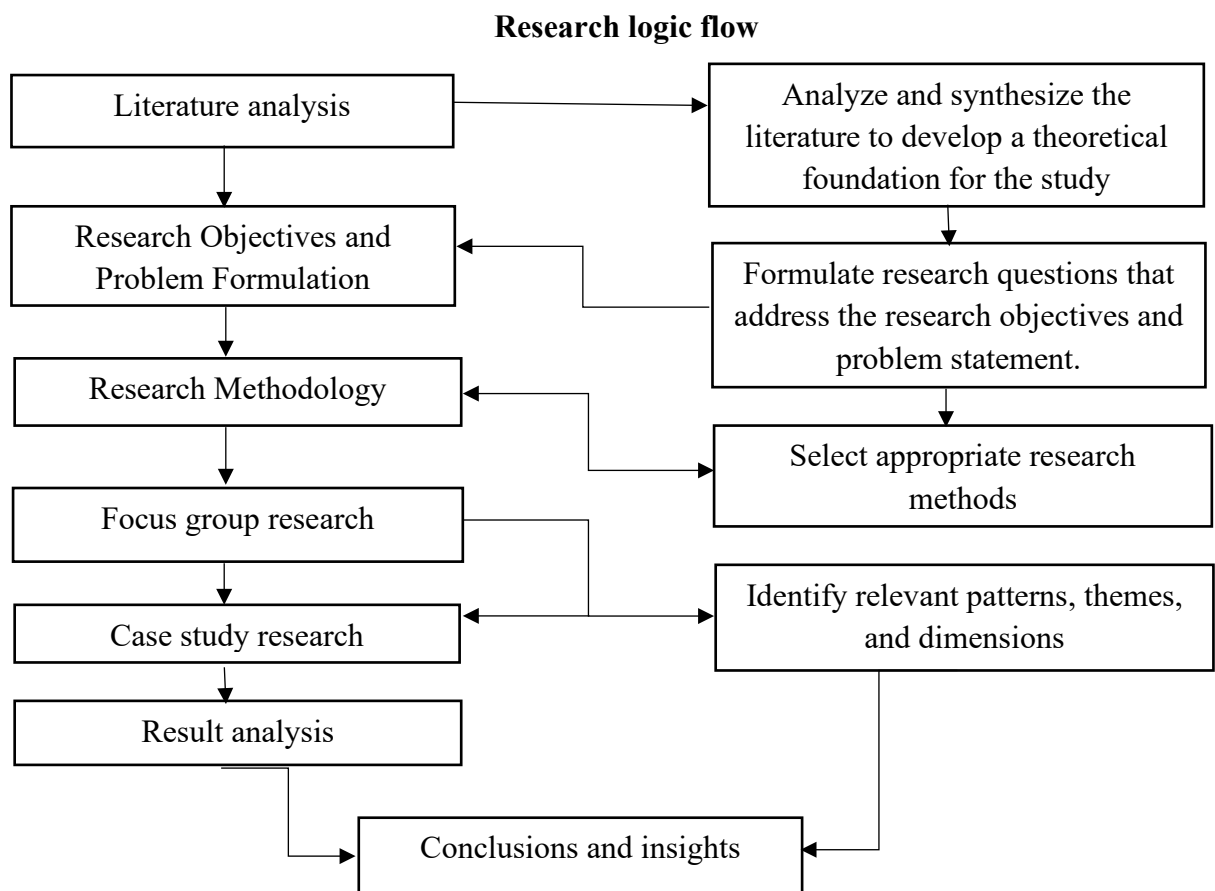
- **Diverse perspectives:** a focus group discussion allows for the investigation of various viewpoints and ideas from a group of participants who have used digitalized products in a variety of industries. This allows for a thorough understanding of the various characteristics of customer perceived value in the context of product digitalization. By collecting a variety of perspectives, the researcher may acquire a broader perspective and insights that may not be readily obvious from individual case studies alone and previous literature analysis.
- **Identification of relevant themes and dimensions:** participants in a focus group can express their opinions, preferences, and expectations about digitalized items through open-ended discussions. This interactive setting makes it easier to identify significant themes and dimensions connected to customer perceived value, which may then be used to direct following case study research. The insights gained from the focus group discussion can be

used to help guide the selection of relevant variables, factors, and indicators to be evaluated throughout the case study analysis.

- Case study design improvement: researchers can acquire a better knowledge of the context and intricacies surrounding customer perceived value in the field of product digitalization by conducting a focus group discussion beforehand. This understanding can help to shape the design of case study research, such as the selection of appropriate case study companies (such as Netflix, Under Armour, and Spotify) and the identification of relevant variables, data sources, and research tools. Insights acquired from the focus group discussion can also be used to develop interview questions and data gathering techniques for the case study phase.

Furthermore, it is important to fully understand and overview the entire proposed research logic flow on the work, as that could offer benefits such as clarity, organization, ease of planning, identification of gaps and dependencies, and most importantly in the case of need it would be easier to recreate the research done. It serves as a valuable tool in guiding and managing the research process, enhancing the overall quality and effectiveness of the study. For improved transparency and convenience a research logic flow chart is formed and presented, as it is easier to understand multiple components that interact with each other (see Figure 2).

Figure 2



It is important to clearly outline and revisit the research logic and flow throughout the entire thesis, for which a flow chart increases clarity and organization by breaking down the research process

into discrete parts and displaying them in a logical flow. It assists both researchers and readers in comprehending how each component fits into the overall research plan. This clarity guarantees that the research objectives are correctly matched with the methodology and data analysis, lowering the chance of missing important information or introducing discrepancies. It is a useful tool for guiding and managing the research process, therefore improving the overall quality and effectiveness of the study.

In conclusion, integrating a focus group discussion as a precursor to conducting case study research in the realm of product digitalization and customer perceived value can yield valuable advantages and contribute to the overall effectiveness of the research endeavor. The inclusion of a focus group discussion serves as a dynamic platform for engaging participants from diverse backgrounds and perspectives, providing a rich source of insights and understanding. By bringing together a small group of individuals with relevant knowledge and experiences, the focus group enables the exploration of different viewpoints, the identification of critical themes and dimensions, and the generation of meaningful research hypotheses or assumptions. Through the interactive nature of the focus group discussion, researchers can tap into the collective wisdom and collective intelligence of the participants, unveiling nuances, subtleties, and hidden factors that may not have been apparent through individual interviews or surveys alone. The exchange of ideas, experiences, and opinions within the group setting sparks new insights, fosters discussion, and encourages participants to build upon and challenge each other's viewpoints. This collaborative process fosters a deeper exploration of the subject matter and offers a broader understanding of the complexities and intricacies surrounding product digitalization and customer perceived value. Furthermore, the ideas gathered from the focus group discussion serve as a significant resource for improving the case study research that follows. The findings, emergent themes, and research hypotheses or assumptions derived from the focus group discussion can be used to shape the design of the case study, influencing case selection, data collecting focus, and the analytical framework to be used. The past knowledge and perspectives gained from the focus group discussion serve as a firm foundation for conducting more targeted and meaningful case studies, ensuring that the research inquiry remains grounded in the reality and intricacies of the phenomenon under examination.

2.4. Focus group method justification and limitations

Researchers in public relations and marketing communications frequently use focus group research to provide significant insights on a wide range of topics, from broad strategic issues to individual consumer responses to commercials. The thing differentiating focus groups from other research methods is the involvement of the participants developing ideas and leaving questions as

open-ended as possible in order to achieve a dynamic approach. This allows for a more in-depth study of the matter at hand. A focus group is made up of several people who are led by a qualified moderator. The moderator's role is to guide the team in creating and exchanging ideas on a specific topic. The moderator initiates the process by presenting a topic for discussion among participants. The moderator's responsibility in such conversations will be to silently monitor the proceedings and ensure that the debate proceeds as planned. However, the moderator must step in to guarantee that everyone in the group engages (Dubey & Kothari, 2022). The moderator evaluates the material received from the focus group's observations and recommendations. As a result, focus group research can be a useful tool for researchers seeking extensive insights into a variety of topics and challenges. The key highlights of focus groups are:

- they present evidence from multiple perspectives on the same topic;
- they are dynamic;
- they provide a safe space for suppressed opinions to be expressed;
- enable to acquire a big volume of data in a relatively short period of time (Daymon & Holloway, 2011).

Regarding the implementation and process of focus group research, several conditions are required to be fulfilled:

Lenght of discussion. The focus group discussion optimally lasts between an hour and an hour and a half, but not longer than two hours. A longer session might cause the participants to become fatigued or uninterested and therefore unmotivated to participate.

Amount of participants. Keeping in mind that focus groups allow to accumulate large amounts of information in a relatively short amount of time, it is essential to choose the amount of participants wisely. It is usual that focus groups are made up of 6 to 10 people (Eisend & Kuss, 2019). Alternatively, Goodyear (1998) and O'Donohoe (2001) have experimented with smaller groups than usual (three to six) that have some kind of special knowledge of the subject of research.

Type of participants. There have been examples of focus groups making up of both acquaintances and strangers, with both types of research having pros and cons. In Eisend and Kuss case (2019), the recommendation is to limit the participants to being strangers as to not inadvertently influence the research finding based on established group dynamics. Despite this, some researchers like Stevens, Brown and Maclaran (2001) do propose building the participant group differently and advise for friendship groups in order to rectify potential shyness and to encourage discussion.

Regarding the limitation of focus group research method, focus group research has been chastised for being utilized as a quick and low-cost substitute for more thorough survey or interview research methodologies. This argument has some merit, as motivation researchers who prefer the individual depth interview method frequently dismiss the focus group approach. However, by the end

of the 1960s, focus groups had become the preferred strategy due to time and cost savings. The individual depth interview lost its once-dominant position in qualitative market research because it was too difficult and expensive to implement in addition to the notion that in other words, the major methodological reason for the focus group is the role that group dynamics play in providing data that would not be available if respondents were interviewed individually (Morgan and Krueger, 1997, from Belk, 2006). Regardless, this shift in favor of focus groups did not totally eradicate the method's drawbacks or limitations some of which are:

- indirect information is provided through the perspectives of respondents;
- information is provided in a specific location rather than in the natural field context;
- the presence of the researcher may sway replies;
- not all participants might be as eloquent or are able to express themselves as well as others (Creswell & Creswell, 2017).

2.5. Focus group research conduct

In this study, the focus group method has been chosen as a means to gain insights and analyze the perspectives and assumptions held by customers regarding digitalized and traditional physical products. The deliberate selection of this method is driven by the intention to delve into the intricate nuances of customer perceptions and experiences, aiming to uncover the underlying factors that shape their views and attitudes. Through the utilization of a half-structured interview format within a group setting, the focus group method offers a dynamic and interactive platform for participants to share their opinions, exchange ideas, and engage in meaningful discussions. This approach allows for a diverse range of perspectives to emerge, enabling a comprehensive exploration of the research topic. By fostering a collaborative environment, the focus group method encourages participants to build upon each other's insights and encourages a deeper understanding of the complexities inherent in customer perceptions of digitalized and traditional physical products.

The selection criteria for participants in this study were purposefully formulated to ensure a meaningful and informative discussion. Purposeful sampling was employed to deliberately select participants who possess knowledge and expertise in the fields of marketing, management, or finance. By targeting individuals with a higher education background in these specific fields, the research aims to gather insights from participants who possess a deeper understanding of the subject matter and are likely to provide informed perspectives and opinions. Additionally, the criteria for selecting participants in terms of age were set to include individuals between 20-30 years old. This age range was chosen to represent a specific demographic that is more likely to engage with digitalized products and have familiarity with emerging digital trends. By including participants within the same age

group, the focus group discussions can capture shared experiences, preferences, and challenges that are relevant to this specific age cohort. Another consideration in participant selection was the familiarity between participants. By including individuals who are acquainted with each other, the aim is to create a more comfortable and open environment for discussion. This familiarity can contribute to a greater level of trust and facilitate more candid exchanges among participants, leading to deeper insights and a richer understanding of their perspectives on digitalized and traditional physical products. By adhering to these selection criteria, the focus group method employed in this research endeavors to generate varied and extensive responses to the research questions of interest. The deliberate inclusion of participants with relevant expertise, within a specific age range, and with existing familiarity among each other, sets the stage for an insightful and comprehensive discussion on the topic of customer perceptions of digitalized and traditional physical products.

Following the selection criteria, a group of participants was selected that fit all the criteria. The planned amount of participants was initially six people (excluding the moderator), unfortunately due to unforeseen and personal circumstances one of the participants could not attend, therefore the focus group was held between five people. Of the group, three participants identify as female and two identify as male. The focus group consisted of members representing different nationalities such as: Lithuanian, Moldovan, German, Turkish and Azerbaijani. In response to the preferences expressed by the participating individuals and in consideration of their time constraints, a collective decision was made to employ the online platform Microsoft Teams as the medium for conducting the focus group discussion. This choice not only ensured the convenience of remote participation for all members but also provided the advantage of recording the conversation with optimal audio quality, facilitating subsequent transcription and analysis of the data. To promote clarity and structure during the discussion, visual aids in the form of slides were utilized, which accompanied the pertinent questions and topics under examination. Furthermore, meticulous scheduling efforts were undertaken to arrange the focus group session during the evening hours, with the aim of minimizing any potential inconveniences for the participants and ensuring their maximum engagement. Prior to the meeting, each participant received comprehensive information regarding the nature and purpose of the research, including explicit disclosure about the recording of the session. Additionally, they were informed that the results could be made available upon request. The recorded duration of the focus group session, intended for transcription purposes, amounted to 43 minutes. Notably, the initial phase of the session encompassed approximately 15 minutes dedicated to introductions and casual conversation, strategically implemented to establish a comfortable and conducive atmosphere for open and candid discussions. This deliberate approach aimed to cultivate a neutral and natural environment, encouraging participants to freely express their thoughts and ideas while fostering rapport and camaraderie among the group members.

Before the group meeting, general questions (see Table 3) were prepared in accordance to the area of interest, the research problem and existing literature for guidance.

Table 3

Types of questions used in the focus group research

Question type	Question	Nature of questions	Link with theory
Introductory questions	1	The question aims to determine the familiarity with the concept of digitalization.	Hajro, Hjartar, Jenkins and Vieira (2021) find that while some customers did not have a choice between digital and physical during COVID-19, a growing tendency is to turn back to physical goods. Regardless, most have encountered digital products and services.
	2	Purpose of the question is to discover whether the respondents have encountered and are able to recognise the object of research.	
Essential questions about preference between physical and digitalized products and reasoning behind the decision	3	Question aims to determine the respondents' preference toward products.	Adapted from Catapano, Shennib and Levav (2022) study regarding reversal preferences between digital and physical products. Results found that while people instinctively preferred the fictitious digital choice as it was perceived more convenient, participants were willing to pay more for physical goods.
	4	Following the previous question, the question's goal is to establish the main factors behind the choice made.	
Questions regarding the respondents view of customer perceived value	5	Aim is to determine respondents views and perception of value as customers.	
	6	Purpose of the question is to figure out familiarity with the concept of different value dimensions.	
	7-9	Aim of the question is to establish whether respondents prioritize any value dimensions over others and how they perceive social and emotional value dimensions.	
	10-11	Aim of these questions is to determine whether different types of products arouse any preconceived correlation with afformentioned value dimensions.	

Table 3 (continuation)

Clarifying questions	12	Ascertain whether the respondents can recognise already existing digitalized products and or companies that have made an impact and if they can, what brands or products they choose as an example.	As Umami and Darma (2021) conclude that social media presence continues to increase, brands also take the opportunity of digital branding and marketing, awareness is increased that can alter consumer behavior.
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In accordance to the general questions and keeping with the intended research problem, questions were adjusted and presented (see Annex 2) in the focus group discussion for the participants to follow along. This allowed to keep the discussion on topic and provided a sort of guide.

2.6. Case study method justification and limitations

The selection of the case study method is driven by the intention to address questions related to the "how" and "why" aspects of a research problem. According to Yin (2018), several factors influence researchers to choose a case study approach over other research methods.

To begin with, case study research proves highly valuable when the primary objective is to comprehend and explain a social phenomenon. By delving deep into the intricacies and complexities of real-life situations, it facilitates an in-depth examination and offers valuable insights into the underlying mechanisms, processes, and contextual elements that contribute to the phenomenon under investigation. Unlike quantitative or experimental methodologies, case studies are adept at addressing the comprehensive "how" and "why" questions, which often require a nuanced understanding of the subject matter.

Secondly, the case study technique is particularly suited when researchers possess little or no control over the behavioral events being studied and manipulation by the researcher is unfeasible or unethical. In many social science inquiries, exerting control over naturally occurring events or manipulating variables is impractical or goes against ethical considerations. By allowing researchers to observe and study phenomena as they naturally unfold in real time, case studies offer a realistic portrayal of the intricacies and dynamics embedded within the research setting.

Lastly, case studies are commonly employed when the research focuses on contemporary phenomena. This indicates the interest of researchers in exploring current challenges and capturing the dynamic nature of the subject matter. Through the evaluation of real-time scenarios, case studies provide valuable insights into present circumstances, enabling the identification of patterns, trends, and emergent phenomena.

Taken together, these considerations highlight the advantages of employing the case study method, which facilitates a comprehensive understanding of social phenomena, accommodates situations where researcher control is limited, and captures the evolving dynamics of contemporary issues. By embracing the case study approach, this research aims to gain a rich and nuanced understanding of the relationships between product digitalization, customer perceived value, and key performance indicators.

Therefore, keeping in mind the factors of the nature of the research question, no involvement of manipulation and current phenomena – Dul and Hak (2008) propose such case study definition „A case study is a study in which (a) one case (single case study) or a small number of cases (comparative case study) in their real life context are selected, and (b) scores obtained from these cases are analysed in a qualitative manner“ (p. 4). One difference that Dul and Hak make is by including both current and past events in the definition, therefore allowing the researcher to study phenomena that is not limited to present day. Additionally, the distinction is made between a single case and a multiple case study. Furthermore, a multiple case study is split into categories of: comparative, parallel single and serial single case studies.

In this paper, a desktop review case study is conducted. The case study approach will allow to compare approaches of product digitalization between two companies and identify the factors that contribute to the success of the companies while focusing on customer perceived value. Regarding the sampling for the case study, purposeful sampling is chosen, as opposed to random sampling usually done by traditional quantitative research, for the purpose of the selection is to gain insight into a specific situation or phenomena (Schoch, 2020).

Potential limitations using case study research:

- Limited generalizability: case studies are mostly focused on a single environment or individual, which limits their capacity to be extended to other contexts or groups. This means that the conclusions of a case study may not be transferable to other contexts, limiting the research's larger significance.
- Subjectivity: case studies are frequently relied on subjective data interpretations that can be influenced by the researcher's prejudices and opinions. This can have an impact on the findings' validity and reliability, as well as the research's objectivity.
- Time-consuming and resource-intensive: case studies frequently necessitate a large amount of time and resources, especially when compared to other research methodologies. This can make doing several case studies difficult, limiting the capacity to draw broader conclusions or test ideas.

- Causation: case studies are often focused on describing and explaining a specific occurrence, rather than demonstrating causal linkages. This can make determining the causes and effects of a given phenomena challenging.
- Limited sample size: Case studies often have a limited sample size, which makes it difficult to draw broad generalizations or demonstrate statistical significance. This can also make identifying patterns or trends in data challenging (Kothari, 2019).

The three brands and their products selected (Netflix, Spotify and Under Armour) are popular brands that offer digital products, have undergone significant digital transformation in the last few years, or show signs of a significant success by combining their digital and physical products or services. The selected key elements in each case evaluated are:

- Level of digitalization:
 - Evaluate the extent to which the company has embraced digitalization in its operations, business model, and product offerings.
- Type of value offered with the digital product:
 - Analyze the specific dimensions of customer perceived value that the company's digital product provides;
 - Assess how these value dimensions contribute to customer satisfaction and differentiate the company from traditional industry providers.
- Customer response:
 - Investigate customer responses to the company's digital product in terms of their satisfaction, loyalty, and engagement;
 - Assess the impact of customer satisfaction on key performance indicators such as subscriber growth, retention rates, and market share.

In conclusion, the adoption of a case study methodology is well-suited to address the research questions pertaining to the phenomena of product digitalization and customer perceived value. This approach aligns with the objective of comprehensively understanding the underlying mechanisms and contextual elements that contribute to these phenomena. By delving into real-life situations and examining the intricate details, complexities, and dynamics involved, case studies provide valuable insights into the "how" and "why" aspects that may not be easily captured through quantitative or experimental methods. Furthermore, the case study method is particularly advantageous when researchers have limited control over naturally occurring events and when the focus is on contemporary phenomena, as it allows for the examination of current challenges and the identification of emerging patterns and trends. In this paper, a desktop review case study is conducted, specifically comparing the approaches to product digitalization between two companies and exploring the factors that contribute to their success, with a particular focus on customer perceived value. Purposeful

sampling is employed to gain insight into specific situations or phenomena, ensuring relevance and depth of analysis. However, it is important to acknowledge the potential limitations of case study research. These include limited generalizability, as case studies are often focused on specific contexts or individuals, limiting their transferability to other settings. Subjectivity in data interpretation can also impact the validity and reliability of findings, emphasizing the need for rigorous analysis. Additionally, case studies can be time-consuming and resource-intensive, making it challenging to conduct multiple studies and draw broader conclusions. The emphasis on describing and explaining specific occurrences may make establishing causal linkages challenging. Moreover, the limited sample size of case studies can hinder the ability to draw broad generalizations or demonstrate statistical significance. In the subsequent section of the paper, the focus group research results are presented as well as a case study as the selected brands (Netflix, Spotify, and Under Armour) will be evaluated based on key elements such as the level of digitalization, the specific dimensions of customer perceived value offered by their digital products, and customer responses in terms of satisfaction, loyalty, and engagement. The examination of these elements will contribute to a deeper understanding of the impact of digitalization on customer perceived value and its implications for key performance indicators.

III. PRODUCT DIGITALIZATION PHENOMENA ANALYSIS IN TERMS OF CUSTOMER PERCEIVED VALUE RESEARCH RESULTS AND RECOMMENDATIONS

After careful analysis of the theoretical background of the topic at hand, together with description and review of the research methods used to gain appropriate insight into the thesis problem, it is equally essential to properly present and organise the results achieved through the aforementioned research. Firstly, in this part of the thesis, conduct and results of the focus group research are analysed to gather knowledge of the customer's experience and perception of the types of value created by digitalized products versus traditionally physical products. Furthermore, research participants had the chance to express their preferences and associations that arise when talking about the object of research. Secondly, a case study using content analysis as an analysis tool is conducted. The choice of organizations and products is purposefully selected in order to appropriately compare and differentiate between the different factors of success or failure. This way allows to single out the circumstances and features that are more favourably received by the customers to adequately link the innovation of digitalization and customer perceived value. After thorough analysis of both qualitative research methods and the achieved results, a scientific discussion is presented evaluating the viability and limitations of the results as well as concluding on the applicability of assumptions formulated in the previous part of thesis. In the end of this particular part, potential recommendations for players in the areas related to the topic together with suggestions for future research considering relevant topics and limitations are made.

3.1. Main findings using focus group research

The goal of this section is to describe the findings of a focus group study done to investigate the relationship between product digitalization and consumer perceived value, as well as to identify essential variables for effective digital product deployment based on customer demands and preferences. The study included 5 individuals who were chosen through intentional sampling and participated in a focus group discussion. The data acquired from the focus groups was evaluated using descriptive and interpretive methods to analyse common themes and patterns, which provided insight on the elements that influence customers' views of the value, using multi dimensional customer perceived value theory, of digital items in comparison to their physical equivalents.

Firstly, to gauge what kind of understanding of the phenomena at hand, digitalization, participants had, an introductory question was posed for discussion which was *“Are you familiar with*

the term digitalization or digitization? If so can you describe what you think that it means?”, of note is the purposeful inclusion of the term digitization into the question as well because of the previous theory analysis that showed that sometimes the terms are used interchangeably. Participants **generally agreed that digitalization refers to the conversion of a physical product or service to an online or digital form**. Some participants emphasized the importance of having the product or service in some form before it can be digitalized. It is important to note though, that there was confusion regarding the terms digitalization and digitization, as all but one participant generally described digitization correctly, but lacked understanding of the difference between the terms. For this reason, a follow up by the moderator was deemed relevant and therefore the differences and distinction between the two terms was made, by briefly describing each of the terms.

After the first question, the follow up asked of the participants to try and recall if they had *„encountered or experienced digitized, digitalized products before this interview?“*. In this part, the participants were asked if they have encountered or experienced digitalized products before the interview. The participants shared their experiences with digitalized products or services, for example one of the speakers talked about encountering an e-commerce website that used to be physical, but due to COVID, it became digitalized. Another speaker shared how banking services were digitalized, and they could now make transactions and get cash using an app instead of visiting a physical bank branch. Another speaker suggested that everything we do on the screen contains data, and more or less, everything we do on the internet is digitalization. The moderator clarified that if something was previously physical and tangible and was then converted into a digital form, it could be considered digitized. Finally, one speaker gave an example of how during the COVID-19 pandemic, grocery shops created their online channels, allowing customers to order products and have them delivered to their homes. This showcased that most people have encountered digitalization in business, whether they are aware of it or not, simply because outside forces. Of note could be the pattern that participants immediately recalled what could be considered primarily services like online grocery shopping and banking.

After establishing the term definitions and having a grasp of how aware of digitalization the participants are, the following questions was broadly phrased as *„if presented with the opportunity to choose between a physical, traditional product and a digitalized version of the product, which one would you choose?“*, in addition to an example provided by the moderator using a physical book and an e-book. One of the speakers was adamant that they prefer digital over physical, while another held the opposite sentiment. The rest of the participants were hesitant and found that their preferences can change depending on the product and situation. Overall, the responses suggest that there is no clear consensus on whether physical or digital products are preferred. It appears that personal preferences, the nature of the product, and the situation in which it is being used all influence whether a physical

or digital version is preferred. These findings have implications for businesses and marketers who must consider the preferences of their target audience when deciding whether to offer physical or digital products. Considering the value dimensions of customer perceived value, the impressions that the preference depends on the situation, indicate that **when it comes to digital products, the conditional value dimension might play a large role in their potential success.**

To gain more insight into the participants previously expressed choices, another question was given regarding what factors they think influenced their choice. Speaker 4 mentions that the ability to check the quality of a product in person is important to them, especially when it comes to clothing. They also value the convenience of being able to buy a product immediately instead of waiting for it to be delivered. Speaker 5 adds that the expectations versus reality of online shopping can be a factor in their preference for physical products. Speaker 3 highlights the importance of possession and permanence, noting that physical assets are always available as long as they are in your possession, while digital assets may depend on factors such as device availability and power. Speaker 6 adds that convenience and preference can also play a role in their choice between physical and digital products. Finally, Speaker 2 notes that availability is important to them, especially when physical stores are closed, and that psychological factors may also influence their decision-making.

The discussion then moves on to ask the participants how they perceive value as customers. The group agrees that satisfaction and problem-solving are important factors in determining value. Speaker 4 mentions that the value of a product is related to how well it meets their expectations for the price paid, while Speaker 5 notes that satisfaction with a product is essential for determining its value. **The preference for tangibility and sensory experience emerges as the most important theme from this particular discussion.** Several interviewees stated that they have a strong preference for tangible objects, notably clothing. They underlined the importance of being able to see a thing in person and the sensory experience of interacting with it before making a buying choice. This theme emphasizes the importance of product physicality and tangible characteristics in influencing consumer choices.

Considering the previous discussion and the emphasis that participants placed on customer satisfaction and value fulfillment, the group was asked how they perceive value and what is value to them personally. According to the participants, value is mostly obtained from items that successfully address their concerns and provide real answers. They emphasize the significance of products that not only meet their functional requirements but also deliver actual benefits in terms of problem-solving. Furthermore, the participants place a high importance on the function of satisfaction in determining value. They convey that the value of a product is inextricably linked to good emotional experiences and an overall sense of well-being acquired from utilizing it. Products that not only fulfill their practical requirements but also elicit favorable emotions and add to their overall pleasure and

fulfillment are valued more highly by participants. Furthermore, the participants saw value as a compensating component, directly related to how well a product fits their expectations in connection to the monetary investment they have made. They believe that the worth of a product is determined by its ability to provide advantages that balance the costs incurred, ensuring a sense of fairness and justification. Their view of value is shaped by this concept of compensation and the alignment of expectations with outcomes. While the participants' awareness of specific value dimensions is limited, their comprehension of practical and emotional components suggests a basic understanding of the complex nature of customer perceived value. They argue that **value includes not only functional utility but also intangible characteristics like emotional pleasure, ease, and overall experience quality**. Although the participants do not go into great detail about the exact components of worth, their responses show a comprehensive understanding of the delicate interplay between practical and emotional variables in creating their value judgments. Overall, the replies of the participants emphasize the importance of problem-solving, contentment, and compensation in affecting their opinions of value as consumers as they value items that efficiently answer their demands, elicit positive feelings, and provide a good mix of predicted benefits and monetary investment. **While the participants knowledge of specific value aspects is limited, their cumulative findings point to a multidimensional framework for analyzing customer perceived value.**

After briefing all the participants regarding each customer perceived value dimension, in which functional, emotional, social, conditional and epistemic values were described, the matter of importance of social value was brought up. The replies of the participants shed light on several major issues related to social value, such as the need for belonging, the impact of peer influence, the importance of the fashion industry, social comparisons and status, personal awareness, and brand influence. One common element that emerges is the importance of belonging. Participants, notably Speakers 4 and 3, express that social value is important in their purchasing decisions. They share personal tales and discuss how the absence of particular things, such as brand-name apparel, can lead to feelings of isolation and a sense of belonging among their peers. As a result, people are more likely to buy these things, even if they may not necessarily match their specific preferences or needs. This demonstrates the potent influence of social pressure and the fundamental human urge to belong to a particular social group. Furthermore, the contributors highlight the fashion industry's role in shaping social value. Speaker 3 observes that the industry is strongly reliant on trends, with individuals purchasing the same products as others in order to conform and experience a feeling of belonging. This demonstrates the widespread effect of social value in the fashion domain, as well as the degree to which individuals are prepared to comply to cultural norms in order to maintain social acceptance. Aside from belonging, the participants talk about social comparisons and status. Speaker 6 illustrates a collegiate context in which owning a specific brand or product, such as a MacBook Air, is viewed

as a symbol of status and belonging among peers, individuals are driven to align their decisions with existing social norms by a need for social validation and a fear of being viewed as an outlier. However, Speaker 6 emphasizes their reluctance to yielding to society influences, emphasizing the significance of personal decisions and individuality. Surprisingly, participants show diverse degrees of awareness and apathy for societal worth. Speaker 6 recognizes the existence of social value and its impact on others, but exhibits little worry or interest in conforming to it. Speaker 2 takes a selective approach as well, showing that social value influences their decisions in specific product categories, such as apparel, but not in others, such as technological items. **Individuals have varied levels of sensitivity to social value, and personal attitudes and values have a considerable role in molding consumer behavior, according to these differing perspectives.** Finally, the participants recognize the impact of branding on social worth. Speakers 4 and 6 examine the subconscious influence of brands on consumer choices as well as the formation of social value linkages. They recognize that brands have the power to influence purchasing decisions, even when alternatives may provide comparable quality at a cheaper price. This demonstrates **the importance of brand perception in inspiring social value and affecting consumer behavior.**

Moving forward, the group was asked to similarly express their thoughts regarding emotional product value and its' importance in their purchase decisions. One recurring subject is the impact of nostalgia on consumer behavior. Speaker 4 gives an example of buying a package of childhood goodies from a Turkish manufacturer despite not like the individual components. The nostalgia produced by the packaging and the desire to reconnect with the memories linked with those treats drove the purchase. This demonstrates how things that inspire a sense of nostalgia can have emotional worth, even if the practical or functional aspects are not the major driver. Another recurring theme is the emotional significance linked with personal beauty and self-assurance. Speaker 2 uses the purchase of lipstick to feel more beautiful as an example. They remark that the emotional worth is in the enhancement of one's self-perception of attractiveness and the resulting increase in confidence. This demonstrates how items can add emotional value by improving human well-being and self-image. Participants also emphasize the significance of emotional ties and impulsive purchasing behavior. Speaker 5 admits to being an impulsive and emotional buyer, seeking things that elicit specific emotions or make them feel something. They state that an emotional reaction to a product is an important influence in their purchasing decisions. This emphasizes the importance of emotional value in impulsive conduct and the need for things that trigger strong emotional ties. Additionally, the discussion touches upon the balance between rationality and emotion. Speaker 3 claims that they are more rational in their purchasing selections and do not place a premium on nostalgia or emotional value. They do, however, recognize joy as an emotion that can impact their shopping decisions. This demonstrates the wide range of consumer opinions, with some emphasizing

logic and others emphasizing emotion. In conclusion, this section indicates several strong motifs relating to emotional value, these include the emotional value associated with personal beauty and confidence, the importance of emotional connections and impulsive purchasing behavior, and the balance between rationality and emotion in consumer decision-making. These topics emphasize the intricate interplay between emotions and consumer behavior, emphasizing the role of emotional value in driving customer preferences and purchasing decisions. Overall, while the responses of several participants suggest that emotional value plays a role in consumer decision-making, it is important to consider the diversity of consumer preferences as well as the potential influence of other factors such as rationality, practicality, and individual differences. As a result, while emotional value emerges as an important component for some individuals, **the overall impact of emotional value in consumer behavior based on these findings could be considered moderately significant, but not conclusive for all customers.**

When the participants were asked to actually rank the value dimensions according to their importance that they perceive personally, the participants express varying priorities and preferences, providing insights into their individual perspectives. Most dominant is the significance of functional value as several participants, including Speakers 2, 4, and 5, consider functioning as the most important value. They stress the significance of a product serving its stated function and meeting their practical demands. This demonstrates these people's rational thinking and utility-driven worldview. Another common perception is the realization of emotional worth. Speaker 2 ranks emotional value second after functional value, recognizing the importance of emotions in their purchasing decisions. Speaker 6 also highlights the importance of emotions, claiming that the majority of purchases are motivated by emotion. However, Speaker 6 points out that the importance of emotional worth fluctuates and is not a fixed ranking. Participants also talk about conditional and epistemic value. According to the moderator, conditional value refers to the transient value of a product that serves a certain purpose at a specific time. Speaker 6 finds conditional and epistemic value to be equally important, whereas Speaker 4 ranks conditional value second. This implies that participants understand the ephemeral nature of value and the importance of novelty, curiosity, and knowledge-seeking in their purchasing decisions. Additionally, participants also discuss their opinions on societal worth where Speakers 4 and 5 rank social value as a lower priority, following functional, emotional, and conditional/epistemic values. Speaker 6 shows little interest in social value, indicating that it is unimportant in their decision-making process. Speaker 3 deviates from this trend, ranking social value higher, showing its significance in their consumer preferences. According only to the group's preferences **the value ranking would be (from highest ranked to lowest): functional, emotional, conditional and epistemic, and social.** Overall, the analysis of this section demonstrates individual variances in the participants' prioritization of various sorts of values. While functional value emerges

as a shared priority, participants' assessments of emotional, conditional, social, and epistemic values differ. These findings illustrate the complexities of consumer decision-making, where personal preferences, situational conditions, and economic considerations can all influence the weight given to various sorts of values.

Further, the participants were asked to associate specific values with traditional physical products and digitalized products. From this section of the discussion these insights were gained:

- **Traditional Physical Products:** The majority of participants connect traditional physical products with **functional value**. They emphasize the practicality and utility of physical objects like food, drink, laptop computers, and smartphones. Survival, daily use, and providing fundamental necessities are all considered to have functional value. The importance of functional value in connection to physical products is universally acknowledged by the participants.
- **Digitalized Products:** The values indicated in relation to digitalized products differ to some extent among participants. Some participants emphasize conditional value, alluding to the transient utility and situational significance of digital items. Social value is also stated, implying that digitalization plays a role in creating social relationships and interactions. Furthermore, some individuals identify digital products with other dimensions of value. A few speakers cite emotional value, implying that digital products can provoke emotional responses or provide enjoyment. One participant identifies epistemic value, which is tied to curiosity, novelty, and knowledge-seeking, as a value associated with digital products.

It is worth noting that the **value correlation with digitalized things is not as uniform as it is with physical products**. Different individuals express different points of view based on their particular purchasing habits and interests. While functional value is significant for some digital items, conditional and epistemic values are becoming more important for others. Overall, this analysis highlights the diverse range of values associated with digitalized products, including conditional, social, emotional, functional, and epistemic dimensions. The participants' responses underscore the multifaceted nature of digital products and the various ways in which they can fulfill consumer needs and preferences.

Finally, participants are invited to name the goods or companies that come to mind when they think of digitalization or digitalized products in this final portion of the case study discussion. The analysis provides the following findings:

- **E-commerce and Online Services:** Several participants state that the first products or firms that come to mind are websites, online shopping platforms, and financial services. This shows that the ease of use and accessibility of digital platforms for acquiring goods and receiving services has left a lasting effect on the participants. SHEIN, Spotify, Netflix, Kindle, and

Skyscanner are examples of digital platforms that are prevalent in the fields of fashion, music streaming, video streaming, e-books, and travel, respectively.

- **Specific Services:** Some people mention specific digital services that have transformed their lives. Online healthcare services, meal delivery platforms, and social media are a few examples. These services are perceived to provide ease, easy access, and a consistent user experience. Participants value the ease with which they may obtain healthcare, order food with a single click, and communicate with others via social media platforms.

The participants' own experiences and preferences can be ascribed to their selection of certain companies or items as examples. For example, the mention of SHEIN shows that it is a well-known and highly recognized e-commerce platform, especially among certain participants. Similarly, Spotify and Netflix are well-known music and video streaming sites, demonstrating the participants' familiarity with these digital entertainment services, respectively. The mention of Skyscanner emphasizes the significance of comparison websites in locating the greatest travel deals. Overall, the choices of the participants reflect their everyday exposure to and reliance on digital products and services. This discussion shows the influence of digitalization on numerous industries, as well as the important role that certain companies play in shaping participants' opinions of digitalized products. It also emphasizes the ease of use, accessibility, and transformative power of digital platforms and services, which have become essential components of current consumer experiences.

Concluding the entire focus group research conducted, this study offers valuable insights into consumer perceptions of product values, particularly in the context of digitalization. The discussions highlighted several key themes and considerations regarding customer perceived value and digitalization.

Firstly, functional value has established as a persistent consumer priority, particularly in regard to traditional physical objects. Participants underlined the importance of convenience, pragmatism, and providing their basic needs. This research implies that customers prioritize things that meet their practical needs and can provide direct solutions to their problems. Secondly, emotional value was important in customer decision-making. Participants acknowledged the influence of emotions on their purchasing behavior, citing nostalgia, attractiveness, and personal fulfillment as motivators. The examples given by participants ranged from purchasing nostalgic snacks to purchasing beauty items or old attire to elicit specific emotions. This shows that emotional appeal, as well as the ability to create pleasant feelings and relationships with items, can have a significant impact on consumer choices. Furthermore, the conversations revealed that for several participants, social value and conditional value were crucial considerations, particularly in the context of digitalized items. Participants noted the effect of brands and trends on their shopping decisions, indicating a need for a sense of belonging and social image. Conditional value, defined as a product's

transient utility or significance, was also acknowledged, with instances such as signing pens cited. These findings imply that social and conditional value can affect consumer decisions, particularly in the digital domain. Furthermore, the study offered insight on the impression of epistemic value, which is linked to novelty, curiosity, and knowledge. While not substantially discussed, some participants recognized the attractiveness of digital items that provide new experiences, curiosity, and self-indulgence. This emphasizes the importance of innovation and the possibility for digitalized items to give consumers with new and intellectually interesting experiences.

Based on the focus group research, **conditional value emerged as an important aspect** in customer decision-making, particularly in the context of digital products. The transitory usefulness or relevance of a product to suit a specific demand or scenario is referred to as conditional value, while participants gave signing pens and pricing comparison as examples. The debate over conditional value demonstrates that consumers do assess the usability and practicality of digital items in the short term. This research suggests that investigating and resolving conditional value can be advantageous when selling digital products. Businesses can customize their offers to correspond with the specific scenarios or demands in which consumers find value in digital products by understanding those contexts. Companies can utilize conditional value by building features or functions that cater to certain scenarios or time-limited needs. This could include developing digital goods tailored to be beneficial in certain scenarios, such as travel apps that aid in navigation or language translation. Companies may successfully communicate the benefits of their products to consumers and improve the entire value proposition by stressing the value of their products in meeting time-sensitive or situational requirements. Conditional value can also be investigated through personalized or customized digital experiences. Companies can cater to individual tastes and situational demands by providing flexible alternatives or adaptability in digital products. giving customizable features or functionalities that allow consumers to customise the product to their unique needs, or giving variable price plans that fit with diverse usage patterns, could be examples of this.

Overall, this focus group research provides valuable insights into the diverse factors that influence consumer perceived value. Functional, emotional, social, and conditional value were identified as important dimensions in consumer decision-making. The findings emphasize the need for businesses to understand and cater to these dimensions to effectively meet consumer expectations and preferences. By aligning product offerings with the identified values, companies can enhance customer satisfaction, establish competitive advantages, and drive successful digitalization strategies in today's evolving market landscape.

3.2. Case study analysis: the cases of Netflix, Under Armour and Spotify

Companies who successfully embrace digitalization and deliver innovative digital products have emerged as leaders in their respective sectors in today's quickly developing digital landscape, where technology breakthroughs constantly redefine industries and consumer expectations. This part of the paper examines the cases of three prominent companies, notably Netflix, Spotify, and Under Armour, to investigate their unique ability to leverage digitalization to transform their sectors.

Netflix, a pioneer in the entertainment industry, revolutionized traditional television and film distribution strategies by launching a cutting-edge digital streaming platform. Netflix offers users with an unprecedented level of convenience through this platform, providing them with on-demand access to a vast collection of movies, TV series, and original content. Spotify, on the other hand, has carved out a niche in the music industry by embracing digital technologies to create a game-changing music streaming experience. Spotify cultivated a global community of music aficionados by curating a large archive of songs and empowering users to discover new music, engage with artists, and customise their playlists. Finally, by implementing sophisticated technologies into their goods, Under Armour, a major sports apparel business, displayed its commitment to digitalization. Under Armour revolutionized athletic performance tracking and provides customers with individualized training recommendations through digital fitness platforms such as UA Record and MapMyFitness, as well as the integration of smart garments and wearable gadgets. This analysis aims to shed light on the transformative power of product digitalization in redefining consumer experiences, and propelling companies to the forefront of their sectors by examining the approaches and remarkable achievements of Netflix, Spotify, and Under Armour in the realm of digitalization and digital product offerings.

Netflix, Spotify, and Under Armour all offer digital products that have a significant impact on the concept of customer perceived value. For Netflix, the convenience of on-demand streaming, tailored suggestions, and a massive content library boosts customer perceived value by providing them with a diverse variety of options and the ability to consume content at their leisure. Similarly, Spotify's digital music streaming platform adds value by offering customers a smooth and personalized music experience, allowing them to discover new artists, create tailored playlists, and interact with an active community of music fans. In the case of Under Armour, its digital fitness platforms and smart gear technologies provide real-time performance tracking, individualized training coaching, and access to a community of like-minded individuals to athletes and fitness fanatics. These digital products not only increase perceived value by offering convenience, personalisation, and advanced functionality, but they also trigger emotional and experience elements that contribute to overall customer happiness. Furthermore, the concept of consumer perceived value is important in guiding the development and ongoing enhancement of these digital products.

Understanding client preferences, expectations, and the value they seek allows these organizations to fine-tune their digital offering and may benefit in product development. To properly review the companies, as directed in the methodology discussion of the thesis, the elements of analysis for these cases are level of digitalization, types of value offered with the digital product and customer response. In order to maintain structure in the work, the subsequent section of this paper will delve into a comprehensive analysis of the three selected companies, namely Netflix, Spotify, and Under Armour, with a focus on examining their digitalized products and the relationship between them and customer perceived value. Each organization will be thoroughly analyzed based on the previously defined analysis elements. This part of the thesis seeks to shed light on how these organizations have used digital technology to alter their sectors and reinvent the consumer experience through an in-depth examination of their unique digitalization approaches. The analysis looks at the precise characteristics of customer perceived value that are inherent in their digital products and assess how well these companies have met customer expectations. By closely examining the digitalization strategies of Netflix, Spotify, and Under Armour, this analysis seeks to provide valuable insights into the critical factors that contribute to their success as industry leaders and their ability to deliver enhanced value to customers.

3.2.1. The case of Netflix

Netflix is a well-known global entertainment corporation that has come to be associated with digital streaming services. Founded in 1997, the company began as a DVD-by-mail service before moving into the digital sphere. Netflix provides a diverse selection of digital entertainment, including movies, television series, documentaries, and original programming. Netflix transformed the way people consume entertainment by providing users with on-demand access to a wide collection of content via its revolutionary streaming technology. Users can stream content straight to their devices via the company's digital offerings, providing ease, flexibility, and an immersive watching experience. Netflix has received critical praise and a dedicated client base as a result of its dedication to original content production. The capacity of the corporation to harness digital technology, offer attractive content, and react to changing customer demands has cemented its position as a vital player in the entertainment sector.

Level of digitalization. The company converted effectively from a traditional DVD-by-mail offering to a cutting-edge digital streaming platform. This transition has transformed the way material is provided and consumed, replacing physical media with the convenience and accessibility of digital distribution. Netflix has created a global presence by relying on advances in streaming technology and robust internet infrastructure, reaching millions of members worldwide. Its digital platform

enables consumers watch movies, TV shows, documentaries, and original content on a variety of devices such as smartphones, tablets, smart TVs, and gaming consoles. Furthermore, Netflix has adopted advanced algorithms and personalization techniques to deliver personalized recommendations based on user interests and viewing history. This high level of digitalization has not only sped up the content distribution process, but has also allowed Netflix to collect data and insights to continuously improve the user experience. While there are other notable streaming platforms in the market, Netflix's level of digitalization sets it apart in several key aspects. To begin with, Netflix has excelled in providing a fluid and user-friendly streaming experience. Its strong and user-friendly infrastructure supports a wide range of devices and operating systems, allowing members to access content at any time and from any location. The company has made significant investments in developing advanced algorithms that tailor content recommendations, increasing user engagement and pleasure. Second, Netflix's large library of licensed and original content indicates the company's dedication to digitalization. The company has moved its strategic focus to producing high-quality original content, leveraging on the creative freedom and flexibility provided by digital platforms. This strategy has earned critical acclaim and a devoted fan base, cementing Netflix's position as a content powerhouse. Lastly, Netflix's global reach and scalability highlight its successful digitalization efforts. The company has expanded its operations to numerous countries worldwide, adapting its service to local markets while maintaining a consistent user experience. By leveraging digital infrastructure and establishing partnerships with local content creators, Netflix has effectively penetrated international markets, surpassing many of its competitors in terms of global presence. While Amazon Prime Video and Disney+ are serious competitors in the streaming sector, Netflix's level of digitization, combined with its broad content offers and global footprint, has positioned it as a pioneer. Because of the company's continual innovation and commitment to exploiting digital technology, it has been able to maintain a competitive edge and preserve its position as a global leader in the digital entertainment field.

Types of value offered with the digital product. Netflix's digital offering provides a plethora of value dimensions, which contributes to customer perceived value and distinguishes the company from traditional industry players. Netflix delivers ease with its digital platform, allowing viewers to access a massive collection of content on-demand, eliminating the need for physical media or scheduled programs. This simplicity of use improves content consumption and contributes to client happiness. Netflix also provides a social value dimension. The digital offering enables shared viewing experiences as well as the ability to comment and interact with content via social media platforms. Netflix encourages a feeling of community and social interaction by allowing users to connect and interact with others based on shared interests, providing value to the overall experience. Netflix also addresses the emotional factor of customer perceived value though it could be argued that it is the

weakpoint of the value proposal. The company provides entertainment and storytelling through its digital product that elicits diverse emotions such as joy, enthusiasm, and empathy. The capacity to elicit such emotional responses helps to increase client satisfaction and deeper engagement with the material. Netflix provides epistemic value through its emphasis on original content production. The company satisfies clients' intellectual curiosity and demand for innovative and compelling storytelling by offering exclusive and thought-provoking programs and films. By delivering distinctive and intellectually stimulating information, this value dimension improves customer satisfaction. Finally, conditional value can be found in Netflix's digital offering. Customers receive personalised content suggestions based on their tastes and watching history because the company is always improving its recommendation algorithms and personalisation capabilities. This personalization results in a more personalized and tailored watching experience, increasing client happiness and loyalty.

Customer response. Customer satisfaction is an important indicator of Netflix's digital product's effectiveness. Researchers can determine the level of satisfaction with many components of the service, such as content diversity, streaming quality, user interface, and personalized suggestions, by analyzing client replies and feedback. Understanding client satisfaction helps discover opportunities for improvement and highlights the qualities that customers find appealing. As satisfied consumers are more likely to promote Netflix to others, higher levels of customer satisfaction are expected to result in increased subscriber growth. Furthermore, delighted consumers are more inclined to renew their subscriptions, resulting in higher retention rates. Finally, consumer satisfaction helps Netflix increase its market share by acquiring and retaining a loyal client base. Regardless, according to recent reports on a survey done in 2022, Netflix has been experiencing a decline in recording customer satisfaction, though despite experiencing reported subscriber losses and declining customer satisfaction, still maintains a favorable market position. While its satisfaction scores for the quality and variety of original and library series remain strong, there has been a noticeable decline in customer satisfaction. On the other hand, the user experience provided by Netflix outperforms that of rival streaming video-on-demand (SVOD) providers. However, it should be mentioned that Netflix's service is currently generally more expensive than its competitors, who also offer highly acclaimed material (Whip Media, 2022).

In terms of technology and content offerings, Netflix's high level of digitalization, including its user-friendly streaming experience, tailored content recommendations, and worldwide reach, distinguishes it from competitors. Customers benefit from the company's digital product in a variety of ways. It provides comfort and convenience by eliminating the need for physical media and letting viewers to access material at any time and from any location. Netflix also adds social value by facilitating shared watching experiences and interaction via social media platforms, thereby promoting a sense of community. While emotional value may be highlighted further, Netflix's

entertainment material provokes a wide range of emotions, which contributes to customer pleasure and engagement. The company's focus on original content production enhances its epistemic value, catering to viewers' intellectual curiosity and demand for innovative storytelling. Furthermore, conditional value may be seen in customised content suggestions depending on user choices, which improves the personalised watching experience. Customer feedback, as measured by satisfaction levels, is critical to Netflix's performance. Despite recent allegations of a drop in consumer satisfaction, the company maintains a strong market position, with high user experience and satisfaction rankings for content quality and diversity. Improving customer happiness is critical for growing subscription numbers, retention rates, and market share. Overall, Netflix's digitalization initiatives and the value it provides with its digital products position it as a leader in the digital entertainment business, adjusting to changing customer expectations and keeping a competitive edge in the streaming market.

3.2.2. The case of Spotify

Spotify is a popular digital music streaming company that has established itself as a major participant in the music industry. The company provides its users with a wide range of products and services, allowing them easy access to a large database of music content. Through its recommendation algorithms, Spotify's platform allows users to stream music on-demand, create personalized playlists, and discover new artists and genres. Beyond individual user accounts, the company's product offers include subscription programs for families and schools, catering to various market sectors. Spotify's novel features, such as collaborative playlists and offline listening, improve the entire user experience and contribute to the service's appeal among music fans. Spotify, a pioneer in the music streaming market, continues to innovate and adapt to evolving consumer demands, cementing its position as a top digital music platform.

Level of digitalization. Spotify has a high level of digitalization, establishing itself as a leader in the digital music streaming sector. The company's digitalization efforts are visible in its online platform and mobile application, which give users rapid access to a large library of music content. Spotify allows users to stream music on-demand by using innovative technology and digital infrastructure, eliminating the need for conventional music media such as CDs or vinyl records. This transition to digital platforms has revolutionized the way music is consumed, allowing listeners to access a large diversity of tunes at any time and from any location. Furthermore, Spotify's connection with smart devices and digital assistants improves the user experience by allowing them to control their music playback via voice commands or linked gadgets. Moreover, Spotify's digitization extends to its recommendation algorithms, which evaluate user preferences and listening patterns to construct

personalized playlists and offer new music based on personal likes. Spotify has changed the music industry by embracing digitalization to provide a quick and immersive music streaming experience to its consumers through its extensive digital platform and new features. When Spotify's level of digitalization is juxtaposed to that of its most prominent competitors in the music streaming sector, it is clear that Spotify has positioned itself as a forerunner in embracing digital change. Despite competition from Apple Music, Amazon Music, and Google Play Music, Spotify has separated itself with its robust digital infrastructure and inventive features. Spotify's digitalization efforts are notable in terms of accessibility and availability of its platform across numerous devices and operating systems. The startup has created an easy-to-use online interface and mobile application that works with a variety of devices, including smartphones, tablets, smart speakers, and smart TVs. This broad device compatibility enables consumers to easily access Spotify's music catalog and have a consistent experience across all platforms. Furthermore, the emphasis on personalisation and recommendation algorithms reveals Spotify's digitization goal. To produce personalized playlists and deliver customised music suggestions, the platform's algorithms examine user preferences, listening history, and music data. This digitalization-driven strategy improves the user experience by providing relevant material and recommending new music based on personal preferences. Overall, Spotify's dedication to digitalization and emphasis on providing a personalized and smooth music streaming experience has brought it to the top of the industry. The company's robust digital infrastructure, cross-platform compatibility, and innovative features have enabled it to keep a competitive advantage and secure its position as a global leader in digital music streaming.

Types of value offered with the digital product. Spotify succeeds in terms of functional value by offering a fluid and user-friendly interface that allows customers to effortlessly search, find, and stream music from a large catalog. Personalized playlists, curated suggestions, and the option to create custom playlists strengthen the platform's functional value proposition by providing simplicity, accessibility, and control over the music listening experience. Spotify also incorporates social sharing elements, allowing users to connect with friends, follow artists, and share their music tastes. The platform's integration with social media platforms makes it easier to create collaborative playlists, which fosters a feeling of community and allows users to engage with music on a social level. This social dimension of customer perceived value distinguishes Spotify from other industry suppliers by providing a more participatory and social music experience. Additionally, Spotify caters to the emotional dimension of customer perceived value by providing individualized music recommendations that correspond to individual interests and moods. The platform's capacity to compose playlists and deliver mood-based recommendations based on users' listening history leverages into users' emotional connection to music, promoting a sense of delight, relaxation, or motivation. Spotify's recommendation algorithms and curated playlists give a richness of music

knowledge and discovery in terms of epistemic value. Users can experiment with new genres, performers, and songs, broadening their musical horizons and satisfying their thirst for new musical experiences. This facet of customer perceived value boosts the music streaming service's instructional and exploratory aspects. Finally, conditional value can be seen in Spotify's subscription-based business model, which has several pricing tiers to accommodate diverse consumer categories. Spotify caters to clients seeking a more customized and tailored music experience, aligned with their unique interests and demands, by offering ad-free listening, offline access, and expanded features through premium subscriptions. Customer satisfaction and differentiation from traditional industry providers are aided by the combination of these value aspects. Spotify's functional ease-of-use, social connectivity, emotional resonance, epistemic exploration, and conditional customisation combine to produce a comprehensive user experience that boosts engagement, loyalty, and ultimately distinguishes the platform in the digital music streaming industry.

Customer response. Spotify has experienced remarkable subscriber growth, positioning itself as a dominant player in the music streaming industry as the company records continuous premium user growth (Götting, 2023) . The sustained growth in Spotify's subscriber count underscores the appeal and value that customers perceive in its digital music streaming service. This substantial subscriber growth not only reflects Spotify's ability to meet customer demands but also highlights its position as a market leader in the digital music industry.

To sum up, Spotify has established itself as a prominent player in the music industry due to its high level of digitalization and the value it provides through its digital music streaming service. The company's digital platform and mobile application give users simple access to a massive library of audio content, changing music consumption. Spotify's digitization efforts are seen in novel features like on-demand streaming, personalized playlists, and recommendation algorithms that improve the user experience and respond to individual preferences. When compared to its competitors, Spotify distinguishes out as a digital change pioneer, with a strong digital infrastructure, broad device compatibility, and a focus on personalisation. The company's digital offering provides clients with numerous dimensions of value, including functional value through a user-friendly interface, quick search and streaming capabilities, and the ability to construct personalized playlists. Spotify also provides social value by enabling social sharing, collaborative playlists, and linking users with friends and artists. The platform caters to the emotional dimension of client perceived value through tailored recommendations and mood-based playlists, resulting in a joyful and personalized music experience. Spotify's recommendation algorithms and curated playlists provide a rich music discovery experience, allowing users to explore new genres and broaden their musical horizons. Furthermore, Spotify's conditional value is expressed in its subscription-based business strategy, which provides several pricing levels and premium services to fulfill the needs of diverse consumers. Spotify has

received extremely positive customer feedback, as evidenced by its amazing subscription growth and market leadership in the digital music streaming business. The ability of the corporation to meet client requests while also providing a complete and engaging user experience has contributed to its success and market dominance.

3.2.3. The case of Under Armour

With its innovative products and strong brand presence, Under Armour, a major firm in the sportswear and athletic performance market, has had a tremendous effect. Under Armour was founded in the United States and has successfully expanded its operations around the world, winning acclaim for its cutting-edge designs and commitment to improving athletic performance. The company's vast product line includes a diverse selection of athletic clothes, footwear, and accessories designed to fulfill the needs of athletes in a variety of sports disciplines. In addition to its product offerings, Under Armour has developed a strong brand identity through strategic partnerships with elite athletes, sports teams, and fitness influencers. These collaborations strengthen the company's association with sporting prowess and allow it to effectively connect with its target audience. Furthermore, Under Armour regularly participates in marketing campaigns and sponsorships, employing digital and conventional media channels to promote its goods and express brand values.

Level of digitalization. Under Armour has embraced product digitalization strategically in order to improve its offerings and deliver unique value to customers. The use of digital technology has converted the company's products into unique and technologically advanced solutions that adapt to the changing needs of athletes and sports enthusiasts. The introduction of smart and connected elements into Under Armour's sporting gear and footwear is one facet of product digitalization. By incorporating sensors, tracking devices, and data collection capabilities into its goods, the corporation has embraced the Internet of Things (IoT). This allows athletes to track their performance data in real time, such as heart rate, steps taken, and calories burned. Athletes can receive useful insights into their training progress and make informed decisions to improve their performance by utilising this data. Under Armour has also created companion mobile applications and software platforms to go along with their digitalized items. These apps enhance the whole fitness experience by providing users with individualized training plans, workout regimens, and performance metrics. Under Armour's purpose is to empower athletes to improve their training, track their progress, and accomplish their performance goals through the seamless integration of technology and product design. Furthermore, through digitalization, Under Armour has embraced the concept of customisation and personalization. Customers can develop their own unique sporting clothes and footwear using interactive design tools and web platforms provided by the company. Under Armour

enables clients to customise products to their unique preferences by leveraging digital technologies such as 3D modeling and personalization algorithms, ensuring a flawless fit and personalized look. This customisation not only improves client pleasure, but it also promotes uniqueness and self-expression. When comparing Under Armour's product digitalization efforts with its prevalent competitors, in this case Adidas and Nike are taken into consideration, several key aspects come to light. Under Armour has set itself apart by incorporating smart and connected elements into their athletic clothes and footwear. Under Armour distinguishes itself in terms of usefulness and performance monitoring by including sensors, tracking devices, and data collection capabilities. While Nike and Adidas have also experimented with smart products, Under Armour has been particularly focused on integrating technology to provide players with real-time performance analytics. Under Armour has a competitive advantage in terms of product digitalization because of its concentration on data-driven feedback and training optimization. Another key feature being accompanying software, Nike and Adidas all provide companion applications, but Under Armour stands out for its emphasis on training optimization and personalisation. It is noteworthy that the company is committed to improving the overall workout experience through the seamless integration of technology and product design. In conclusion, when compared to Nike and Adidas, Under Armour's product digitization efforts shine out. Under Armour distinguishes itself in terms of product innovation by incorporating smart features, developing individualized companion apps, and emphasizing customisation and personalization. While all three firms have adopted digital technologies, Under Armour's strategic focus on performance monitoring, training optimization, and individuality through personalization puts the company as a leader in athletic product digitization.

Types of value offered with the digital product. Under Armour's digital products provide clients with real benefits relating to performance monitoring, training optimization, and data-driven insights in terms of functional value. Under Armour enables customers to measure their progress, monitor important indicators, and receive real-time feedback on their athletic performance by incorporating sensors and monitoring devices into their athletic clothes and footwear. This functional value improves consumers' ability to improve fitness outcomes, optimize training routines, and make data-informed decisions, which contributes to their pleasure. Under Armour's digital products' social value dimension is around developing a sense of community and connection among customers. Under Armour delivers opportunities for customers to communicate with like-minded individuals, participate in challenges, and share their fitness successes through online platforms and companion apps. Under Armour strengthens consumers' social identity and sense of belonging by allowing social interactions and offering a platform for users to connect, increasing their overall pleasure and distinguishing the brand from traditional industry providers. It may be claimed that Under Armour's digital goods also cater to the emotional dimension of customer perceived value by providing users

with a sense of accomplishment, drive, and empowerment through achievement monitoring. The capacity to evaluate progress, set goals, and observe personal growth generates good emotional experiences, which leads to higher levels of consumer satisfaction and differentiation from traditional industry providers. It should be noted, however, that this is merely an informed guess, given the primary focus of these products is not emotional worth. Under Armour's digital products also contribute to customers' quest for knowledge and self-improvement in terms of the epistemic dimension. Users gain useful information about their athletic performance, training effectiveness, and areas for improvement by combining data analytics with performance insights. Finally, and perhaps most critically along with functional value, Under Armour's digital goods provide conditional value by customizing to customers' individual wants and preferences. Customers may build tailored sporting clothes and footwear thanks to the company's emphasis on customisation and personalisation via interactive design tools and online platforms. Under Armour supports clients' specific preferences, styles, and needs by providing distinct customisation possibilities.

Customer response. The expansion of Under Armour's customer base is a major indicator of the success of their digitalization efforts. Under Armour has gained new customers by providing digital products that add value and match client needs. The ability to reach a larger audience via digital channels has enhanced brand visibility and customer acquisition. Furthermore, Under Armour's digitalization initiatives have positively impacted customer engagement. Through interactive mobile apps, online communities, and personalized experiences, Under Armour has fostered a sense of connection and interaction with their customers. The financial performance of Under Armour also reflects the success of their digitalization efforts as the company has recorded steady and significant revenue growth the last few years of continuously investing in digital innovation (Under Armour, 2021; Under Armour, 2019).

To summarize, Under Armour has had a huge influence in the sportswear and athletic performance sector with new products, a strong brand presence, and efficient digitalization activities. The comprehensive product line of the company, which includes athletic clothing, footwear, and accessories, caters to the unique needs of athletes from many sports disciplines. Under Armour has intentionally embraced digitalization in order to improve its goods and provide customers with unique value. Under Armour delivers real-time performance monitoring and data-driven insights by adding smart and connected features, such as sensors and tracking devices, into its sporting gear, empowering athletes to improve their training and accomplish their performance goals. In addition, the company has created companion mobile applications and software platforms that provide tailored training regimens and performance metrics, increasing the overall fitness experience. Customers can construct their own unique sporting garments and footwear because to Under Armour's focus on customisation and personalization, which is assisted via interactive design tools and web platforms. This fosters a

sense of individuality and self-expression. When compared to competitors like Nike and Adidas, Under Armour stands out for its focus on performance monitoring, training optimization, and individualization through customisation. In terms of innovation and functionality, the company's product digitalization efforts shine. Under Armour's digital products provide functional value in the form of performance monitoring and optimization features, social value in the form of community and connection, and epistemic value in the form of data-driven insights for knowledge and self-improvement. Furthermore, the option to customize Under Armour's digital products adds additional value by allowing users to tailor products to their specific needs. Customer response to Under Armour's digitalization efforts has been good, as seen by the company's expanded customer base, higher brand visibility, and improved consumer interaction.

3.3. Research insights and recommendations

The research problem addressed by the focus group research and case studies conducted in this study was understanding how businesses can effectively implement product digitalization based on customer perceived value and the factors that influence customers' perceptions of the value of digital items compared to their physical counterparts. The goal of the study was after establishing a theoretical background of product digitalization phenomenon and analysing successful implementation of product digitalization based on customer perceived value, to determine the key success elements of product digitalization in terms of customer perceived value.

The focus group research provided useful insights into the dimensions of customer perceived value, emphasizing the role of functional, emotional, social, epistemic, and conditional value in influencing consumer decision-making. Functional value, stressing ease and addressing practical demands, continues to be a customer priority across both digital and physical items. Customer purchase behavior is influenced by emotional value, which is motivated by nostalgia, personal fulfillment, and attractiveness. Social value and conditional value play important roles, particularly in the context of digital objects, emphasizing the requirement for a sense of belonging, social image, and transient utility. The study also highlighted the importance of epistemic value in drawing consumers to creative digital experiences, which is related with novelty, curiosity, and knowledge.

Drawing from the insights gained, the case studies of Netflix, Under Armour, and Spotify exemplify successful deployments of product digitalization based on customer perceived value. These businesses have strategically matched their digital offerings with the value aspects mentioned. Netflix's digital content infrastructure delivers functional value through easy access to a large library, while compelling original content creates emotional value. Under Armour incorporates technology into their goods, providing functional value in the form of performance-enhancing features and

creating social value in the form of brand community and personalized experiences. Spotify's digital music streaming service provides utilitarian value in the form of a large music library and tailored recommendations, as well as emotional connections through music.

Businesses can improve customer happiness, differentiate themselves from traditional providers, and drive growth by recognizing and catering to the aspects of customer perceived value. According to the findings, successful digital product implementation necessitates taking into account customers' practical needs, emotions, social connections, novelty, and situational expectations. Companies can effectively match client preferences and expectations by addressing these characteristics, establishing themselves as industry leaders in the digital era. The study's findings are useful for firms looking to implement product digitalization strategies that correspond with customer perceived value and promote success in a dynamic market context.

Several routes for future study can be explored to improve our understanding of the relationship between product digitalization and customer perceived value. For starters, by collecting data from a larger sample size, quantitative surveys can provide a broader viewpoint, allowing for statistical analysis and generalization of findings. Such surveys could look at how customers perceive digital versus physical items, how important different value aspects are, and how digitalization affects customer happiness, loyalty, and engagement. This quantitative method would provide useful insights into the prevalence and significance of several characteristics of customer perceived value in the context of product digitalization. Furthermore, qualitative research methods such as in-depth interviews and ethnographic studies can delve deeper into customers' experiences, emotions, and motivations related to digital products. As one of the speakers in the conducted focus group study noticed, there may be similar purchasing and consumption themes to uncover if nationality or culture were taken into consideration. These methods can uncover nuanced insights, uncovering the underlying reasons behind customer preferences and behaviors. By exploring individual stories, cultural influences, and social contexts, qualitative research can shed light on the complex interplay between product digitalization and customer perceived value. Similarly, future studies should also look into the impact of digitalization on different client segments, as researching how demographic groups perceive and value digital products can reveal distinct client needs, preferences, and adoption difficulties. To effectively cater to varied client categories, this research can inform focused marketing strategies, product customisation, and user experience design.

Overall, future research should emphasize the integration of various research methods, the incorporation of quantitative and qualitative approaches, the exploration of longitudinal views, and the consideration of various client segments and industries. By tackling these issues, we may gain a better knowledge of the complex dynamics that exist between product digitalization and customer perceived value, allowing businesses to make more informed decisions and survive in the digital age.

Conclusions

1. The insights derived from theoretical analysis highlight the importance of understanding the phenomena of digitalization and the elements that define the concept:
 - The initial part of the thesis has offered an in-depth look into the terms digitization, digitalization, and digital transformation. The distinctions between these concepts have been defined by semantic analysis, identifying digitization as the conversion of physical to digital data and digitalization as the application of digitization to improve business models and create new value aspects. While once regarded unique, the concepts of digital transformation and digitalization are often considered interchangeable because both refer to business model change, though it is important to note that the influence of digital transformation is much more broad and encompasses all societal levels. Moving forward, it is essential for companies to understand the phenomena of digitalization and its components. Digitalization offers opportunities for businesses to prioritize becoming digital, either in part or entirely, with a focus on digitalizing the final product to provide value to the customer. While the process of digitizing serves as the foundation, digitalization enhances the digital product, increasing convenience and creating value. It is crucial to acknowledge the evolving nature of digitalization, as it continues to shape business practices and customer experiences.
2. After reviewing and analyzing the concept of customer perceived value and its dimensions, the main areas of focus that interact with the phenomena of product digitalization were identified:
 - The analysis of customer perceived value dimensions demonstrates that, while both digital and physical products have advantages, they succeed in distinct areas. Because of their simplicity, accessibility, and endless availability, digital items are particularly advantageous in terms of functional dimensions such as quality and pricing. According to research, digitally focused firms outperform traditional stores in terms of perceived value and price advantage. Convenience is another important consideration when deciding between physical and digital products. However, when compared to their physical counterparts, digital products may fall short in emotional and social dimensions. Customers continue to favor tangible things, particularly when it comes to psychological ownership and identity significance. Physical objects that evoke former experiences are frequently related with the emotional value component, which includes nostalgia. Furthermore, the social value component, which is

associated with social status and acceptance, is intimately related to the physicality and visibility of a product. Therefore, it is evident that customer preference is not monopolized by either digital or physical products.

3. Following a detailed research methodology description and conducting empirical research, the assessment of customer tendencies toward product digitalization in terms of different value dimensions allowed to make relevant insights into research subject:

- The focus group research highlighted the significance of functional, emotional, social, and conditional value in consumer decision-making. Functional value, associated with convenience and practicality, was found to be a persistent consumer priority for customer satisfaction. Emotional value, driven by nostalgia, personal fulfillment, and attractiveness, played a crucial role in customer choices as well. Social value and conditional value were also important considerations, particularly in the digital domain, with participants emphasizing the influence of brands, trends, and transient utility. The study also shed light on the impression of epistemic value, emphasizing the appeal of digital items that provide novel and intellectually interesting experiences. Specifically, conditional value emerged as a noteworthy aspect in consumer decision-making for digital products, highlighting the importance of assessing short-term usefulness and practicality. As such, analyzing and resolving conditional value might be beneficial when marketing digital items by developing features or capabilities that cater to certain scenarios or time-limited needs.
- The case studies of Netflix, Under Armour, and Spotify demonstrate successful implementations of product digitalization that align with customer perceived value. These companies have strategically leveraged digital technologies to deliver value in various dimensions. Netflix excels in providing functional value through its easy-to-access content library, while also generating emotional value through compelling original content. Under Armour incorporates technology into its products, offering functional value with performance-enhancing features and creating social value through brand community and personalized experiences. Spotify's digital music streaming service delivers utilitarian value through a vast music library and tailored recommendations, while also forging emotional connections through music.
- Recognizing and catering to customer perceived value is crucial for businesses to enhance customer satisfaction, differentiate themselves from traditional providers, and drive growth. The findings suggest that successful digital product implementation requires addressing customers' practical needs, emotions, social connections, novelty, and situational expectations. By considering these aspects, companies can effectively

match customer preferences and expectations, establishing themselves as leaders in the digital era. These insights are valuable for firms seeking to develop product digitalization strategies that align with customer perceived value and promote success in a dynamic market context. By understanding and leveraging the dimensions of customer perceived value, businesses can effectively utilize digital technologies to meet customer needs and create a competitive advantage in the digital landscape.

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