T.C.
DOKUZ EYLÜL ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İNGİLİZCE İŞLETME YÖNETİMİ ANABİLİM DALI
İNGİLİZCE İŞLETME YÖNETİMİ PROGRAMI
YÜKSEK LİSANS TEZİ

THE EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT IN THE SERVICE SECTOR MARKETING STRATEGIES: A FIELD STUDY ON SELECTED SERVICE COMPANIES

Sumeyra DUMAN KURT

Danışman

Prof. Dr. Mustafa TANYERİ

2007

Yemin Metni

Yüksek Lisans Tezi olarak sunduğum “The Effects of Customer Relationship Management in the Service Sector Marketing Strategies: A Field Study on Selected Service Companies” adlı çalışmanın, tarafımdan, bilimsel ahlak ve geleneklere aykırı düşecek bir yardıma başvurmaksızın yazıldığını ve yararlandığım eserlerin kaynakçada gösterilenlerden oluştuğunu, bunlara atıf yapılarak yararlanılmış olduğunu belirtir ve bunu onurumla doğrularım.

Tarih

..../..../.....

Sumeyra DUMAN KURT

YÜKSEK LİSANS TEZ SINAV TUTANAĞI

Öğrencinin
Adı ve Soyadı **:** Sumeyra DUMAN KURT
Anabilim Dalı **:** İngilizce İşletme Yönetimi
Programı **:** Tezli Yüksek Lisans
Tez Konusu **:** The Effects of Customer Relationship Management in the Service Sector Marketing Strategies: A Field Study on Selected Service Companies
Sınav Tarihi ve Saati **:**

Yukarıda kimlik bilgileri belirtilen öğrenci Sosyal Bilimler Enstitüsü'nün …….. tarih ve ……. sayılı toplantısında oluşturulan jürimiz tarafından Lisansüstü Yönetmeliği'nin 18. maddesi gereğince yüksek lisans tez sınavına alınmıştır.

Adayın kişisel çalışmaya dayanan tezini ……. dakikalık süre içinde savunmasından sonra jüri üyelerince gerek tez konusu gerekse tezin dayanağı olan Anabilim dallarından sorulan sorulara verdiği cevaplar değerlendirilerek tezin,

BAŞARILI OLDUĞUNA	O	OY BİRLİĞİ	O
DÜZELTİLMESİNE	O*	OY ÇOKLUĞU	O
REDDİNE	O**		

ile karar verilmiştir.

Jüri teşkil edilmediği için sınav yapılamamıştır. O***
Öğrenci sınava gelmemiştir. O**

* Bu halde adaya 3 ay süre verilir.
** Bu halde adayın kaydı silinir.
*** Bu halde sınav için yeni bir tarih belirlenir.

	Evet
Tez burs, ödül veya teşvik programlarına (Tüba, Fulbright vb.) aday olabilir.	O
Tez mevcut hali ile basılabilir.	O
Tez gözden geçirildikten sonra basılabilir.	O
Tezin basımı gerekliliği yoktur.	O

JÜRİ ÜYELERİ				İMZA
……□ Başarılı	□ Düzeltme	□ Red		……...
……□ Başarılı	□ Düzeltme	□Red		…….....
……..…□ Başarılı	□ Düzeltme	□ Red		……..……

ÖZET

Yüksek Lisans Tezi

Müşteri İlişkileri Yönetiminin Hizmet Sektörü Pazarlama Stratejilerine Etkileri: Seçilmiş Hizmet İşletmelerinde Bir Alan Çalışması

Sumeyra DUMAN KURT

Dokuz Eylül Üniversitesi
Sosyal Bilimler Enstitüsü
İngilizce İşletme Yönetimi Anabilim Dalı
Tezli Yüksek Lisans Programı

İşletmeler artık pazardaki varlıklarını devam ettirebilmek amacıyla zorlu rekabet koşullarıyla karşı karşıya gelmektedir. Müşterilerin daha fazla seçim alternatifleri bulunduğundan ve gerek ürünler gerekse de işletmeler hakkında daha fazla bilgiye sahip bulunduklarından ötürü, müşteriler, işletmelerin yönetimsel açıdan odak noktaları haline gelmiştir. Bu sebeplerden ötürü, müşteri bilgisine sahip olmak, müşteri ihtiyaçlarının doğru tanımlanıp bu ihtiyaçlara en kısa zamanda cevap verebilmek ve bunun devamında müşteri için değer yaratmak işletmelerin esas hedeflerinden birisi olmaya başlamıştır.

Müşteri İlişkileri Yönetimi (MİY), işletmelere aynı zamanda maliyet avantajı da sağlayan, müşterilerin satınalma davranışlarının incelenmesi yoluyla müşterilere yönelik öneriler geliştirmek ve işletme genelinde müşteri-merkezli bir yönetim felsefesi oluşturmak amacıyla işletme çapında bir çözüm sunmaktadır. Bu amaçla MİY'nin çıkış noktası olan müşterilerle uzun vadeli ilişki kurulması yoluyla müşterilerin elde tutulması, şireketlere rekabet avantajı sağlamaktadır. MİY, hizmet işletmelerinde oldukça yaygın olarak kullanılan bir stratejidir. Ancak müşterinin artan önemimin farkedilmesiyle MİY uygulamaları artık üretim sektöründe de kullanılmakatadır.

Bu çalışmanın amacı seçilmiş dört tane hizmet işletmesinde ve bir tane üretim işletmesinde MİY uygulamalarının araştırılması ve bu işletmelerin pazarlama stratejileri üzerindeki etkilerinin belirlenmesidir. İşletmelerin ilgili bölümlerinin müdür ve müdür yardımcılarıyla derinlemesine görüşme yapılmıştır. Çalışmanın sonucunda, işletmelerin genel anlamda MİY uygulamalarını pazarlama stratejilerinde yoğun olarak kullandıkları, ancak MİY açısından kendilerini geliştirebileceği noktalar olduğu görülmüştür.

Anahtar Kelimeler: Müşteri İlişkileri Yönetimi, Hizmet Pazarlaması, Pazarlama Stratejileri.

ABSTRACT

Master Thesis

The Effects of Customer Relationship Management in the Service Sector Marketing Strategies: A Field Study on Selected Service Companies

Sumeyra DUMAN KURT

Dokuz Eylül University

Institute of Social Sciences

Department of Business Administration

Master Program (with Thesis)

Companies, today, are facing tough competition forces in order to keep their existence in the marketplace. Customers started to be the focus of the business because customers have much more choice alternatives among the companies and they are much more informed both about the products and the companies. Therefore acquiring customer knowledge, identifying the customer needs and responding to these needs as quickly as possible, and consequently creating a value for the customer have started to be one of the companies' main objectives.

Customer Relationship Management (CRM) is a company-wide solution for companies to explore customer purchase behavior for composing appropriate offerings to the customers and construct a customer-centric management philosophy throughout the company which in return results as a cost advantage for the companies. Forming long-term relationship with the customers through customer retention, which is the originating point of CRM, provides a competitive advantage for the companies. CRM is a widely used strategy in the service companies but manufacturing companies also started to use CRM applications when conducting their business which is a result of the recognition of the increasing importance of the customer.

The aim of this study is to explore the CRM applications on selected four service companies and one manufacturing company and identify its effects on these companies' marketing strategies. In-depth interviews were conducted with relevant managers and vice managers in these companies. As a result of the analysis, it is seen that companies extensively use CRM applications when shaping their marketing strategies but there are issues where they can develop themselves in terms of CRM.

Key Words: Customer Relationship Management, Services Marketing, Marketing Strategies.

INDEX

CHAPTER 1

FROM MARKETING TO CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

CHAPTER 2
SERVICES MARKETING

CHAPTER 3

A FIELD STUDY AND FINDINGS

ON SELECTED SERVICE COMPANIES

ABBREVIATIONS

CRM:	Customer Relationship Management
SFA:	Sales Force Automation
ERP:	Enterprise Resource Planning
E-CRM:	Electronic Customer Relationship Management

TABLES

FIGURES

LIST OF APPENDICES

INTRODUCTION

The developments in the technology and the driving forces of the competition made it inevitable for the companies to make changes in the way of doing business. The customers became stronger because they now have more alternatives and they are more informed about the trends around the world. Therefore, identifying customer needs and wants and creating customer knowledge in the aim of building long-term relationship with the customers both became an objective for the companies and also provide a competitive advantage to the companies. The information gathered provides a framework to the companies about treating different customers differently which is the essence of customer relationship management (CRM) (Peppers & Rogers, 2004; 4). CRM is a tool for the companies that aim to build long-term relationship with the customers, increase profits gained from the customers through customer retention, and construct a customer-centric organizational structure.

The changes in the management strategies of the companies led to taking the customer as the focus of the business, creating a value for the customers and to the importance of relationship marketing philosophy. The role of the marketers has also changed taking the root from the changes in the marketplace. Kotler & Armstrong (2006; 5) define marketing as "the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return" which highlights the importance of relationship-led marketing. CRM is a valuable tool for the companies aiming to retain and grow the customers.

The service sector widely uses CRM because the services are produced and consumer at the same time, with reducing middlemen. Therefore an emotional bond is developed between the producer and the consumer which creates the necessity of maintaining long-term relationship with the customer (Parvatiyar & Sheth, 2001; 6). Today CRM provides service companies fabulous insights about the customers and act as a road map.

This study consists of three chapters. In chapter 1, the evolution and the concept of CRM will be introduced. The CRM tools used by the companies will be explained. In chapter 2, the evolution of services marketing, the differences between services and goods, and the services marketing strategies will be discussed. In chapter 3, the field study and findings on selected service companies will be stated.

CHAPTER 1
FROM MARKETING TO CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

2. MARKETING

Marketing is not only about selling and advertising but it is about understanding customer needs and wants in the aim of satisfying the customers through developing products that provide superior value using the marketing mix tools-product, price, place, and promotion (Kotler & Armstrong, 2006; 5). That is why marketing's function in the company starts before the production, hence starting the production according to the identified customer needs (Oluç, 2006; 71). Marketing forms a transaction between the buyer and the seller through trading something of value for something else of value by adding value to the products and services (Mescon et.al., 2001; 319)

1.1. THE CHANGE IN THE MARKETING CONCEPT

The marketing strategies' orientation has been changing through time. The first concept underlying the marketing strategies is the "production concept" and highlights the importance of the production and distribution efficiency because it holds the view that customers will favor the products that available and highly affordable. As the production concept started to be favored by the companies new requirements started to emerge about the products and hence the "product concept" emerged which states that consumers will favor products that offer the most in quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements and product design was based more on the demands of mass-production techniques. The market realized that the product was not enough for increasing profits therefore companies should make the consumers

buy their products. Therefore the "selling concept" emerged which states that consumers will not buy enough of the company's products unless it undertakes a large-scale selling and promotion effort. It lasted until companies began facing a new challenge: an overabundance of products, or buyers' market—that is, supply exceeded demand. Then the "marketing concept" emerged and states that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do. When companies started to question themselves about social welfare, the "societal marketing concept" emerged which is a principle of enlightened marketing that holds that a company should make good marketing decisions by considering consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interest (Kotler & Armstrong, 2006; 9, Mescon et.al., 2001; 320). The following sections aim to explain the change in the marketing concept in terms of relationship development by dividing the history into three periods; pre-industrial period, industrial period, and post-industrial period.

1.1.1. PRE-INDUSTRIAL PERIOD

The tracks of ongoing business and trade can be traced back to the pre-industrial period. Even the development of open-air markets or bazaar in the pre-industrial period was aimed at facilitating ongoing business and trade (Sheth & Parvatiyar, 2000; 128). These efforts give an idea that relationships were considered as an important factor in doing business even in the preindustrial period.

Pre-industrial period was based mostly on agricultural economy and the trade of art and products. During the agricultural days, most farmers and producers sold their products directly in bazaars. Consumers and producers gathered together in these bazaars to trade products. The role of the producer was similar to the trader, and producers were both "manufacturers" and "retailers" of their own products. Also, producers and consumers developed

strong relationships that led to the production of customized products made by producers for individual customers (Sheth & Parvatiyar, 2000; 127). This pre-industrial period showed relationship based trade relationships which state that the relationship marketing can be traced back to the pre-industrial period.

The relationship orientation in marketing and trade continued until the Industrial Revolution and the arise of capitalism. Marketing practices during early industrialization were individualized, relationship oriented, and customized. The relationship marketing concept is new but the phenomenon is not (Gummesson, 2002a; 588).

Branding became even more popular during this period, as producer and merchants began to attach their own family names to the products they offered in great symbolic gestures, assuring their personal commitment to their products. This practice of branding based on family names continued in the early years of the industrial period in Europe (e.g. Philips, Fiat, Daimler-Benz) and North America (Eli Lily, Johnson & Johnson, Kellog's, Procter & Gamble), and also in Japan (Toyota, Honda, Matsushita) (Sheth & Parvatiyar, 2000; 129). Facilitated by mass-media advertising, brands have helped add value through familiarity, image and trust (Peppers & Rogers, 2004; 4).

1.1.2. INDUSTRIAL PERIOD

At the time of industrial period, the mass production and mass consumption emerged which led to the transactional approach in marketing. This period also gave rise to such modern marketing practices as sales, advertising, and promotion, for the purpose of creating new demand to absorb the oversupply of goods that were being produced (Sheth & Parvatiyar, 2000; 130). This period was the time when the relationship oriented trade relationships gave their place to the transactional approach in trade relationships.

Prior to the Industrial Revolution, sellers knew their customers, many times by name, and generally took the needs of the consumers into consideration. Mass production built a wall between buyers and sellers where the main concept was to find customers for standardized products (Chen & Popovich, 2003; 685).

During the industrial period, mass manufacturing of standardized goods caused the rise of mass marketing and mass distribution (Gummesson, 2002b). Assuming that consumers were primarily interested in product availability, corporations essentially aimed at satisfying all of the existing demand (Bruhn, 2003; 2). The product gained more interest in this period rather than the needs of customers. The only aim was production without considering the expectations about the product.

1.1.3. POST-INDUSTRIAL PERIOD

The post-industrial period has experienced massive development toward relationship marketing, both in practice and in managerial thinking. Marketers started realizing the need to complement a transaction orientation with an orientation that shows more concern for customer. This began with the advent of complex products, which gave rise to the systems selling approach. This approach emphasizes the integration of the sales of parts, suppliers, and services with the individual capital equipment (Sheth and Parvatiyar, 2000; 133).

During this period, the competition has increased such that so many firms started to enter the market. As more firms entered the market, mass marketing techniques, where the goal was to sell what manufacturing produced, started to lose effectiveness (Chen & Popovich, 2003; 681). The relationship oriented trade regained importance in this period after the pre-industrial period.

The growth of relationship orientation of marketing in the post-industrial period is the rebirth of direct marketing between producers and consumers. Direct marketing consists of direct communications with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships through telephone, mail, fax, e-mail, the internet and other tools (Kotler & Armstrong, 2006; 504).

Several environmental and organizational development factors are responsible for the rebirth of the direct relationships. At least five macro environmental forces can be identified; (a) rapid technological advancement, especially in information technology; (b) the adoption of total quality programs by companies; (c) the growth of the service economy; (d) organizational development processes leading to empowerment of individuals and teams, and (e) an increase in competitive intensity leading to concern for customer retention (Sheth & Parvatiyar, 2000; 134).

1.1.4. TRANSACTION MARKETING VS. RELATIONSHIP MARKETING

In the case of transaction marketing, when a customer has bought a product does not mean that the customer will return for a new purchase, not even if a series of purchases have been made (Linton, 1995; 17). Relationship marketing strategies consider the lifetime costs and payoffs of all the prospective interactions, whereas transaction marketing focuses on the value of the present transaction (Peppers & Rogers, 2004; 61).

As markets have become more competitive, the extent to which marketing planners can differentiate purely on the basis of the traditional 4Ps of the product, price, promotion and place has become increasingly more difficult and more questionable (Doole et. al., 2005; 322). The different vision of the market makes abandonment of the traditional concepts of marketing management inevitable and contributes to the development of so-called interactive or

relational marketing (Rajola, 2003; 26). Levitt (1960; 56) states that companies should not only consider selling their products, but also they should consider creating value for their customers to continue their existence in the market.

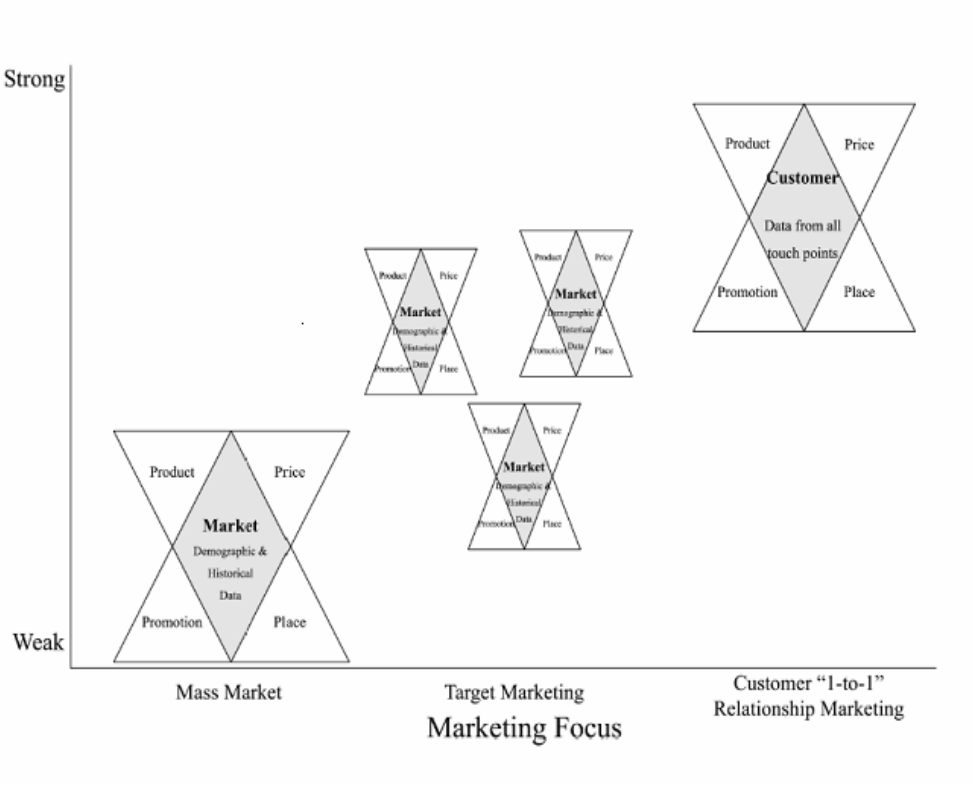


Figure 1.1. : Changing Marketing Strategies

(Source: Chen & Popovich, 2003; 683)

Chen and Popovich (2003; 684) state that, as shown in the Figure 1.1., throughout the history the marketing focus has changed from market to the customer. Mass marketing took the market and the production into consideration and produced the same products in massive amounts. Target marketing divided markets into segments but the focus was still on the market and counted on demographic and historical data as in the case of mass marketing. Relationship marketing on the other hand focuses on the customer and relies on data gained through all touch points.

In transaction marketing there is not much more than the core product. A firm pursuing a relationship marketing strategy, on the other hand, creates more value for its customers than that which is provided by the core product alone (Grönroos, 1997; 330).

Companies are realizing that customers have different economic value to the company, and they are subsequently adapting their customer offerings and communications strategy accordingly. Thus, organizations are, in essence, moving away from product-or brand-centric marketing toward a customer-centric approach (Reinartz et. al., 2004; 293). Creating value started to be taken into consideration for companies when doing business.

In relationship marketing, the companies try to build a long-term relationship with their customers. But the companies cannot have a long-term relationship with all of the customers. As Kotler & Armstrong (2006; 5) state, marketing is the art of attracting and keeping profitable customers, therefore, customers that have small value for the companies will cause high costs for the companies to build a long-term relationship.

1.2. A NEW PARADIGM: CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

1.2.1. THE CONCEPT OF CRM

For many years, enterprises depended on gaining the competitive advantage from the best brands. Brands have been untouchable, immutable, and inflexible parts of the twentieth century mass-marketing era. But in the interactive era of the twentieth century, enterprises are instead strategizing how to gain sustainable competitive advantage from the information they gather about customers. The information gathered provides a framework to the companies about treating different customers differently which is the essence of customer relationship management (CRM) (Peppers & Rogers, 2004; 4).

2.2.1.1. DEFINITIONS OF CRM

A general definition of CRM could not be achieved in the literature. CRM has been defined differently by different authors. It has been described as a business tool, a technology component, customer data management, call center or only customized e-mails. CRM is the technique or set of processes for collecting information from prospects and customers about their needs, and for providing information that helps customer evaluate and purchase products that deliver the best possible value to them. It is a process for managing the company's resources to create the best possible experience and value for customers while generating the highest possible revenue and profit for the company (Doole et. al., 2005; 280).

According to Parvatiyar and Sheth (2001; 5) CRM is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. It is an overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Kotler & Armstrong, 2006; 13).

Peppers & Rogers (2004; 6) describe CRM as a set of business practices designed simply, to put an enterprise into closer and closer touch with its customers, in order to learn more about each one and to deliver greater and greater value to each one, with the overall goal of making each one more valuable to the company.

It is both an evolution and a revolution. Evolution in the respect that the permanent change has been experienced in the marketing environment. Revolution because the merging of change and technology has created an opportunity for the marketers to enter a new period of sophistication in

understanding the customers, exactly who purchases their products (Vaura, 1992; 10). According to Chen & Popovich (2003; 682), CRM is an enterprise-wide customer centric business model that must be built around the customer.

2.2.1.2. THE COMPONENTS OF CRM

There have different views about the components of CRM among the researchers, for example Hansotia (2002; 122) states that there are three distinct components of CRM; strategy design and organizational readiness, planning and analysis, execution of customer interaction. Sin et. al. (2005) assert that there are four components of CRM; key customer focus, CRM organization, knowledge management and technology-based CRM.

When the general viewpoint is analyzed, CRM system is constructed around three components (Rajola, 2003; 26, Karimi et.al., 2001;128):

1) The *analytical component* of CRM is the information that the company has to gather to make the customer more valuable and the tools that are used to analyze this information. Data warehouse and data marts play the main part of the analytical component (Rajola, 2003; 26). The other tools are vertical application tools (e.g. data mining, OLAP etc.), marketing automation and campaign manager system which use a data warehouse to plan and execute targeted marketing campaigns to respond to customer behavior (Pan & Lee, 2003; 97).

2) The *operational component* of CRM is the process for achieving a long-term relationship with customers, across all available touch points through customized products, so that the contribution from each customer to overall profitability of the company is maximized (Ramaseshan et. al., 2006; 196). Operational CRM focuses on the software installations and the changes in process affecting the day-to-day operations of a company (Peppers & Rogers, 2004; 8).

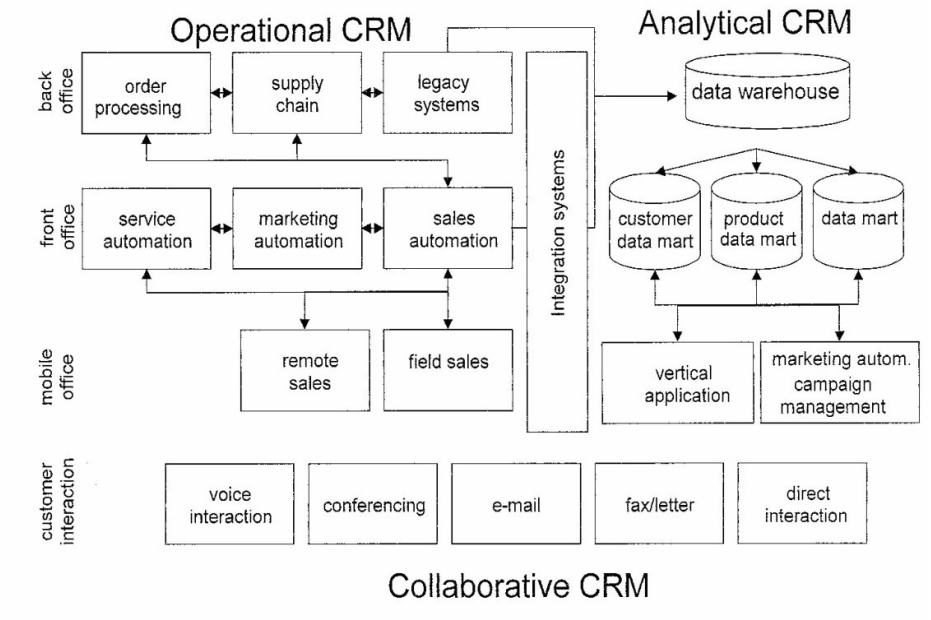


Figure 1.2. : Components of CRM

(Source: Meta Group, 2000, Leadership strategies in customer relationship management, Stamford as cited in Rajola, 2003; 37)

3) The *collaborative component* of CRM is the collaboration of the customer and the company for a mutually beneficial relationship (Peppers & Rogers, 2004; 22) through direct interaction, e-mail, fax/letter, conferencing and voice interaction (Rajola, 2003; 28).

2.2.1.3. THE CRM PROCESS

There are several CRM processes developed according to the aim of the studies conducted (Horn et.al., 2005, Zablah et.al., 2004, Chen & Popovich, 2003 etc.) and when these studies are analyzed, the most general framework drawn is the Parvatiyar and Sheth (2001)'s framework.

Parvatiyar and Sheth (2001; 9) developed a four-stage CRM process framework that consists of four sub-processes: a customer relationship management formation process; a relationship management and governance process; a relational performance evaluation process, and a CRM evolution or enhancement process.

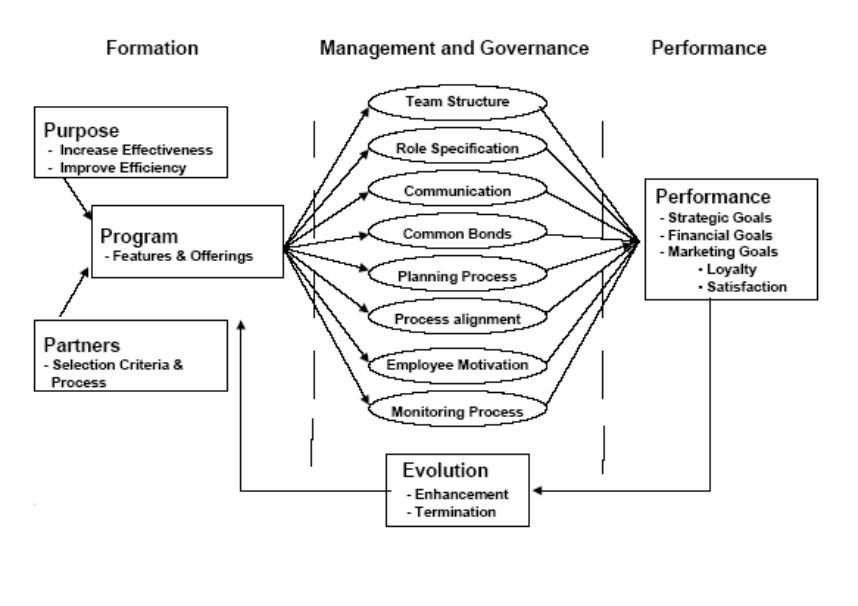


Figure 1.3. : The CRM Process Framework

(Source: Parvatiyar & Sheth, 2001; 9)

In the formation phase, the company determines its target customer segments which the company wants to form relationship with. During this process, the purpose of CRM is defined and by identifying the relational partners (what type of customers will the company engage a relationship with) the CRM program is formed.

Parvatiyar and Sheth (2001; 11) state that in the literature broadly three CRM programs can be identified: continuity marketing, one-to-one marketing, and partnering programs. The CRM programs are developed and differentiated according to the different customer segments changing by whether they are end-users, distributors of the company or B2B customers.

Also the CRM programs may change across customers segments according to their value for the company or to the time where the relationship with the company has started. For example, for the customers which have newly started a relationship with the company or who have small value for the company, database marketing can be a good start. But for the customers who have built a long-term relationship with the company therefore having a high value for the company, the company may see that customer segment as a strategic partner and act accordingly.

In the management and governance phase, the company considers several issues within the organization for implementing the CRM program such as 1)role specification; the roles of the partners should also be specified as well as the role of individuals and teams for relationship management (Heide, 1994; 76) , 2)communication; customer communication is very important in relationship development, 3)common bonds; common bonds should be constructed with the customers to gain a sustainable relationship, 4)the planning process; deciding to whether to involve the customers in the planning process or not, 5)the process alignment; the operating process between the company and the customers should be aligned, 6)employee motivation; to create the right environment within the company for CRM, employees should be encouraged through incentives, rewards etc., and 7)monitoring procedures; relationship structures should be evaluated in order to manage failure or success (Parvatiyar & Sheth, 2001; 14).

The performance of the CRM program should be evaluated after the implementation. The performance measurement tools can be a balanced scorecard which provides the opportunity to look at the company from customer, internal, innovation and learning, and financial perspectives (Kaplan & Norton; 1992; 72) or future cash flow estimates, satisfaction/loyalty measurements.

Finally in the CRM evolution phase, the company undergoes some several important decision regarding the continuation, termination, enhancement, and modification of the relationship engagement (Parvatiyar & Sheth, 2001; 17).

2.2.1.4. CUSTOMERS

CRM is an enterprise-wide customer-centric business model that must be built around the customer. It is a continuous effort that requires redesigning core business processes starting from the customer perspective and involving customer feedback (Chen & Popovich, 2003; 682).

The market was not the only thing changing. Customers were also changing. They began to expect and demand greater variety in products and services they were buying. As the marketing focused more on the needs of the marketplace, the types and kinds of products and services were expanded to better meet these more specialized needs (Vaura, 1992; 27). Changes in the type of customers, behavior and patterns of customers are likely to have immediate effect on the operations of a company and also have implications for decision making relating to strategy setting in the future (Xu & Walton, 2005; 956).

The customers started to seek more variety in the types of the products. These changes led to a new way of thinking about how to communicate with the customers (Vaura, 1992; 14) and the relationship to be constructed between the customers and the companies started to gain significance. Customers expect organizations to anticipate their needs and provide consistent service at levels above their expectations (Chen & Popovich, 2003; 681).

For customers large and small the most important real asset, with measurable long-term value, is loyal, one-to-one customer relationships (Anton and Peteuhoff, 2002;4). According to Peppers and Rogers (1995; 49), organizations will be more successful if they concentrate on obtaining and

maintaining a share of each customer rather than a share of the entire market. But in contrast, Abbot et. al. (2001; 290) state that companies should consider share of customer in addition to share of market. Even though there are different views about whether companies should consider share of customer or share of market, all companies are aware of the substantial effect of customers on designing marketing activities.

Since the needs of the customers started to play a significant role in determining product characteristics, the data from customers began to play a critical role for companies. For instance, if organization is aware of a customer's lifecycle, or at least data such as the customer's profession, his income, or the ages of his children, it has a real advantage in customizing its services (Rajola, 2002; 55).

An interest in turning unidentified masses of potential and existing customers into interactive relationships with well defined customers is becoming increasingly important (Grönroos, 1997; 324). But companies should be very careful when maintaining these relationships. On the one hand these relationships may be as strong as iron lasting for life time, whereas, on the other hand they are as sensitive as a feather which may be broken any time (Jain et. al., 2003; 97). Here, the trust issue is critically important. Companies should be very careful when collecting customer knowledge and customers' full trust is needed. The relationships based on trust provide benefits such as cooperation, commitment, relationship duration and quality (Peppers & Rogers, 2004; 43). Generally the relationship development process involves five phases (Dwyer et. al., 1987; 15); 1) awareness; a party gets to know the other party, 2) exploration; search and trial phase, 3) expansion; continual increase in benefits through exchange, 4) commitment; continuity occurs between exchange partners and 5) dissolution.

As marketing moves to a one-to-one environment, the need for large amounts of detailed information about customers is becoming essential.

Without customer- level information and data on their transaction behavior and their likelihood to repurchase and purchase additional products, one-to-one marketing programmes are not possible (Peppard, 2000; 322). Thus, CRM is a more complex and sophisticated application that mines customer data that has been pulled from all customer touch points, creating a single and comprehensive view of a customer while uncovering profiles of key customers and predicting their purchasing patterns (Chen & Popovich, 2003; 676).

2.2.2. THE DIFFERENCES BETWEEN TRADITIONAL MARKETING AND CRM

Traditional theory said that competitive through the use of the marketing mix. The "marketing mix" concept was introduced by Neil Borden in the 1950s (Grönroos, 1997; 323). Originally, the marketing mix was just 4Ps: product, price, promotion and place. With the rise in services this was no longer felt to be enough. Physical evidence, people and process management now form the three additional Ps in the extended marketing mix-or 7Ps (Doole et. al., 2005; 279).

In industrial marketing, services marketing, managing distribution channels and even consumer packaged goods marketing, a shift is clearly taking place from marketing to anonymous masses of customers to developing and managing relationships with more or less well-known or at least somehow identified customers (Grönroos, 1997; 333). If companies aim to achieve distinctive strategic competence and global advantage, they are required to formulate marketing strategies that will create and sustain long-term relationships (Osarenkhoe & Bennani, 2007; 156). What makes the CRM different from traditional marketing is because it is an enterprise-wide business strategy for achieving customer-specific objectives by taking customer-specific actions (Peppers & Rogers, 2004; 6).

The shift from traditional marketing to CRM has changed the way companies do business. But still for some companies in the literature it is stated that the traditional way of doing business still holds its existence. Grönroos (1997; 329) narrates that because of the lack of personal contacts with their customers and their focus on mass markets, companies pursuing a transaction-type strategy will probably benefit most from a traditional marketing mix approach but for a firm applying a relationship strategy, the marketing mix often becomes too restrictive. Also, Roderick et.al. (1997; 402) conducted a study in several industries to test whether there is an actual paradigm shift in marketing and he states that even though there can be seen that relationship orientation happens to be common throughout the companies there are still so many companies that use traditional marketing methods in association with the relationship management.

2.2.3. CRM AND OTHER DISCIPLINES

2.2.3.1. CRM VS. RELATIONSHIP MARKETING

Shani and Chalasani (1992; 34) have defined relationship marketing as an integrated effort to identify, maintain, and build up a network with individual customers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time. Relationship marketing divides the customers into specified groups according to the customers' consumption frequency of the marketed products or services and their profitability positions, hence through applying different strategies for these groups, the productivity of the companies increases (Pırnar, 2006; 44).

The relationship marketing acts as an antecedent for CRM. The foundation of CRM is the relationship marketing philosophy and to develop goals and strategies within its spirit (Linton, 1995; 40).

The relationship marketing process incorporates three key elements (Copulsky & Wolf, 1990; 16):

1. Identifying and building a database of current and potential customers which records and cross-references a wide range of demographic, life-style, and purchase information;
2. Delivering differentiated messages to these people through established and new media channels based on the consumer's characteristics and preferences; and
3. Tracking each relationship to monitor the cost of acquiring the consumer and the lifetime value of his purchases.

In the marketing literature the terms CRM and relationship marketing are used interchangeably (Parvatiyar &Sheth, 2001; 3). But there is a slight difference between relationship marketing and CRM. If relationship marketing is about engaging in collaborative activities with customers to create mutual advantage, it is important to know who your customers are and what their needs are. This is where CRM fits in (Doole et. al., 2005; 280). According to Zablah et. al. (2004; 481), CRM is a strategically oriented process concerned with producing an ideal mixture of customer relationships, while relationship marketing focuses only on the tasks needed to build and sustain relational exchanges.

CRM concentrates more on the tactics concerning the relationships whereas relationship marketing focuses on strategies (Sin et. al., 2005; 1266). CRM provides the company the opportunity to implement relationship marketing on a company-wide basis (Ryals & Knox, 2001; 535).

2.2.3.2. CRM VS. DATABASE MARKETING

Database marketing is a customer-based, information-intensive, and long term-oriented marketing method. It links information related to the customer including purchase transactions, products purchased, promotions, media,

geodemographics, lifestyles, demographics, and financial characteristics (Jackson & Paul, 1996; 22) so that the company can create personalized communication to make offers according to these information (Brennan et.al, 2003; 139) .According to McKim and Hughes (2001; 224), CRM contains all of the above, but in addition, is usually associated with a massive corporate data warehouse, run by the company IT department.

Through database marketing, companies can practice target marketing strategies to those that are likely to be interested, they can create long-term relationships with the customers, they can give different messages to different customers, and the companies can be more effective in distributing the products, they can increase knowledge about customers (Jackson & Wang, 1996; 14). Many people consider for example the junk e-mails as part of database marketing but database marketers select specific customers and direct their promotion efforts directly to them and only these targeted consumers receive promotional messages, therefore the marketer saves time and money (Schoenbachler et.al., 1997; 8).

McKim (2002; 372) states differences between CRM and database marketing as;

1. CRM relies more on new technology built for its own purposes whereby database marketing uses existing technologies from established vendors but requires extensive customization.
2. CRM technology promises to provide personalization to every customer and prospect. Database marketing identifies unique segments in the database reacting to specific stimulus such as promotions.
3. CRM strikes up a relationship with the customer through conformity and personalized communication, thus making the customer more transactive. Database marketing anticipates customer behavior over time and reacts to changes in the customer's behavior.

4. Database marketing relies more heavily on rule-based delivery of communications, whereas CRM waits for the customer to interact with the system.

5. CRM assumes that the customer wants a relationship with the company. Database marketing delivers information or communication at key times when the customer makes a purchase.

6. CRM talks and reports on a return on investment (ROI) basis. Database marketing reports activities on an ROI basis but talks and reports on customer lifetime value.

7. CRM systems take up to a year to install and get working, whereas database marketing systems will produce information and results in four to six months.

2.2.3.3. CRM VS. ONE-TO-ONE MARKETING

One-to-one marketing is a philosophy of building relationships that lead to understanding the needs and priorities of each prospect and customer, and providing the products and services that meets those needs (Doole et. al., 2005; 283). One-to-one marketing forms an individual relationship with customers or potential customers, and presents marketing strategies (Ahn et. al., 2003; 325).

One-to-one marketing can be described as a tool that CRM uses when applying its business strategies. A CRM-enabled company implements one-to-one marketing by using a unified approach to marketing analysis, marketing communications, sales and services. In other words, a CRM approach to one-to-one marketing helps a company implement the learning and communications techniques that demonstrate the desire of the company-and the value to the customer-in forming a long-lasting relationship (Doole et. al., 2005; 283).

Pitta (1998; 472) identified four critical success factors to achieve one-to-one marketing;

1) Identifying the customers that most frequently use the product and trying to attract these loyal customers.

2) Differentiating each customer by understanding each of their needs and wants.

3) Interacting with each customer to create value both for the company and the customer.

4) Providing customized products for each customer.

2.2.4. THE SCOPE OF CRM

2.2.4.1. CUSTOMER KNOWLEDGE

Customer knowledge is a critical and inevitable tool for CRM. According to Rowley (2002; 501), there are two types of customer knowledge;

- Knowledge about customers, which may include knowledge about potential customers, customer segments as well as knowledge about individual customers; and
- Knowledge possessed by customers, about product ranges, such as compatibility between computer hardware components, or the efficacy of specific drugs in treating complaints and about wider content and marketplace into which products and services are delivered.

Customer knowledge results through the analysis of customer information. Customer information is an economic asset and can improve the company's productivity, reduce its unit costs, yield a return for years (Peppers & Rogers, 2004; 100).

2.2.4.2. CUSTOMER SATISFACTION

Satisfied customers are less expensive and can become an effective advertisement channel (Karakostas et. al., 2005; 855). A satisfied customer is supposed not to defect but to stay loyal to the company for a long period of

time and to buy more and more often than other, not so loyal, customers do (Ravalda & Grönroos, 1996; 20).

Hallowell (1996; 28) states that in the literature customer satisfaction is related to customer loyalty, which in return is related to profitability. This can be an indicator for managers when implementing the CRM programs.

2.2.4.3. CUSTOMER RETENTION

Developing customer relationships has become increasingly important for customer retention (Doole et. al., 2005; 276). It has become well known that retaining customers is more profitable than building new relationships (Chen & Popovich, 2003; 682). Acquisition of new customers is five times more expensive than generating repeat business from existing customers (Karakostas et. al., 2004; 855).

Increasing customer retention is a key business objective, because customers who are satisfied with the level and quality of service they receive are likely to continue buying from the same company (Linton, 1995; 44). Customer retention is the key objective of relationship management programs and offers benefits to both, the organization and the customer (Jain et. al, 2003; 105).

Customer retention provides additional revenue. Karakostas et. al (2004; 855) argue that a 5% increase in customer retention can result in an 18% reduction in operating costs. This argument that existing customers are more profitable than new customers; that it is less expensive to sell an incremental product to an existing customers; customer retention would be maximized by matching products and levels of service more closely to customer expectations; and attracting new customers is expensive (Peppard, 2000; 321).

Reicheld and Sasser (1990; 106) conducted a study to examine the profit per customer in different service areas, categorized by the number of years that a customer has been in relationship with a certain company. In this study they found that the longer the customer remains with the company, the more profit he/she provides to the company. Average profit from a first-year customer for the credit card industry was $30; for industrial laundry $144; and for auto servicing, $25. The underlying factors for this profit growth were; 1) increased purchases, 2) reduced operating costs, 3) referral to other customers, 3) price premium.

2.2.4.4. CUSTOMER LIFETIME VALUE

According to the customer value-based approach, the company's main task is to create value in favor of all the interest groups it has contact with, all of whose members, in a broader sense, can be considered customers (Rajola, 2002; 96).

Organizations today must focus on delivering the highest value to customers through better communication, faster delivery, and personalized products and services (Chen & Popovich, 2003; 686). It is recognized that not every customer is equally important to an organization in terms of his/her lifetime value, thus, customers need to be segmented in order to identify strategically important customers (Xu & Walton, 2005; 956). A company should not try to pursue and satisfy every customer (Berger & Nasr, 1998; 18) because some customers may have small value for the company. That is why the companies should calculate the lifetime value of their customers.

Peppard (2000; 321) states that because customer retention is less expensive than acquiring new customers, the central objective of CRM is to maximize the lifetime value of a customer to the organization. Calculating the customer lifetime value of different segments enables organizations to focus on the most profitable customers and customer segments (Payne & Frow, 2005;

172).The customer lifetime value calculation can be an indicator for additional profits that can be granted from the customers and tools for increasing profits such as cross-selling, up-selling, decreasing marginal costs, reducing customer acquisition costs can be used (Winer, 2001; 94).

In the literature, the term customer lifetime value is explained in relation with "customer equity" because customer equity is the sum of the customer lifetime values of current and future customers (Berger et. al., 2006). The main focus here is seeing the customer individually as a lifetime business partner rather than a buying subject (Odabaşı, 2006; 58).

Peppers and Rogers (2004; 122) state that according to their lifetime values, customers can be allocated to four categories;

1. Most valuable customers: The customers with the highest value to the company
2. Most growable customers: The customers who have the highest growth potential
3. Below-zeros: The customer whose actual value is below zero and their potential value is less than zero
4. Migrators: The customers which are either without value or have some growth potential.

2.2.4.5. CUSTOMER LOYALTY

Customer loyalty is described in two different directions in the literature; 1) attitudinal loyalty which states that customers are loyal to the brand or company if they have a positive attitude toward it, 2) behavioral loyalty which states that customers are loyal to the brand or company if they make a repurchase of the product (Peppers & Rogers, 2004; 56).

Customer loyalty is closely related to customer relationships and may be related to customer satisfaction and when customers are retained as a result of

satisfaction they tend to become more loyal customers (Peppers & Rogers, 2004; 186). Customer loyalty should not be thought by the companies only as a marketing and business activity with a high cost, but should be seen as a long-term investment that will provide the company the opportunity to continue its ongoing business in confidence (Tanyeri & Barutçu, 2005; 200).

2.2.4.6. CUSTOMER SEGMENTATION

Segmentation is the process of breaking a large market into smaller and more manageable submarkets (Shani & Chalasani, 1992; 34). Hansotia (2002; 127) states that customer segmentation is particularly useful, for instance, in understanding what the most profitable customers look like, or who the high-risk customers are, or describing customers who have a high propensity to buy certain products. Besides propensity to buy analysis, companies also can make next sequential analysis which is predicting what a product or service a customer is likely to buy next, product affinity analysis which is understanding which products will be purchased with other products, and price elasticity modeling and dynamic pricing which is determining the optimal price for a given product, often for a given customer or customer segment (Dyche, 2002; 33).

Companies use several types of segmentation such as; profitability segmentation, demographic segmentation, channel usage segmentation, RFM (recency, frequency and monetary) segmentation, attitudinal segmentation, preference segmentation, and behavioral segmentation (Peppers & Rogers, 2004; 331). Bruhn (2003; 90) states that there are two criteria for customer segmentation; endogenous and exogenous criteria. The endogenous criteria are controllable by the seller and are related to relationship marketing goals. These criteria are; economic (e.g. customer contribution margin, customer lifetime value), behavioral (e.g. customer retention, word-of-mouth), psychological (e.g. customer satisfaction, relationship quality). The exogenous criteria are not controllable or limitedly controllable by the seller. These criteria are;

demographic (e.g. age, gender), socio-economic (e.g. income, social level), psychological (e.g. general quality demands, attitude towards the product), behavioral (e.g. variety seeking behavior, general information behavior).

2.2.5. CRITICAL SUCCESS FACTORS FOR CRM

The history of critical success factors terminology dates back to John Rockart's 1979 article "Chief Executives Define Their Own Needs" pressed in Harvard Business Review. According to Rockart (1979), the concept was firstly discussed in the management literature by D. Ronald Daniel in 1961 as the term "success factors". Rockart stated that the critical success factors should be defined by taking the company executives' needs and decisions. This methodology aims to sustain counseling for companies and give some hints about problems that are likely to occur (Wagner & Zubey, 2007; 142).

According to Wehmeyer (2005; 245), to become successful, information systems, strategy and infrastructure have to be aligned with business and marketing strategy and processes. Yılmaz and Pirtini (2002; 158) suggest four steps for a successful CRM strategy;

1. Formation of customer relationship management project team
2. Preparation of customer relationship management action plan
3. Choosing the appropriate customer relationship management software
4. The installation and the implementation of customer relationship management system.

Fairhurst (2001; 142) states that for a successful CRM, companies should integrate the customer, technology and organizational elements.

2.2.6. BENEFITS OF CRM

A CRM strategy can help create new customers, and more importantly, develop and maintain existing customers (Chen & Popovich, 2003; 682).

According to McKim and Hughes CRM enables to identify actionable customer segments and reduce marketing expenses by concentrating on a limited group of customers (a segment) at any one time.

If implemented successfully, CRM offers immeasurable benefits to the organization in terms of improved sales, market share profitability, customer satisfaction and reduced customer turnover, service cost and time (Jain et. al., 2003;98). CRM is a useful tool in terms of identifying the right customer groups and for helping to decide which customers to last and keep (Zineldin, 2006; 431).

Tourniaire (2003) states that there are six important benefits of CRM; cost savings, customer satisfaction, increased profits, increased internal accountability, employee satisfaction and better business intelligence.

Table 1.1.: Core CRM Benefits

Authors/Date	Core CRM Benefits
Buttle (2004)	• Reduces cost to serve • Increases revenue • Increases customer satisfaction and loyalty
Chen and Popovich (2003)	• Increases data sharing across selling organization • Improves customer service • Improves cross-selling/up-selling • Improves customer targeting • Enables better personalization of marketing messages • Provides better self-service options for customers • Improves buyer–seller integration
Croteau and Li (2003)	• Enables customization of products and services • Provides customers a "one-to-one" experience • Improves sales force efficiency and effectiveness • Enables customized marketing plan for each customer
Eggert, Ulaga, and Schultz (2006)	• Improves support for product development • Increases supply-chain efficiencies via personal contact • Enhances supplier know-how
Jones, Brown, Zoltners, and Weitz (2005)	• Improves customization of services and product offerings • Enhances ability to create long-term partnerships • Improves salesperson efficiency and effectiveness
Jones, Stevens, and Chonko (2005)	• Improves ability to find, obtain and keep customers • Increases salesperson efficiency • Assists in gathering competitive intelligence • Coordinates communication • Enables salespeople to have a lifetime value perspective
Jones, Sundaram and Chin (2002)	• Improves sales force efficiency and effectiveness • Improves pricing • Reduces cost-to-serve
Leigh and Tanner (2004)	• Improves sales force effectiveness and efficiency • Enables knowledge management • Improves knowledge sharing within the selling firm
Park and Kim (2003)	• Simplifies customer support • Reduces cost-to-serve • Improves product differentiation • Improves pricing
Parvatiyar and Sheth (2000, 2001)	• Improves customer segmentation • Enables key account management and business development • Improves customer loyalty • Improves cross-selling/up-selling • Enables co-branding, joint-marketing and strategic alliances
Reinartz, Krafft and Hoyer (2004)	• Improves pricing • Enables segmentation based on economic value of customer • Improves resource allocation to accounts
Rigby, Reichheld and Schefter (2002)	• Improves customer acquisition and retention efforts • Enhances ability to offer right products and services to right customer • Enables companies to pursue "best processes" • Motivates employees to foster customer relationships

Table 1.1. continued…

Authors/Date	Core CRM Benefits
Rigby and Ledingham (2004)	• Improves information sharing within the selling company • Automates all aspects of customer relationship cycle (development of offering, sales, superior experience, retention and win-back, and targeting and marketing)
Rivers and Dart (1999)	• Reduces administrative duties • Improves sales effectiveness • Improves pricing
Sabri (2003)	• Enables personalized products and services • Improves sales force efficiency • Enhances product development
Sheth, Sisodia and Sharma (2000)	• Improves customization of marketing efforts to individual customers • Enhances ability to understand costs
Sheth and Sharma (2001)	• Improves the financial efficiency of marketing efforts
Spekman and Carraway (2006)	• Enhances decision making • Improves supply-chain planning and integration
Tanner, Ahearne, Leigh, Mason, and Moncrief (2005)	• Improves customer segmentation and valuation • Enhances acquisition, development and retention of customers • Enables better allocation of resources across the customer portfolio • Enhances communication across multiple selling channels
The Sales Educators (2006)	• Enhances customer knowledge and feedback • Supports new product/service development • Improves customer solutions and relational values
Thomas, Blattberg, and Fox (2004)	• Enables companies to win-back lost customers
Thomas, Reinartz and Kumar (2004)	• Improves marketing effectiveness • Enables customization of products and services • Improves customization of marketing efforts to individual customers
Verhoef (2003)	• Improves customer commitment, satisfaction and loyalty
Wilson, Daniel, and McDonald (2002)	• Improves channel choice • Allows multi-channel integration • Enables individualized pricing
Winer (2001)	• Enables better customer attraction, conversion and retention of target customers
Zikmund, McLeod, and Gilbert (2003)	• Improves customer focus • Improves retention efforts • Increases share of customer • Enhances long-term profitability • Enables continuity across channels • Personalizes service • Enhances satisfaction

(Source: Richards & Jones, 2006; 5)

2.2.7. CUSTOMER DATA ANALYSIS TECHNIQUES

2.2.7.1. DATA WAREHOUSE

Today, through information technologies, information is prepared in digital form, transmitted, warehoused and used ever after (Karahan, 2002; 7). A data warehouse is an information technology management tool that gives business decision makers instant access to information by collecting "islands of customer data" throughout the organization by combining all database and operational systems such as human resources, sales and transaction processing systems, financials, inventory, purchasing, and marketing systems (Chen & Popovich, 2003; 677).

McKim and Hughes (2001; 225) state that the data warehouse contains all the information available to the company about customers, employees, products, sales, costs, inventory, shipments and other data sources. Technologies such as data warehousing and data mining allow companies to collect, store, analyze and manipulate enormous volumes of data (Abbot et. al., 2001; 289).

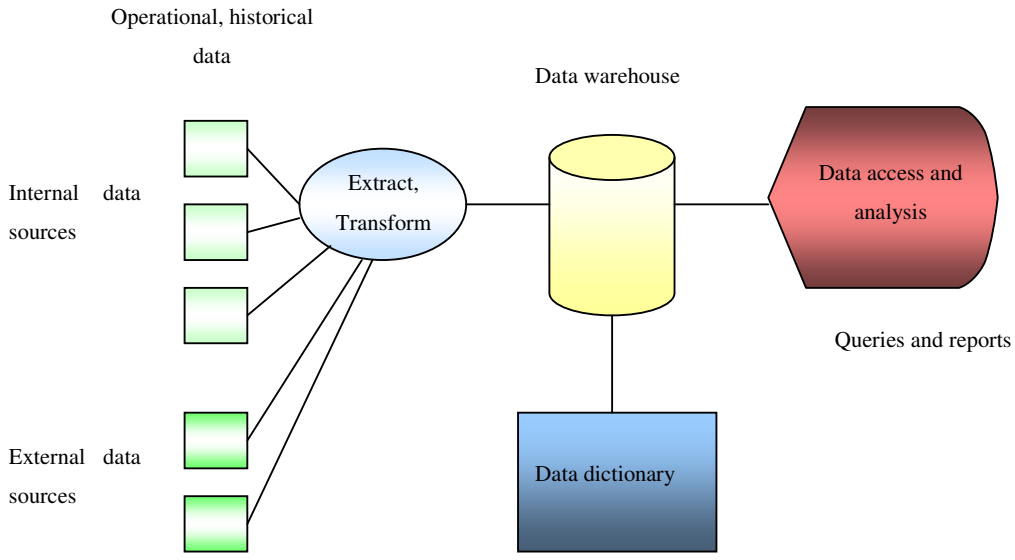


Figure 1.4.: Data warehouse architecture

(Source: Wagner & Zubey, 2007; 69)

The datawarehouse collects the transformed historical data and by using a data library converts these data into a common format to make it ready for data analysis. The greater the number of subject sources for a data warehouse, the richer the information available for the company (Dyche, 2002; 125).

2.2.7.2. DATA MARTS

Data marts are subsets of data warehouses. Each department in a company has a data mart and these data marts are all met in the overall data warehouse. Each department's data mart is specialized around their own requirements to make decisions about their future plans.

Companies use varied programmes for data analysis. The leading vendors in database technology are Siebel, SAP, Microsoft, and Oracle.

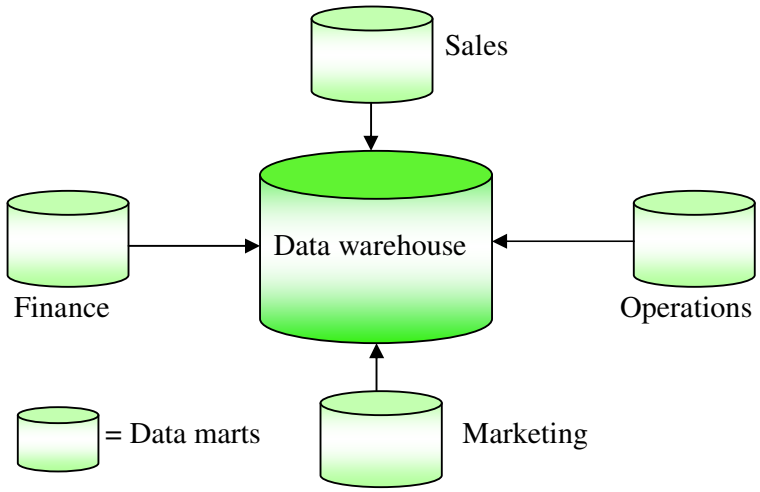


Figure 1.5.: Data marts as subsets of data

(Source: Wagner & Zubey, 2002; 74.)

A marketing data mart contains information like contact history, customer profile, transaction history, account history and external data (Pan & Lee, 2003; 96).

2.2.7.3. DATA MINING

A simple definition of data mining in marketing is: extraction of previously unknown, comprehensible and actionable information from large repositories of data, and using it to make crucial business decisions and support their implementation, including formulating tactical and strategic marketing initiatives and measuring their success (Stone & Foss, 2001; 67).

While data about customers are readily available through existing CRM database software packages, data alone do not lead to customer knowledge. To be useful, managers need to transform data into customer information and to integrate the information throughout the firm to develop customer knowledge (Campbell, 2003; 376). Data mining enables the analysis of large quantities of data to discover meaningful patterns and relationships (Payne & Frow, 2005; 173) and to discover insights of customer needs (Paas & Kuijlen, 2001; 57).

Knowing each customer through data mining techniques and a customer-centric business strategy helps the organization to proactively and steadily offer more products and services for improved long-term customer retention and loyalty (Chen & Popovich, 2003; 686).

According to Stone and Foss (2001; 72), data mining helps marketing managers in the following ways:

- It helps them understand and predict future customer actions (Dyche, 2002; 133) in a complex (multifactor) world. For example, data mining was used to show how some frequent flyers had fluctuating frequencies of flying. This meant that the former were at risk of 'demotion' within the scheme, despite the still-high lifetime value to the airline.
- It helps them discover customer groupings which would be hard to discover using theory-based hypothetical world, for profiling, needs analysis and focused actions. For example, a life insurance company discovered a low-risk group of smokers within the high-risk group of all smokers. These were

customers who were prudent in every other way-except that they smoked. These smokers could be retained by a lower premium.

2.2.7.4. ONLINE ANALYTICAL PROCESSING (OLAP)

OLAP is one of the most popular data analysis tools that provides the businessperson the opportunity to discover the data online, analyze it and make out a detailed interrogation to apprehend the data (Dyche, 2002; 132). It is one of the business intelligence applications that make it easy for the user to extract and see the data from different aspects (Wagner & Zubey, 2007; 92).

OLAP tools help the marketing executives to query the customer data (e.g. according to demographic differences) to compare the purchasing orders and design a special promotion for a group of customers by name (Peppers & Rogers, 2004; 195).

2.2.8. SUPPORTIVE TECHNOLOGIES FOR CRM

2.2.8.1. INTERNET

In recent years advances in technology have dramatically reduced product life cycles. This same technology has empowered customers with access to information that has shortened search times for new products and services and has improved their decision-making quality (Doole et. al., 2005; 274).

Innovations in technology, competitive environments, and the Internet are just several factors that make one-to-one initiatives a reality. Companies can develop these relationships to customize the shopping experience, better predict online buying patterns, entice customers with special offers or services, evaluate the economic advantage of each customer, and build long-term mutually beneficial relationships (Chen & Popovich, 2003; 676).

The explosive growth of the Internet has also brought new meaning to building customer relationships. Greater customer access to the organization, such as online ordering and around the clock operations, has set the stage for a shifting paradigm in customer service (Chen & Popovich, 2003; 679). Customers are more empowered today than ever before and the Internet is accelerating the trend toward greater customer empowerment (Chen & Popovich, 2003; 685).

2.2.8.2. ENTERPRISE RESOURCE PLANNING (ERP)

Enterprise resource planning when successfully implemented, links all areas of a company including order management, manufacturing, human resources, financial systems and distribution with external suppliers and customers into a tightly integrated system with shared data and visibility (Chen, 2001; 374).

Significant differences exist between ERP technology and CRM applications. ERP serves as a strong foundation with tightly integrated back office functions while CRM strives to link front and back office applications to maintain relationships and build customer loyalty. ERP systems promise to integrate all functional areas of the business with suppliers and customers. CRM promises to improve front office applications and customer touch points to optimize customer satisfaction and profitability. While ERP systems address fragmented information systems, CRM addresses fragmented customer data (Chen & Popovich, 2003; 679).

ERP applications aim to increase organizational efficiency, whereas CRM applications aim to increase organizational effectiveness by decreasing selling costs, identifying new markets, increasing customer value, satisfaction, profitability and retention (Gupta & Shukla, 2002; 100). It will be more profitable for the companies to integrate ERP and CRM. The implementation of

ERP produce an improvement in the quality and efficiency business processes and its relation with CRM is stronger than ever (Dyche, 2002; 109).

2.2.8.3. SALESFORCE AUTOMATION (SFA)

CRM is a natural extension of sales force automation (SFA), which began to emerge in the 1980s (Fletcher, 2001; 214). Sales force automation contains some subsets such as sales process/activity management, sales and territory management, contact management, lead management, configuration support and knowledge management (Dyche, 2002; 81).

The goal of SFA is to allow the sales force to concentrate more on selling and less on administrative tasks (Chen & Popovich, 2003; 675). Sales force automation (SFA) tools are frequently implemented to facilitate CRM processes as part of a relationship marketing philosophy. By improving the speed and quality of information flow among the salesperson, customer, and organization, SFA tools support the sales process (Speier & Venkatesh, 2002; 98).

2.2.8.4. MANAGEMENT INFORMATION SYSTEMS (MIS)

Management information systems provide managers with reports and, in some cases, online access to the organization's current performance, and historical records. They are developed to facilitate the use of diverse sets of data (Talvinen, 1995; 12). MIS provide managers the information for decision making and it is a system that is organized to meet the needs of managers in a specific functional area (Mc Leod Jr, 1990; 9).

The management information systems have developed in the way to include customer voice inside the production system. Developed management information systems, customers can initiate production in manufacturing facilities (Lengnick-Hall, 1996; 802).

2.2.8.5. SUPPLY CHAIN MANAGEMENT

Supply chain management is the integration of all activities associated with the flow of goods from the raw materials stage (extraction), through the end user, as well as the associated information flows through improved supply chain relationships, to achieve a sustainable competitive advantage (Handfield & Nichols Jr., 1999; 2)

Efficient supply chain management can decrease a company's production and distribution costs, increase profit margins and customer satisfaction. Without an effective distribution system and an effective logistics system, the CRM strategies, no matter how well they are designed, will fail (Sheth & Parvatiyar, 2004; 430).

Companies can tailor and customize the products offered, but they also need to customize the distribution and transportation of the product they bought through stating where they want the product to be brought and when it will be brought (Peppers & Rogers, 2004; 431). Supply chain management should be integrated with CRM in order to meet customer needs and create value both for the customer and the company.

2.2.9. E-CRM

2.2.9.1. DEFINITIONS OF E-CRM

E-CRM is the customer relationship management in the internet environment in the context of e-business technologies and e-business understanding (Deniz, 2002; 20). Dyche (2002; 12) simply describes E-CRM as web-based CRM.

A key objective of E-CRM (electronic customer relationship management) is the use of the Internet as a means of bringing the organization and the individual customer in closer contact—with 1-to-1 marketing and

customized services being some of the benefits of this closeness (Srivastava & Cooley, 2003; 199). This concept and practice provides the ability to capture, integrate, and distribute data gained at the organization's Web site throughout the enterprise (Pan & Lee, 2003; 95).

2.2.9.2. BENEFITS OF E-CRM

Fairhurst (2001; 139) states that through E-CRM, the companies can gain much more customer understanding using the online environment and product, service and communication tailoring are made in a much more easier way as customers will have the opportunity to experience their customized products (e.g. My Yahoo).

According to Scullin et.al. (2004; 412), the E-CRM system provides detailed customer information and this becomes an opportunity for the company to forecast the variety of products that the customer prefers to buy and also the timing of the purchases.

Furthermore, through E-CRM applications, the customer loyalty also can be realized (Lee-Kelly et.al., 2003; 246) which in turn increases the profits of the company.

Chen and Chen (2004; 337) divided the benefits of E-CRM as tangible and intangible benefits. The tangible benefits are; increased revenues and profitability, quicker turnaround time, reduced internal costs, higher employee productivity, reduced marketing costs, higher customer retention rates, and protected marketing investment with maximized returns. The intangible benefits are; increased customer satisfaction, positive word-of-mouth, improved customer service, closer contact management, increased depth and effectiveness of customer segmentation, acute targeting and profiling of customers, and better understanding/addressing customer requirements.

2.2.9.3. CRITICAL SUCCESS FACTORS FOR E-CRM

Lin et.al (2006; 208) after several studies done, define four success factors for the implementation of E-CRM. These are;

1. Corporate strategy: business goals and objectives should match with the reasons for implementing E-CRM and top management support is needed.
2. IS/IT strategy: Companies should integrate their E-CRM systems with other departments of the company and the IT structure should be able to support the E-CRM system.
3. Business Operation: The perceived usability of E-CRM by the employees and their resistance should be taken into account.
4. IS/IT Execution: Companies should have an evaluation process in order to estimate business risks.

Horn et. al. (2005; 106) state that to achieve success in E-CRM, managers should consider general CRM, personalization and privacy issues carefully. General CRM is a combination of items that consumers place together in a perceptual group. These items include the organization of e-business website content, timely provision of e-business services, ease of understanding on how to make purchases, dependability of the e-business website and helpful customer assistance (Horn et. al., 2005;107). Chen & Chen (2004; 339) put emphasis on champion leadership, internal marketing, knowledge management, business-IT alignment, system integration and culture/structure change for E-CRM success factors.

2.2.9.4. DIFFERENCES BETWEEN E-CRM AND CRM

The E-CRM concept has developed after the internet has been started to be used for CRM purposes. E-CRM is actually the CRM done in the internet environment. The personalization of the web sites, following the online orders of the customers, making offers according to past purchases (e.g. Amazon) are some of the E-CRM applications.

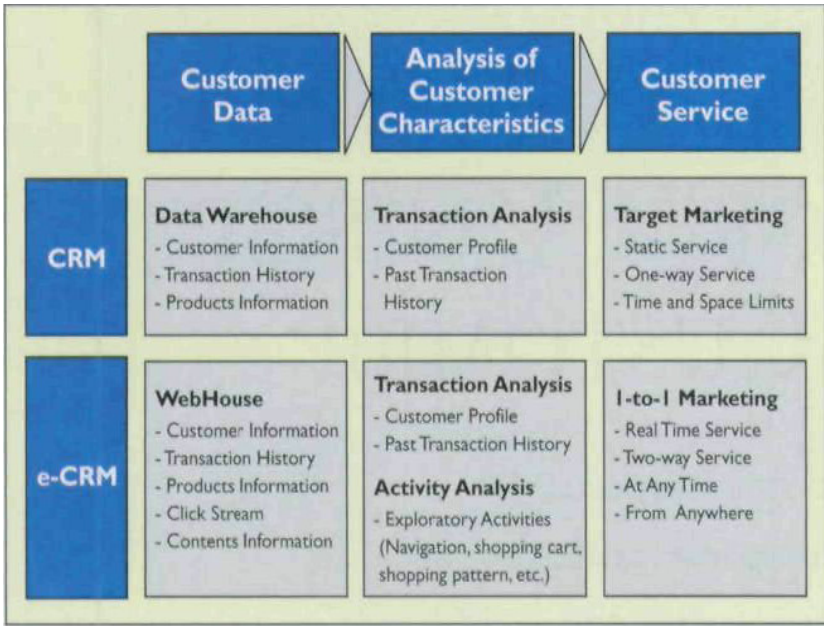


Figure 1.6. : The Differences Between E-CRM and CRM

(Source: Pan & Lee, 2003; 96)

The data warehouse of E-CRM is wider than CRM's data warehouse because it has the chance to make click stream analyses and content analysis. Taking the advantage of having the ability to follow the customers' navigation, shopping pattern data, E-CRM can give a more specific picture about consumption behavior of the customers. Through E-CRM companies can answer the complaints in a quicker way than in the case of regular CRM applications.

Taking advantage of the Internet, E-CRM expands the traditional CRM techniques by integrating technologies of new electronic channels, such as Web, wireless, and voice technologies, and combines them with e-business applications into the overall enterprise CRM strategy (Pan & Lee, 2003; 96).

CHAPTER 2
SERVICES MARKETING

2. SERVICES MARKETING

2.1. A BRIEF HISTORY FROM INDUSTRIAL ECONOMY TO SERVICE ECONOMY

The economic developments, crisis, price changes, technology all together caused a shift from the industrial economy to service economy. The world experienced a difference in the understanding of the way of doing business.

The Great Depression of 1930s had significant impacts upon the theories of disciplines and business world in the economic society. The crisis increased the government interventions in terms of participation and regulation of business and continuously a significant increase in services employment have been observed because government functions were classified as services (Vargo & Morgan, 2005; 47).

The oil shock of 1973 caused a high inflation all over the world affecting all the industrialized and industrializing countries. The supply rigidity resulted from this high inflation caused a diminishing returns of technology which affected the energy sector and therefore the industrial manufacturing. The high prices of oil led to the development of new technologies, specifically in the electronics and telecommunication, which caused the service sector gain power (Kostecki, 1994; 27).

As services gained more attention both by the scholars and the practitioners, a shift has occurred from production-dominant economic activity towards “post-industrial society”, also named “services economy” (Vargo & Morgan, 2005; 42).

Table 2.1.: Schools of Thought and Their Influence on Marketing Theory and Practice

Timeline and Stream of Literature	Fundamental Ideas or Propositions
1800–1920: Classical and Neoclassical Economics Marshall (1890); Say (1821); Shaw (1912); Smith (1776)	Economics became the first social science to reach the quantitative sophistication of the natural sciences. Value is embedded in matter through manufacturing (value-added, utility, value in exchange); goods come to be viewed as standardized output (commodities). Wealth in society is created by the acquisition of tangible "stuff." Marketing as matter in motion.
1900–1950: Early/Formative Marketing •Commodities (Copeland 1923) •Institutions (Nystrom 1915; Weld 1916) •Functional (Cherington 1920; Weld 1917)	Early marketing thought was highly descriptive of commodities, institutions, and marketing functions: commodity school (characteristics of goods), institutional school (role of marketing institutions in value-embedding process), and functional school (functions that marketers perform). A major focus was on the transaction or output and how institutions performing marketing functions added value to commodities. Marketing primarily provided time and place utility, and a major goal was possession utility (creating a transfer of title and/or sale). However, a focus on functions is the beginning of the recognition of operant resources.
1950–1980: Marketing Management •Business should be customer focused (Drucker 1954; McKitterick 1957) •Value "determined" in marketplace (Levitt 1960) •Marketing is a decision-making and problem-solving function (Kotler 1967; McCarthy 1960)	Firms can use analytical techniques (largely from microeconomics) to try to define marketing mix for optimal firm performance. Value "determined" in marketplace; "embedded" value must have usefulness. Customers do not buy things but need or want fulfillment. Everyone in the firm must be focused on the customer because the firm's only purpose is to create a satisfied customer. Identification of the functional responses to the changing environment that provide competitive advantage through differentiation begins to shift toward value in use.
1980–2000 and Forward: Marketing as a Social and Economic Process •Market orientation (Kohli and Jaworski 1990; Narver and Slater 1990) •Services marketing (Gronroos 1984; Zeithaml, Parasuraman, and Berry 1985) •Relationship marketing (Berry 1983; Duncan and Moriarty 1998; Gummesson 1994, 2002; Sheth and Parvatiyar 2000) •Quality management (Hauser and Clausing 1988; Parasuraman, Zeithaml, and Berry 1988) •Value and supply chain management (Normann and Ramirez 1993; Srivastava, Shervani, and Fahey 1999) •Resource management (Constantin and Lusch 1994; Day 1994; Dickson 1992; Hunt 2000; Hunt and Morgan 1995) •Network analysis (Achrol 1991; Achrol and Kotler 1999; Webster 1992)	A dominant logic begins to emerge that largely views marketing as a continuous social and economic process in which operant resources are paramount. This logic views financial results not as an end result but as a test of a market hypothesis about a value proposition. The marketplace can falsify market hypotheses, which enables entities to learn about their actions and find ways to better serve their customers and to improve financial performance. This paradigm begins to unify disparate literature streams in major areas such as customer and market orientation, services marketing, relationship marketing, quality management, value and supply chain management, resource management, and network analysis. The foundational premises of the emerging paradigm are (1) skills and knowledge are the fundamental unit of exchange, (2) indirect exchange masks the fundamental unit of exchange, (3) goods are distribution mechanisms for service provision, (4) knowledge is the fundamental source of competitive advantage, (5) all economies are services economies, (6) the customer is always a coproducer, (7) the enterprise can only make value propositions, and (8) a service-centered view is inherently customer oriented and relational.

(Source: Vargo & Lusch, 2004; 3)

2.1.1. THE EVOLUTION OF SERVICES MARKETING

The service concept has gained so much interest in the research area for a long time. Actually the distinctive characteristics of services were derived from the early economic thought, originating from the classical and neoclassical economics (Lovelock & Gummesson, 2004; 24). From the physiocrats, through Adam Smith and up to the marginalism represented by John Stuart Mill, the services are seen as an unproductive labor.

The services marketing existed in the academic marketing thought since the beginning but gained more interest after 1980s. Before 1980s, more interest was paid on the attempts of distinguishing services from products (Brown et.al., 1994; 25), services were seen as aids to the production and marketing of goods and all non-physicals that we pay money for by some researchers whereas during the 1980s, services marketing started to be examined in more details by scholars such as Lovelock (1983; 9) described services as inputs which management strategies could be derived and Zeithaml, Parasuraman and Berry (1985) developed a framework aiming to measure service quality (Vargo & Morgan, 2005; 48).

Many of the services have been present to some degree, but the complexity and diversity of services have increased dramatically over the past century. Services have fueled modern economic growth. The Industrial Revolution of the 18th century involved changes not only in production, but also in financial structures and in transportation and communication networks (Bateson & Hoffman, 1999; 7). There appears to be a high correlation between the level of economic development in an economy (expressed in terms of GDP per capita) and the strength of its service sector, due to the market power brought by the specialization character of services (Zagler, 2002; 339), but it is not definite whether a strong service sector leads to economic growth (Palmer, 1994; 19).

Services marketing emerged late because of a perceived lack of need for it in times when demand exceeded supply and competitive pressures were few (Bateson & Hoffman, 1999; 8). The main reason for the emerging importance of the services marketing is that services became an important part of production process. Services were no longer a secondary sector, but became the main focus of economic action (Kostecki, 1994; 26).

There are broadly three schools of thought in the services marketing literature. The first school of thought argues that the services marketing is a special case for marketing because most of the marketing principles cannot be applied to services marketing. The second school of thought argues that few most of the marketing principles are situation and industry-specific and are shaped around these two focuses. The third school of thought argues that services marketing is just one aspect of marketing and cannot be viewed as a special case (Rushton & Carson, 1985; 24).

2.2. DIFFERENCES BETWEEN SERVICES AND GOODS

A pure good implies that the consumer obtains benefit from the good alone, without any added value from service; whereas a pure service assumes that there is no "goods" element to the service that the consumer receives (Bateson & Hoffman, 1999; 9). Alfred Marshall (1890-1962) was the first to introduce the concept "goods" instead of the concept "commodity".

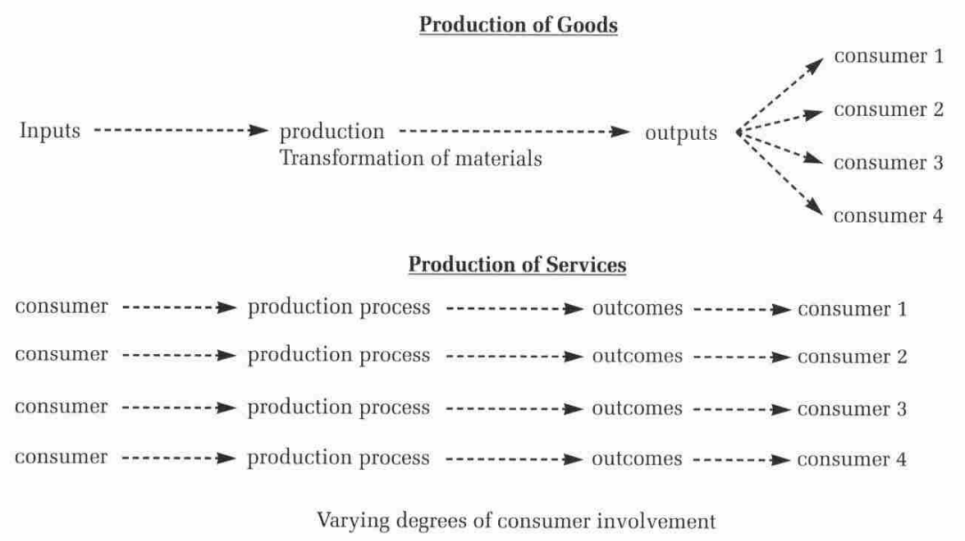
The classical economic revolution determined the value of the products through the production costs, whereas the service economy determines the value is determined through the evaluation of the costs incurred with reference to obtaining results in utilization (Kostecki, 1994; 26). Adam Smith differentiated services from goods in his book "Wealth of Nations" as the distinction between the *unproductive labor* and *productive labor*. So many critiques have been brought against this idea starting from Marx, which he stated that a good is different from a service (Parrinello, 2004; 383) and that

services are part of the manufacturing process. Jean Baptist Say also rejected Smith's notion about defining services as "immaterial products" and stated that activities which have utility and give satisfaction to the consumer are productive (Cowell, 1988; 20). Actually Smith did not state that services are unuseful or unnecessary, instead he stated that some services are unproductive in terms of national wealth standard. For example, he mentioned that physicians and lawyers are "useful" and "respectful" and "deserving higher wages", but are not productive in terms of contributing to surplus commodities. Instead services such as cultivators of fisheries and retailers are both useful and productive because they are necessary for the production and trade of commodities (Vargo & Margon, 2005; 44).

Mills and Moberg (1982; 468) differentiated service operations from manufacturing operations depending on two reasons:

1. Differences in the nature of outputs; the output of service operations are intangible whereas the output of manufacturing operations are tangible.
2. Differences in the underlying production processes; manufacturing technologies are functions of equipping and workflow, whereas service technologies are knowledge-based.

Table 2.2.: A Comparison of Production of Goods and Services



(Source: Beaven & Scotti, 1990; 6)

The production processes of goods and services differ from each other. When Table 2.2. is analyzed, it can be seen that the consumer do not get involved in the production process of goods, only purchased the good when it is produced. But for the services, the production process starts with the customer and ends with the customer. This situation also confirms Mills and Moberg (1982)'s view that the technologies of the services are and should be knowledge-based.

Pure services have particular features that differentiate them from goods. These are features such as (Palmer, 1994; 3, Cowell, 1988; 23):

- Intangibility: a pure service cannot be valued using the physical senses. It is an abstraction which cannot be directly examined before its purchase.
- Inseparability: the consumption of a service is said to be inseparable from its means of production. For services, marketing becomes a means of facilitating complex producers-consumer interaction, rather than being an exchange medium.
- Variability: in the case of services, the outcomes and the processes of production varies across customers which can cause problems for brand building in services. There is a large heterogeneity in the provision of services (Zagler, 2002; 339).
- Perishability: services cannot be stored for later usage. A service cannot be stored on a shelf, touched, tasted or tried on for size (Shostack, 1977; 73).
- Ownership: services cannot be owned due to their intangibility and perishability. Nothing is actually exchanged between the buyer and the seller as in the case of the ownership due to the transfer of goods which causes some problems to occur in the applicability of the pure exchange economic understanding.

The first four characteristics of services are the most frequently cited characteristics which are determined by Zeithaml et.al. (1985; 34) through an in-depth literature review. Services are different from goods also in the case of the marketing mix. For services another 3P is added to the existing marketing mix; people, physical evidence and process (Zeithaml & Bitner, 1996; 24). The service people include elements like personnel, attitudes, customer contact. The physical evidence includes elements like the physical environment, the complementary goods used throughout the service. The process includes elements like policies, procedures, flow of activities (Cowell, 1988; 101).

Dahringer (1991; 7) states that the differentiating characteristics of services create some marketing problems. The intangibility nature of services create the problem of not being able to be stored, the inability to protect the services through patents, the inability of being readily displayed or communicated and the inability to set a concrete price. The inseparability nature of services causes the consumer and other consumers to be involved in the production, therefore the mass production of services become difficult. The perishability nature of the service causes the inability to store the service. The heterogeneity nature of the services causes the inability to standardize and provide service quality.

Sasser (1976; 133) also pointed to the problems resulting from the services' differentiating characteristics. He states that because of the perishability character of services, managers are left without a buffer that is an important issue which is available for manufacturers. The consumer focus of the services creates an uncertain environment for the service providers in terms of evaluating product's quality, company's orientation to the consumers' needs. The consumer has to be brought to the services delivery systems or the system has to be brought to the consumer. The intangible character of services makes it difficult to measure the capacity levels.

Table 2.3.: Proposed Marketing Strategies For The Problems Caused By Services' Distinctive Characteristics

Unique Service Features	Marketing Strategies to Solve Problems	References Citing Strategies
Intangibility	1. Stress tangible cues.	Berry (1980), Booms and Bitner (1982), George and Berry (1981), Shostack (1977a)
	2. Use personal sources more than nonpersonal sources.	Donnelly (1980), Johnson (1969)
	3. Simulate or stimulate word-of-mouth communications.	Davis, Guiltinan, and Jones (1979), George and Berry (1981)
	4. Create strong organizational image.	Judd (1968), Knisely (1979a), Thomas (1978), Uhl and Upah (1980)
	5. Use cost accounting to help set prices.	Beard and Hoyle (1976), Dearden (1978)
	6. Engage in post-purchase communications.	Bessom and Jackson (1975), Fisk (1981), Zeithaml (1981)
Inseparability	1. Emphasize selection and training of public contact personnel.	Berry (1981), Davidson (1978), George (1977), Gronroos (1978)
	2. Manage consumers.	Lovelock (1981)
	3. Use multisite locations.	Carman and Langeard (1980), Langeard et al. (1981), Upah (1980)
Heterogeneity	1. Industrialize service.[a]	Levitt (1972, 1976)
	2. Customize service.	Bell (1981), Berry (1980), Johnson (1981), Regan (1963), Sasser and Arbeit (1978)
Perishability	1. Use strategies to cope with fluctuating demand.	Lovelock (1981)
	2. Make simultaneous adjustments in demand and capacity to achieve a closer match between the two.	Sasser (1976)

[a]Levitt suggests specific techniques to substitute organized preplanned systems for individual service operations (e.g., a travel agency could offer prepackaged vacation tours to obviate the need for the selling, tailoring, and haggling involved in customization). This strategy is the opposite of customization.

(Source: Zeithaml et.al., 1985; 35)

Zeithaml et.al. (1985; 35) reviewed the literature and reached a final result (Table 2.2.) showing suggested marketing strategies for the problems resulting from the unique characteristics of services (which were mentioned above). For example, for the problems resulting from the intangibility nature of services (the inability to store the service, being unable to take patent etc.), strategies like stressing the tangible cues of the service, using personal sources more than nonpersonal sources, word-of-mouth marketing, creating strong organizational image, cost accounting for pricing decisions, and post-purchase communication are suggested.

Services already exist within companies even if the company sells only tangible goods. Services within the companies can be classified in five categories (Kostecki, 1994; 24): the services performed before the production (e.g. R&D), the services required for production (e.g. planning, quality control), distribution, service functions related to the utilization of the products, services needed for the waste and pollution control.

2.3. CLASSIFICATION OF SERVICES

The services, in their selves, are divided into categories. It has gained considerable importance by the researchers and some of the important ones can be observed in Table 2.2.. Generally services can be divided as (Palmer, 1994; 9):

1. Marketable vs. unmarketable services: Some services are not marketable. For example, government services can be counted as unmarketable services. The benefits are external in the mode that it is not possible to restrict the distribution of the benefit to ones who formed an exchange relationship and charge the users of the benefit.

2. Producer vs. consumer services: Some services are provided directly to consumers (e.g. hairdresser), and some services are provided to producers and these producers add value to their products through these services.

3. The status of service in the product offering: Most products are a combination o a goods and service element. A pure service exists when there is little evidence of tangible goods (e.g. insurance policy). Some services add value to the tangible product (e.g. after-sales warranty). Some services add value to the tangible product by making it available in the first place (e.g. mortgage).

4. Tangible vs. intangible services: Some services provide a range of tangible elements (e.g. restaurants) whereas some services provide little amount of tangible elements (e.g. telephone sales operations).

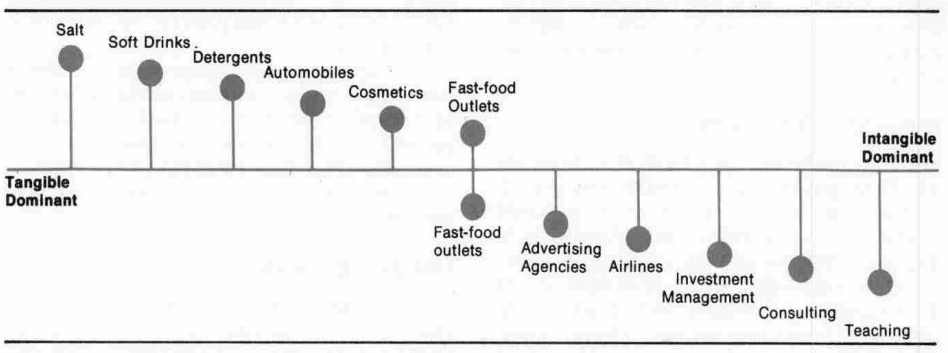


Figure 2.1.: Tangibility of Services

(Source: Shostack, 1977; 77)

Shostack (1977; 77) designated a figure aiming to show the amount of tangibility in services (Figure 2.1.). It is stated that even products contain some tangibility in their nature but in different amount. For example, salt is a product with having more tangibility dominance whereas teaching has intangiblity dominance in nature. Service companies such as fast-food outlets contain both tangible and intangible elements.

5. Extent of customer involvement: Some services are provided through consumer involvement but some services do not need any consumer involvement (e.g. a consumer listening to radio).

6. Degree of variability: Services differ from each other in terms of variability. For example a telecom company which is a machine based service and the variability of service is very low compared to other services.

The pattern of service delivery: Some services are purchased only when needed (e.g. funeral services), whereas some services are continuous (e.g. insurance).

7. The pattern of demand: Most services show considerable variation in the pattern of demand. Daily services (e.g. sandwich bars), weekly services (e.g. peak in demand for railway travel on friday evening), seasonal services (e.g. hotels), cyclical services (e.g. hotels) etc.

Table 2.4. : Proposed Service Classification Schemes

Author	Proposed Classification Schemes	Comment
Judd (1964)	(1) Rented goods services (right to own and use a good for a defined time period) (2) Owned goods services (custom creation, repair or improvement of goods owned by the customer) (3) Nongoods services (personal experiences or "experiential possession")	First two are fairly specific, but third category is very broad and ignores services such as insurance, banking, legal advice and accounting.
Rathmell (1974)	(1) Type of seller (2) Type of buyer (3) Buying motives (4) Buying practice (5) Degree of regulation	No specific application to services—could apply equally well to goods.
Shostack (1977)[a] Sasser *et al*[a] (1978)	Proportion of physical goods and intangible services contained within each product "package"	Offers opportunities for multiattribute modeling. Emphasizes that there are few pure goods or pure services.
Hill (1977)	(1) Services affecting persons vs. those affecting goods (2) Permanent vs. temporary effects of the service (3) Reversibility vs. nonreversibility of these effects (4) Physical effects vs. mental effects (5) Individual vs. collective services	Emphasizes nature of service benefits and (in 5), variations in the service delivery/consumption environment.
Thomas (1978)	(1) Primarily equipment based (a) automated (e.g., car wash) (b) monitored by unskilled operators (e.g., movie theater) (c) operated by skilled personnel (e.g. airline) (2) Primarily people-based (a) unskilled labor (e.g., lawn care) (b) skilled labor (e.g., repair work) (c) professional staff (e.g., lawyers, dentists)	Although operational rather than marketing in orientation, provides a useful way of understanding product attributes.
Chase (1978)	Extent of customer contact required in service delivery (a) high contact (e.g., health care, hotels, restaurants) (b) low contact (e.g., postal service, wholesaling)	Recognizes that product variability is harder to control in high contact services because customers exert more influence on timing of demand and service features, due to their greater involvement in the service process.
Kotler (1980)	(1) People-based vs. equipment-based (2) Extent to which client's presence is necessary (3) Meets personal needs vs. business needs (4) Public vs. private, for-profit vs. nonprofit	Synthesizes previous work, recognizes differences in purpose of service organization.
Lovelock (1980)	(1) Basic demand characteristics —object served (persons vs. property) —extent of demand/supply imbalances —discrete vs. continuous relationships between customers and providers (2) Service content and benefits —extent of physical goods content —extent of personal service content —single service vs. bundle of services —timing and duration of benefits (3) Service delivery procedures —multisite vs. single site delivery —allocation of capacity (reservations vs. first come, first served) —independent vs. collective consumption —time defined vs. task defined transactions —extent to which customers must be present during service delivery	Synthesizes previous classifications and adds several new schemes. Proposes several categories within each classification. Concludes that defining object served is most fundamental classification scheme. Suggests that valuable marketing insights would come from combining two or more classification schemes in a matrix.

[a]These were two independent studies that drew broadly similar conclusions.

(Source: Lovelock, 1983; 9)

8. People-based vs. equipment-based services: Some services are labor-intensive (e.g. fortune teller) whereas some services are delivered with little human involvement.

9. The significance of the service to the purchaser: Some services are purchased frequently and have little value (e.g. game on a slot machine), whereas, some services are long-lasting, purchased infrequently and the decision-making process is longer (e.g. package holidays).

2.4. COMPONENTS OF SERVICES MARKETING

2.4.1. THREE-STAGE MODEL OF SERVICES CONSUMER BEHAVIOR

To market services effectively, marketing managers need to understand the behavior processes experienced by consumers during each of the three stages of purchase (Bateson & Hoffman, 1999; 24);

1. The prepurchase stage: This stage contains all activities occurring before the acquisition of services. The stage begins with the recognition of a problem and a solution is demanded by the individual after this recognition.

2. The consumption stage: This stage contains all activities the individual faces with the service provider when purchasing a service.

3. Postpurchase evaluation: Consumers evaluate services by comparing the service they perceive they have received with their expectations. If the perceived service is equal to or better than the expected service, then the consumer is satisfied.

2.4.2. NEW-SERVICE DEVELOPMENT

The intangibility, inseparability, variability and perishability nature of the services cause some differences to occur in the new product development process from the tangible goods. A tangible good's new product development stages are; idea generation, idea screening, concept development and testing, marketing strategy, business analysis, product development, test marketing and

commercialization (Kotler & Armstrong, 2006; 277). According to Easingwood (1986, 264), there are number of differences between goods and services in terms of new product development process. These are:

1) Idea generation: The idea generation is not a problem for the service companies and the major source of the idea generation is the marketing function rather than the operation function because the operation function viewed a new product as a burden. New ideas can result from market research, long-range studies, market gap analysis, consumer activity analysis, learning from overseas and competitors (Oliver, 1980). New ideas also can be created through internal creative processes of the marketers within the company (Cowell, 1988; 134).

2) Idea screening: The idea screening stage for the services differs across sectors. The idea screening was evaluated by the consumer discussion groups in the financial services and feedback is taken according to these discussion groups.

3) Concept development and testing: Using a test marketing is applied equally well in the services as well as goods. For the services, the test market is not only for measuring the customer response, but also for observing whether the product operates correctly.

4) Business analysis: The success of the services depends upon other factors such as competitors' new product development processes.

5) Development: The test marketing of the services are very limited and therefore the service should be developed with little promotion activities to test the operation effectiveness.

6) Commercialization: A successful new service development program requires an organizational culture that can cope with the changing market conditions and responding to them (Palmer, 1994; 142).

The new service development process is compatible to the new product development process but the new service development process changes according to the tangibility level of the service and the guidance of this process

changes according to several components such as human, pricing, promotion (Rushton & Carson, 1985; 40).

Zeithaml & Bitner (1996; 272) have defined four new service development strategies taken inspiration from the new product development strategies:

Table 2.5.: New Service Strategy Matrix

	Markets	
Offerings	*Current Customers*	*New Customers*
Existing Services	SHARE BUILDING	MARKET DEVELOPMENT
New Services	SERVICE DEVELOPMENT	DIVERSIFICATION

(Source: Zeithaml & Bitner, 1996; 272)

2.4.3. HUMAN RESOURCES

The human resources are a considerable element of service companies and when managed carefully it can create a competitive advantage for the company. Almost each person in the service company acts as a salesman and they reengaged in the personal market communication efforts of the company (Grönroos, 1978; 593). The service personnel are especially important for the service companies that have little tangible elements because the customer will form an impression of the company from the attitude and behavior of the personnel (Cowell, 1988; 203).

All of the personnel in the company must have a customer-centered point of view because they provide service to the customer and they do not actually provide any tangible element to the customer, the perceived atmosphere by the

customers becomes crucially important. The internal marketing is one of the tools for the service companies to encourage their human resources.

Another people factor of the service companies is the customer. The relationship of the service company with the customers has a considerable importance because of the word of mouth affect on the business (Cowell, 1988; 203). A customer-focused marketing strategy increases the customer satisfaction, continuously the satisfied customer shares the positive experiences he/she gained with third parties which affects the third parties' purchase decision (Bayraktaroğlu & Atrek, 2004; 107). Satisfied customers tend to continue the relationship constructed within the company and themselves which provides the company the opportunity for cross-selling and upgrading the relationship level.

2.4.4. SERVICE QUALITY

For service companies, the quality of performance rather than the quality of output is the main criteria of evaluation, in other words, it is the quality of the customer's experience that is critical for service companies (Kostecki, 1994; 5).

Consumers consider five dimensions when assessing the quality of the service: reliability (delivering on promise), responsiveness (being willing to help), assurance (inspiring trust and confidence), empathy (treating customers as individuals), and tangibles (representing the service physically) (Zeithaml & Bitner, 1996; 118). This method is called SERVQUAL and it is an instrument for measuring how customers perceive the quality of a service. This instrument is baed on the five determinants mentione before and on a comparison between customers' expectations of how the service should be performed and their experiences of how the service is rendered (Grönroos, 2006; 76).

2.4.5. SERVICE ENCOUNTER

Service encounter is the moment where the customer evaluates the service and forms an opinion the quality of the service. Service encounter is also called the "moment of truth" by Richard Normann. The service encounter can be an opportunity for the service provider to affect the consumer's perceptions about the service quality. Three parties can involve in the service encounter. The encounter may be dominated by the service organization in order to gain cost-leadership and standardize the service. The encounter may be dominated by the contact personnel, therefore giving some autonomy the contact personnel. Finally the encounter may be dominated by the customer in order to highly standardize the service or highly customize the service (Fitzsimmons & Fitzsimmons, 1994; 162).

Kotler and Armstrong (2006; 260) call service encounter "interactive marketing" and state that the service quality depends on the interaction made between the buyer and the seller.

2.5. SERVICES MARKETING STRATEGIES

Services have differentiating characteristics (intangibility, inseparability, variability, perishability, and ownership) from the physical goods. Therefore, the marketing strategies of services differ from the physical goods' marketing strategies. The following sections aim to explain these services marketing strategies.

2.5.1. INTERNAL MARKETING

Internal marketing was firstly introduced by Berry et.al. (1976) in the aim of providing higher service quality. Many different definitions of internal marketing have been proposed by the researchers. Through a detailed literature review, after assessing the weaknesses and strengths of the existing definitions,

Rafiq & Ahmed (2000; 454) reach this final definition of internal marketing: Internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and interfunctionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees.

Internal marketing caused some changes to happen in the human resources management understanding. The employees are seen as the first market for companies' offerings and external marketing programs before they are launched to the market. Interactive marketing performance in customer relationships is achieved through integrating employee-oriented efforts with the external efficiency of the company. Internal services are provided to employees as done to the external customers (Grönroos, 2006; 331). Basically the three main levels of internal marketing are creating a service culture, maintaining a service orientation, and finally introducing new goods and services or external marketing campaigns and activities or new technologies, systems or service process routines (Grönroos, 2006; 336). Internal marketing can create a positive and/or superior image of the firm and its product in the mind of the customer (Greene et.al., 1994; 12).

2.5.2. PRICING STRATEGIES

Pricing is an important factor for the services because services give some impression of quality in the consumers' perceptions of the service quality. Therefore the pricing strategies should be taken cautiously into consideration. Cowell (1988; 150) states that the pricing decisions should consider several factors like; the planned market position for the service product, the stage of the life-cycle of the service product, the elasticity of demand, the strategic role of price.

When developing a price strategy for a new service, two key issues need to be considered: 1) What price position is sought for the service?, 2) How novel is the service offering?. The main pricing strategies for new services; price skimming, saturation pricing (Palmer, 1994; 260), cost-based pricing, competition-based pricing and demand-based pricing (Zeithaml & Bitner, 1996; 491).

Price skimming strategies seek to gain the highest possible price from the early adopters and then with the saturation level, the price level is lowered. Saturation pricing aims to introduce the new service with a low price in order to create desire within the consumers to purchase the service and then by a loyalty created with the low prices, the price level is increased to gain from this loyalty (Palmer, 1994; 260). In the case of cost-based pricing, the price is determined by adding the direct costs, overhead costs and profit margin. Competition-based pricing considers other companies of the same industry and uses their prices as a starting point. Demand-based pricing considers what the consumers will pay for the service (Zeithaml & Bitner, 1996; 496). There are also several pricing tactics for the service companies like; differential pricing, discrete pricing, discount pricing, diversionary pricing, guarantee pricing, high price maintenance pricing, loss leader pricing, offset pricing, and price lining (Cowell, 1988;154).

2.5.3. PROMOTION STRATEGIES

The promotion strategies for services differ due to the natural difference of services. Service companies promotion strategies ought to be different than promoting goods to be successful. In the case of services, marketers and managers concentrate on promoting an 'image' because there is no actual tangible product to promote (Gilmore, 2003;12).

The promotion of services should be different because of four main distinctive characteristics; absence of inventories, a reduced role for

intermediaries, the importance of contact personnel; and customer involvement in production (Lovelock, 1996; 383). These are the distinctive factors for the promotion of services and should be taken into consideration by the managers. These distinctive characteristics affect the buying process of the consumers. The service purchase decisions are seen as riskier for the consumers than for the goods because it is difficult to evaluate the quality and the value. Therefore the consumers are affected by the others who have purchased the service. Consequently, companies should establish a quality relationship between the buyer and the seller and build their promotional efforts on the word of mouth communication (Cowell, 1988; 167).

Considering these characteristics there are seven promotional techniques for services; sampling (giving the customer a chance to try the service), price/quantity promotions, coupons (a price cut, a discount or fee waiver), sign-up rebates (for consuming the service), future discounts (frequent user programs) (Lovelock, 1996; 385).

2.5.4. POSITIONING STRATEGIES

Positioning becomes more important for services when compared to the goods because services call upon to consumers' minds through the provided benefit. The perceived benefit from the service by the consumers shapes up the image of the service in their minds.

Services can be positioned on dimensions like; according to the needs they satisfy, the benefits they deliver, specific service features, when and how they are used, or who uses them. But the important point is distinguishing the service from the competitors. Therefore the services can be positioned on the five dimensions of the service quality (reliability, responsiveness, assurance, empathy, tangibles) or can be positioned on the evidence of services (people, physical evidence, process) (Zeithaml & Bitner, 1996; 288).

The most effective way of positioning services is personal selling because the dependency between the producer and the buyer of the service continues through the service delivery time. The sales person should be able to give detailed information about the service, therefore the sales people should be trained professionally. The second effective method is advertising. Generally the themes talked about are the buyer's self-composure, trust and saving time (Borak, 1986; 76).

2.5.5. SERVICE DELIVERY

Service delivery is explained through different concepts in the literature like the channel, place, and distribution. Services are delivered to the final consumer through three channels; franchisees (service outlets through licensed by a principal), electronics (service provision through television, telephone, interactive media etc.), and agents and brokers (representatives distributing services of service suppliers e.g. insurance) (Zeithaml & Bitner, 1996; 340). The channel management creates a competitive advantage for service companies when it is integrated with CRM. Rheault & Sheridan (2002; 39) state that the channels of the company should be integrated with the company and the channels should show consistence within each other. In terms of channel assessment Rheault & Sheridan (2002; 40) classifies the companies into four categories; 1) beginner, 2) competitive, 3) advanced, and 4) best in class. A company that fits in the "best in class" category in terms of channel management shows these characteristics; a)direct sales; robust customer history, relationship and profile information tracked and shared across company and across channels, real-time contact history accessible through all channels, and real-time integrated view of lifetime customer relationship across channels, b) partners (distributors, resellers); partners have access to relevant customer relationship information from all channel, and two-way funnel sharing, c) e-channel; opportunities and interactions optimized across channels, customer, and partners, and lifetime customer relationship information maintained and shared across all channels, d) service channel (call-center, field representatives,

service representatives); detailed cross-channel customer relationship history available, information captured usable by all channels, regular proactive cross/up-sell, and real-time integrated customer view across channels, e) media channel (direct mail, broadcast media); targeted direct mail and broadcast media proactively used to reinforce marketing activity in other channels.

The two important components of the many service delivery systems are; people and the physical evidence. The people component comprises both the employees and the consumers (past, existing or potential). The employees in the company affect the service output and the consumers also talk about their experiences about the service provided to them and affect potential customers. The physical evidence, being the tangible elements of the service, affects the service's consumption process and gives the consumer some idea about the delivered service quality (Cowell, 1988;110)

Services companies need to control the service delivery process to increase service quality. For effective service delivery companies use control, empowerment, and partnering strategies. Control strategies consist of measuring the service quality performed, reviewing the sales. Empowerment strategies include the allowance of the principal for greater flexibility through providing information, research, and process support. Partnering strategies include partnering with the intermediaries to improve the communication, to form strategic partnership and honesty (Zeithaml & Bitner, 1996; 356). Employee empowerment is a very important key success factor for service companies because the interaction with customer, the point-of-purchase, is tangible and based on persuasion. The employee empowerment is a very tough decision and has various attributes. Shrednick et.al. (1992; 499) propose eight key success factors in information services for employee empowerment: 1) start with a vision and clear goals, 2) ensure management commitment, visible support, and willingness to take risks, 3) pay particular attention to middle managers and supervisors, 4) involve staff in all phases of the project, 5) communicate, communicate, and communicate some more, 6) keep your eye on

the ball, 7) educate all those involved, 8) develop a reward system that promotes success.

2.5.6. PHYSICAL EVIDENCE OF SERVICE

Physical evidence is the tangible elements of the service offer. There are two types of physical evidence in services marketing (Cowell, 1988; 228); peripheral evidence and essential evidence. Peripheral evidence is the actual tangible element that gives the consumer the right to consume the service (e.g. bank chequebook). Essential evidence cannot be possessed by the consumer like the peripheral evidence, instead it is experienced (the feel of a bank branch).

The services companies should create a more tangible environment for their services to create a good image. The intangibility of the service can be linked to a tangible element which will have more significance for the consumers. The company may focus on the buyer-seller relationship like using personal bankers (Cowell, 1988; 160).

2.6. SERVICES MARKETING PROCESS

Shostack (1987; 36) explains the service processes according to their complexity and divergence. Complexity of the service is identified through the number of steps involved in the process and the sophistication of the process. The divergence is identified through the degree of freedom allowed in the process step. For example, a physician's service is highly complex and highly divergent, whereas hotel services are high in complexity and low in divergence.

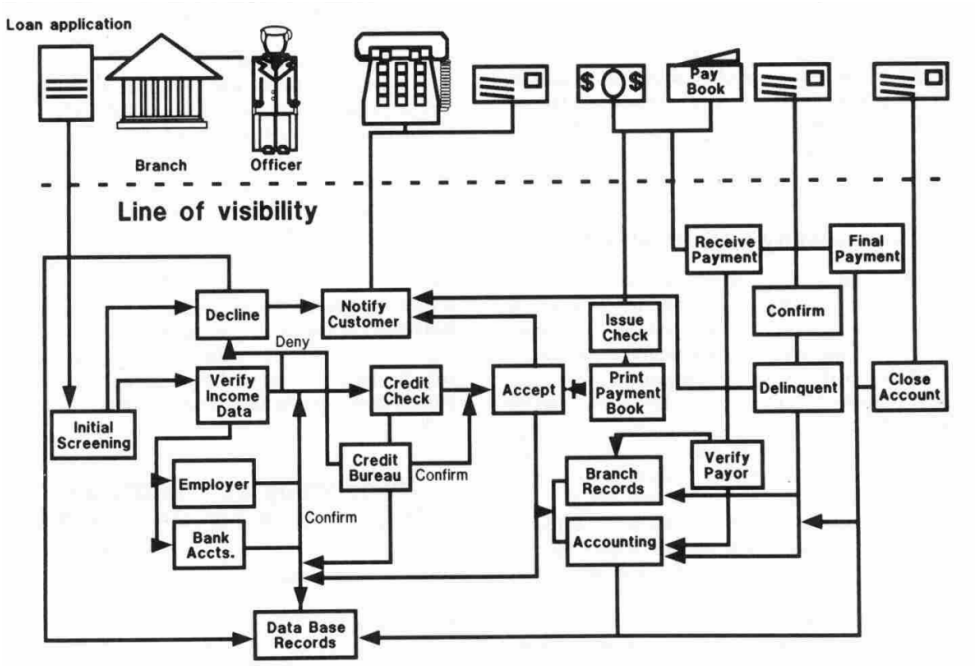


Figure 2.2. : A services process example

(Source: Shostack, 1987; 36)

Shostack (1987; 36) called this services marketing process blueprinting. The Figure 2.2. shows the blueprints of a bank's service marketing process. A blueprint shows all the process steps and divergence for a specific service. Figure 2.2. is a bank's service process which is complex but standardized. The main difference between the blueprinting and standard operations flowchart is that in through a blueprint the customer and the customer's actions are showed on the same diagram, therefore the whole design of the service operation can be seen from a customer's eyes (Brown et.al., 1994; 35). This type of service process is highly standardized and seems not to allow the employees any freedom to modify the service any way, however this may not be occur in the real workflow where some divergence will happen in the process which is the essence of a service process.

The main focus in service competition is the continuous management of the series of moments of truth in service processes, as well as adequate support from managers and supporting functions and from investments in technology,

operations and administrative systems (Grönroos, 2006; 372). The service encounter also plays a critical role in the service process where the buyer and the seller make an interaction for the service offer.

According to Lovelock (1996; 28), there are four core service processes; people processing (customers take place throughout the service delivery, e.g. hairdresser), possession processing (the customer is not involved in the service delivery, but the purchased good is involved, e.g. cargo companies), mental stimulus processing (services that interact with people's minds, e.g. education), information processing (intangible actions to customers' possessions, e.g. management consulting).

2.7. MAJOR RESEARCH USES FOR SERVICES MARKETING

There are several research methods used in services marketing. The more important ones are (Palmer, 1994; 103): research into customer needs, research into customer expectations, customer-perception studies, monitoring of service delivery, customer survey, similar industry studies, research into service intermediaries, key client studies, customer panels, transaction analysis, analysis of complaints, employee research.

2.8. INTERNATIONAL SERVICES MARKETING

International services can be defined as deeds, performances, efforts, conducted across national boundaries in critical contact with foreign cultures (Clark et.al., 1996; 15).

The challenges in the global market for marketing services internationally are; legal barriers (border restrictions, discriminatory laws, subsidies, intellectual property rights), cultural barriers (language, values and attitudes, manners and customs, material culture, aesthetics, educational and social institutions) (Zeithaml & Bitner, 1996; 417).

The company aiming to enter foreign markets should consider the international marketing's multiple environmental components which are economic environment, political environment, cultural environment, and legal environment. The economic environment affects the countries' economic development level and the economic dimensions of marketing like living standards, changes or dynamics in the consumption-production-distribution systems, natural resources, and the geography embracing the climate. The political environment affects the company through the political system (stability, religion effect, currency control, tax and price controls etc.) and should be considered as a changing environment by the companies. The cultural environment affects the product and pricing because of the differences in basic marketing components such as consumer behavior, attitude, value judgments, and decision making. Finally the legal environment affects the company through legal issues like competition laws, packaging laws, price control, patent rights (Oktav, 1994; 41). The entry modes of the services companies for the international markets are direct export, joint venture, licensing, franchising, joint ownership ventures, management contracting, and acquisition (Cowell, 1988; 271), client-following mode, market-seeking mode, and electronic marketing mode (Grönroos, 1999; 292).

Clark et.al. (1996; 12) classify international services into four categories: a) contact-based services: people engage in international transaction, e.g. consultancy services; b) vehicle-based services: services marketed abroad via communication channels (e.g. raw data processing); c) asset-based services: commercial service ideas marketed via foreign direct investment e.g. banks; d)object-based services: physical objects permeated with service e.g. computer software. The service that is intended to be served abroad should be carefully overviewed so that the citizens accept a company with a foreign identity. The ethnocentrism, which means consumers who have nationalistic tendencies prefer domestic goods or services, may affect the service to be accepted. Also

sometimes governments can also cause some problems for the international companies (Cowell, 1988; 294).

Companies aiming to internationalize their services should keep up with the technology advancements. Through developed information technologies, companies can widen their services area, increase the availability of services, and fasten the service delivery. Also with the help of information technologies, services companies can increase customer data and therefore apply CRM for foreign customers (Rajshekhar & White, 2002; 579).

2.9. CRM AND SERVICES MARKETING

Services marketing and CRM have tight bonds within each other which stem from the customer-centered view of both CRM and services marketing. Services are delivered through employees, franchises or electronics. The main focus is the customer and the salespeople try to increase the customer satisfaction through relationship marketing tools. The services process occurs interdependently and simultaneously within the producer and the buyer, therefore CRM tools can be an opportunity for the company to create competitive advantage.

The increasing importance and popularity of CRM is due to several factors. One of the most important factors is the increasing growth of the service economy. The services are produced and consumer at the same time, with reducing middlemen. Therefore an emotional bond is developed between the producer and the consumer which creates the necessity of maintaining long-term relationship with the customer (Parvatiyar & Sheth, 2001; 6).

Ballantyne (2006; 73) reviewed three perspectives on service management and marketing and reviewed their views about CRM in services. He discussed three main publications (Berry, L.L. (1999). *Discovering the Soul of Service: The Nine Drivers of Sustainable Business Success*, Free Press: New

York., Grönroos, C. (2000). *Service Management and Marketing: A Customer Relationship Management Approach*, Wiley: Chichester., Storbacka, K. and Lehtinen, J.R. (2001). *Customer Relationship Management: Creating Competitive Advantage through Win-win Relationship Strategies*, McGraw-Hill: Singapore) and made some discussions. He states that (leaning upon Storbocka & Lehtinen (2001) there are three main customer relationship cycle phases. The establishing phase consists of the gathering of customer knowledge and building an emotional relationship. The enhancing phase consists of shifting the relationship from the satisfaction focus to strong relationship bonds focus. The ending phase consists of the complaints of the customer and the signals that the relationship between the customer and the service provider will end. The complaints are actually an opportunity for the company at this phase for taking future preventions and precluding these complaints.

Service companies use several strategies to keep relationships with the customers (Palmer, 1994; 164):

- To create the desire for customers to form a long-term relationship with the company, at the beginning, the service companies use some pricing strategies such as offering low introductory prices to gain the disloyal customers.
- Many service companies record information about customers in order to predict their future needs.
- Incentives are used for frequent users to develop short-to medium-term loyalty (e.g. airlines)
- Some companies turn discrete services to continuous services (e.g. bus companies offering season tickets)
- Financial incentives are given to customers as a reward for maintaining relationship (e.g. reduction of price for future service).
- Some service companies provide non-financial incentives rather than price discounts (e.g. membership club advantages).
- Some service companies gather customer preferences individually in order to tailor their future needs (e.g. hotels).

Another CRM tool that service companies (especially companies in the finance sector) frequently use is event-based marketing which means deducting information from customers' purchase and personal behavior through some rule-sets. According to Twogood (2002; 4), there are four main types of events;

1) Simple events; these are simple events, such as life-stage and lifestyle changes, product purchases, and professional life changes (e.g., job change, promotion, relocation). A rule set for this type of event would be; show me everyone whose year-to-date purchases have reached $1,000, or show me all the people who purchased a specific product last month.

2) Complex events; Complex events are based on marketing responses to changes in customer behavior over time. A rule set for this type of event would be; increase or decrease in spending direction over time, recognize and reward a spending increase, or determine attribution to campaigns or sales to a certain channel.

3) Real-time events; There are two types of real-time events: real-time scoring and real-time delivery. Real-time scoring is a web-based interaction which is up-selling or cross-selling a customer another product during the purchase session. Real-time delivery is integrating the communication channella and when a customer gets in touch with one of these channels, a personalized offer is made to the customer. Examples of real-time events are; a complaint e-mail received from a customer could be quickly transmitted to the outbound call center, allowing immediate remedial action, or a customer visits a bank web site to check mortgage rates for refinancing, then later while interacting at the ATM, receives a message from the bank offering a special mortgage rate package or offer due to her customer status (multiple channel).

4) Sophisticated events; These are events that have considerable importance in the customer's life and occur at one moment. The marketer should specify these moments in order to know the customer closer, create a value for the customer and anticipate beforehand. These events can be; first usage of e-channel, decrease in usage of cellular phone, or changes in payment history.

The service companies can gain profit through making customer feel that there is something special with the interaction made between them and the company, therefore by gaining loyal customers through satisfaction, service companies can increase their revenues (Grönroos, 2006; 7) because the company builds different types of bonds with the consumers. These bonds are legal bonds (e.g. contract made between the customer and the service provider), economic bond (e.g. relationships based on price reductions), technological bond (e.g. the use of specified dealer for repairs/maintenance and/or original spare parts from manufacturer or retailer resulting from the purchase of a specific brand), geographical bond (the bond resulting from the lack of transportation), time bond (e.g. using a service provider because of suitable business hours), knowledge bond (e.g. maintaining the relationship with a doctor who knows the customer's medical history), social bond (occurs when the customer and the service provider know each other), cultural bond (bonds resulting from the customers being themselves committed to a subculture and making their service provider choices according to their subculture), ideological bond (customers may prefer certain service providers because they cope with their personal values), psychological bond (e.g. brand image may affect the customers' service provider choices) (Liljander & Strandvik, 1995; 17).

The maintained relationship between the company and the customer provides the customer additional benefits besides the provided service. Gwinner et.al. (1998; 104) state that customers gain some other benefits like social benefits (forming a friendship with the service provider, fraternization, personal recognition), psychological benefits (reduced anxiety, trust/confidence), economic benefits (discounts/price breaks, time savings) and customization benefits (preferential treatment, additional services or consideration, history development).

A service company aiming to develop CRM practices has to consider its internal marketing programs comprehensively. The internal marketing's aim is to market the product firstly to the employees before launching to the market in order to predict consumer needs.

Before executing the internal marketing programs, to make the company more customer-oriented and increase the performance of the employees, the company should follow some steps. Firstly the management support should be provided, managers should see the internal marketing process as an ordinary routine and should encourage the employees on creating new ideas about customer service and marketing. Secondly, the employee's should be educated about their customer relationship responsibilities in their job descriptions and this education should be thought as a process where the employees will learn the corporate culture, what is expected from them, how to behave and why to behave like this. Thirdly, the internal communication should be increased through corporate bulletins, brochures, yearly personnel reports etc. And can serve as a mechanism in which the companies can manage their internal marketing strategies. Fourthly, the employee management should be shaped around integration between the marketing management and personnel because the employee is one of the most important components of services marketing mix. Finally, the external activities such as advertisement, personal selling, and public relations also affect the internal marketing process and the employees. The employees that are in contact with the customers are said to be the secondary followers of the advertisements and through drawing their attention they can give some messages to the employees (Öztürk, 1996; 92).

2.10. CRM AND MANUFACTURING

CRM is a widely used strategy for service companies but has applications also in the manufacturing industry. Bull (2003; 601) conducted a study on a UK-based manufacturing company and analyzed the results after the CRM implementation. According to the study the manufacturing companies can gain

a significant amount of benefits from CRM implementation through targeting customers and creating customer knowledge. The manufacturing company in this study has been able to arrange the customer data but experienced difficulties sourcing from the CRM software. Lin et.al. (2006b) also constructed a study on two manufacturing companies (steel & textile) through the knowledge management focus. It is stated that there are a number of lessons manufacturing companies can take from CRM and knowledge management.

Osarenkhoe & Bennani (2007; 155) conducted an exploratory study of CRM implementation in a Swedish software study showing the importance of customer-centric business management, efficient administration of resources, and the involvement of the employees in the CRM project, commitment from the top management, systematic communication activities and customer loyalty training programme for the employees.

CHAPTER 3
A FIELD STUDY AND FINDINGS ON SELECTED SERVICE SECTOR COMPANIES

3.1. THE PURPOSE OF THE STUDY

CRM is a widely used strategy, especially in the service sector, for shaping the companies' marketing strategies. The companies are aware of the situation that acquisition of new customers is much more costly than keeping the existing customers. Forming a long-term relationship with the customers and increasing the profits through customer retention have been the business focus of the companies. Therefore, the purpose of this study is to analyze to what extent service companies and one manufacturing company use CRM strategies for shaping their marketing strategies.

3.2. METHODOLOGY

This is an exploratory study because the study aims to find answers to the research questions "how?" and "why?" and at the same time a descriptive study because the study explains current CRM practices within the service sector.

The study uses the in-depth interview method. In-depth interviews are considered to be the most valuable data collection method when the aim is to investigate the underlying meaning of complex phenomena and processes (Lincoln & Guba, 1985). A questionnaire is developed taking the CRM literature and similar studies conducted (Dibb & Meadows, 2004; Blery & Michalakopoulos, 2006; Lindgreen & Antioco, 2005) as the base and the questions were left as broad as possible to make the respondents comfortable about answering the questions and providing as much information as they can. The questionnaire consisted of 28 questions about four aspects of CRM; company, customer, employees, and technology and these questions were in three forms: open-ended questions, Likert type questions, questions asking the

importance level. The Likert scales used are; (1= strongly disagree, 2= disagree, 3= neither agree nor disagree, 4= agree, 5= strongly agree), (1= not beneficial at all, 2= not beneficial, 3= nothing can be said 4= beneficial, 5= very beneficial), (1= never used, 2= rarely used, 3= sometimes used, 4= frequently used, 5= most frequently used), and (1= very little extent, 2= little extent, 3=some extent, 4= great extent, 5= very great extent).

3.3. DENİZBANK

Denizbank was originally established as a state owned bank in 1938 on the purpose of helping the newly developing Turkish maritime industry. In 1992, the government made a decision and merged Denizbank with Emlakbank. In 1997 Denizbank has been privatized and acquired by Zorlu Holding. In 2004, 25% of Denizbank shares were offered to the public. Finally on May 2006, the remaining 75% of the shares were sold to Dexia, a well-known European financial group (http://www.denizbank.com.tr/EN/AboutUs/, retrieved on 17.07.2007).

Denizbank's product range is; banking services (retail, private, agricultural, business, commercial, corporate), credit cards (Denizbank bonus card, Denizbank credit card, Miles & More, Sea & Miles, Business Card, Virtual Card), loans (Overdraft Account, Home Loan, Cash Loans, Eximbank Loans, Non-Cash Loans), investment (Mutual Funds Yields, Denizbank Mutual Funds, Futures and Options Exchange, Mutual Funds Based Products), insurance (automobile insurance, house insurance, business insurance, individual insurance, foreign travel insurance), pension opportunities, online banking, call-center, kiosk banking, ATM Banking, and Mobile Deniz (http://www.denizbank.com.tr/TR, retrieved on 17.07.2007). Denizbank's vision statement is; "Denizbank envisions becoming one of the largest five banks in Turkey and the foremost financial institution in the region defined as the Middle East, Balkans, Caucasus and CIS countries through sustainable and profitable growth"

(http://www.denizbank.com.tr/EN/AboutUs/Vision/, retrieved on 17.07.2007). Mission statement is; “To enhance shareholder value by employing a supermarket approach to financial services, thus ensuring satisfaction to shareholders, employees and customers” (http://www.denizbank.com.tr/EN/AboutUs/mission/, retrieved on 17.07.2007).

Five managers were interviewed in Denizbank. The departments interviewed were; Alternative Distribution Channels, SME Banking Marketing, CRM, Agricultural Banking and Retail Banking. All the positions of the respondents were at the manager and vice manager level. This situation is important in terms of the capability to provide information about the bank’s CRM strategies. The CRM in Denizbank has started three years ago.

The CRM definition provided by the respondents seem to be consistent with each other but slight disparities were observed within the departments which route from the differences in the core business focuses of the departments. SME Banking Marketing defined CRM by emphasizing on reaching the right customer via the right channel because all the channels vary in terms of costs and continued stating that CRM is a mechanism constructed to provide deserved service to deserving customer and is related with customer segmentation. Retail Banking defined CRM as the standardization of the service provided to customers through internet, call center in the aim of making the customers satisfied. The Agricultural Banking has defined CRM as a process that enables them to differentiate themselves from their competitors. The CRM department’s definition consisted of all the definitions made and covered all issues considered by the departments. Their definition is; “CRM is being able to reach the right customer with the right channel and present a product that fits his/her needs”.

The channel consumption and the customer segmentation is the major focus of Denizbank’s CRM strategies. Each customer is not at the same value

in terms of yields. That is why they attempt to make the customer bring the highest yield with lowest cost through segmenting the customers according to their values and specify the channels the bank should reach them because a good cost management also has to be done. For example a customer that only uses Denizbank credit card and uses branches means high operational cost for the bank. So they are trying to make that customer make his/her transaction over internet, call-center, kiosks etc. (creates a 1/10 & 1/20 cost advantage for the bank). They are directing the customers to alternative distribution channels so that the bank will be able to recover the operational cost of the branches by focusing on more valuable customers that will bring higher yields. They are bearing higher operational costs in order to keep the customers that have higher total business size.

Table 3.1. : Priorities, objectives, driving forces of CRM for Denizbank

2)Priorities, objectives, driving forces of CRM (a) (average)	3,6
2)Priorities, objectives, driving forces of CRM (b) (average)	4,6
2)Priorities, objectives, driving forces of CRM (c) (average)	4,8
2)Priorities, objectives, driving forces of CRM (d) (average)	4,2
2)Priorities, objectives, driving forces of CRM (e) (average)	4,4
2)Priorities, objectives, driving forces of CRM (f) (average)	4,2
2)Priorities, objectives, driving forces of CRM (g) (average)	4,0
2)Priorities, objectives, driving forces of CRM (h) (average)	3,2
2)Priorities, objectives, driving forces of CRM (i) (average)	1,5
2)Priorities, objectives, driving forces of CRM (j)	5,0
2)Priorities, objectives, driving forces of CRM (k)	4,0
2)Priorities, objectives, driving forces of CRM (l)	4,0

The priorities, objectives and the driving forces of CRM for Denizbank are “forming a long-term relationship with the customer” (4,8 on average), “increasing profit margins” (4,6 on average), “keeping the existing customer” (4,4 on average), “increasing customer-based profits” and “acquiring new customers” (4,2 on average each), “widening the product range” (4 on average) were agreed by the respondents. “Decreasing the costs” (3,6 on average), “using CRM to compete with the competitive environment and because the competitors use CRM” (3,2 on average) were responded as “neither agree nor disagree” because they stated that decreasing costs were

important but when compared to other objectives, forming a long-term relationship through keeping the existing customers, decreasing costs were less preferential. “Increasing service quality” (5 on average), “decreasing customer complaints” (4 on average) and “defining the customer correctly” (4 on average) were stated as other forces by some respondents and were added to the questionnaire for the later interviews.

Keeping the existing customers is more important for Denizbank than the acquisition of new customer which is the originating point of CRM. Only the Agricultural Banking stated that acquisition of new customers has more priority for them and the reason for this is the department is new for Denizbank and they are aiming to increase the total business size with new customers. Although the cost management concerns were stated as low in terms of agreement level, when the definition of CRM made by the respondents is analyzed, there occurs a conflict between these statements. Routing from the definitions made by the respondents and the interviews conducted, the most frequently stated reason for applying CRM was “reaching the right customer with the right product, through the right channel”. The channel, especially, was stated as very important because when doing business via branches causes high operational costs for the bank and to decrease these costs what Denizbank is doing is, directing a customer, which is not so profitable for the bank, to alternative distribution channels (internet banking, call-center, kiosks etc.) and bearing the high operational costs for the high-profit customers.

The operations that are related with CRM in Denizbank are orderly; marketing, sales, customer services, IT and human resources (they arrange which sales people will visit the specified customers). With CRM, some changes have occurred in Denizbank’s operations. They focused on the portfolio managers in the branches and changed their job descriptions. They started to deal with specified customers and the number of the customers within their responsibility decreased consequently the productivity of the

portfolio managers increased. After the CRM implementation, they started to make utility analysis of a new product, which means making market researches before launching a new product. The aim is to launch the correct products which target the consumers' needs. Besides utility analysis, Denizbank started to make focus groups with the customers before launching a new product. They started to conduct "secret customer survey" that aims to measures the branches' productivity once a year which is done by an independent research company. The steps of the changes that happened after CRM are; 1) All the technological infrastructure changed (they wrote their own CRM software, named Internext), 2) they moved to work-flow management, all the work flow processes were surmounted in the aim of responding the customer in the fastest way, 3) all the branches are being renovated in order to make a physical environment that makes customer feel trust and comfortable, a more genuine environment is being created, 4) more investments are being done to human resources. Last year Denizbank gave four days of education per employee which was far above the country average, 5) alternative distribution channels are started to be analyzed in more details. If a customer waited so much when he/she uses call-center, they immediately hired a new call-center employee. Totally on yearly average Denizbank made $50 million investment for CRM.

The most frequently stated barrier for CRM in Denizbank was the "insufficient technological infrastructure" which shows in accordance with the literature. The "corporate culture" and the "financial support" were considered as a barrier following the technological infrastructure. One of the other barriers for CRM mentioned by the respondents that is not mentioned in the survey was the "dirty data" problem. It was stated that so much time was spent on data cleansing. There were duplicated records of the customers, one customer having a several accounts in several branches of the bank had to be combined into one data. For example, there were customers naming like "Fatma" but seen as male. Therefore several modifications are done in the system. The data areas of the customers are made obligatory so the employee

cannot enter missing or null data. This development changed the way of doing business among the employees and they understood the importance of true and clean data.

Denizbank states itself a customer-focused company rather than a customer-centric company. The reasons stated are; a) Denizbank has a multi-client and regulative structures, b) Denizbank works around the product and segment the customers according to this product consumption and try to differentiate itself from other banks through increasing service quality, which is why Denizbank is stated as a product/service centered company.

Table 3.2. : Critical points of CRM for Denizbank

7)Critical points for CRM (a) (average)	7,0
7)Critical points for CRM (b) (average)	5,3
7)Critical points for CRM (c) (average)	7,3
7)Critical points for CRM (d) (average)	1,8
7)Critical points for CRM (e) (average)	3,3
7)Critical points for CRM (f) (average)	1,5
7)Critical points for CRM (g) (average)	4,0
7)Critical points for CRM (h) (average)	4,0

The most importantly stated critical points in Denizbank are “the validity of a strong information technology infrastructure” (1,5 on average) and “top management support” (1,8 on average). It is stated that top management support is very important during the CRM implementation and Denizbank is not experiencing any discourages about this issue, the respondents state that they are being motivated by this support. For example, the general manager sends the employees e-mails talking about haw successful they are and encourages them.

Denizbank employees are mostly the people that have been bankers for a long time. They have come to Denizbank from other banks and therefore brought some know-how to the bank. The respondents state that other banks

are more or less using the same system and this reality provides the opportunity to Denizbank to make competitor analysis. The related departments analyze competitor periodically. For example, Denizbank was the first bank that started to give credit card codes through SMS last year which was a result of competitor analysis.

Denizbank experienced several changes within the company since CRM implementation;

1. Premium system has been brought for the employees in the field in terms of reaching the targets and product sales. They started to take premium according to the work they do. The bank center directed them to the specified people to whom they should sell a specified product, therefore they started to sell easier and with the same effort they started to make more sales, consequently their productivity increased.

2. Customers became more satisfied and happier because now Denizbank knows what type of customer they are targeting and therefore they offered the customers some products at the same time they did not offer them other unrelated products which creates a service differentiation for Denizbank.

3. Serious increase in sales is observed because the response rates increased. The sales people started to reach the customers that show higher probability to buy the product. At the end of 2005 Denizbank's "customer permanence ratio" was 74% whereas now this ratio has reached 94%. To calculate this ratio they analyze the customer's business volume and product consumption. They also conduct "customer satisfaction" surveys periodically.

4. They started to focus on customer segments and hereby they changed the campaign screens of portfolio managers. They started to show which customers have propensities to which products. And also they started to show the channel that the portfolio manager should reach the customer. For example on the screen it is said that this customer has the propensity to buy investment fund and communicate with this customer through face-to-face interview because this is a valuable customer. The other group of customers' campaign management has started to be done as mass from the bank center.

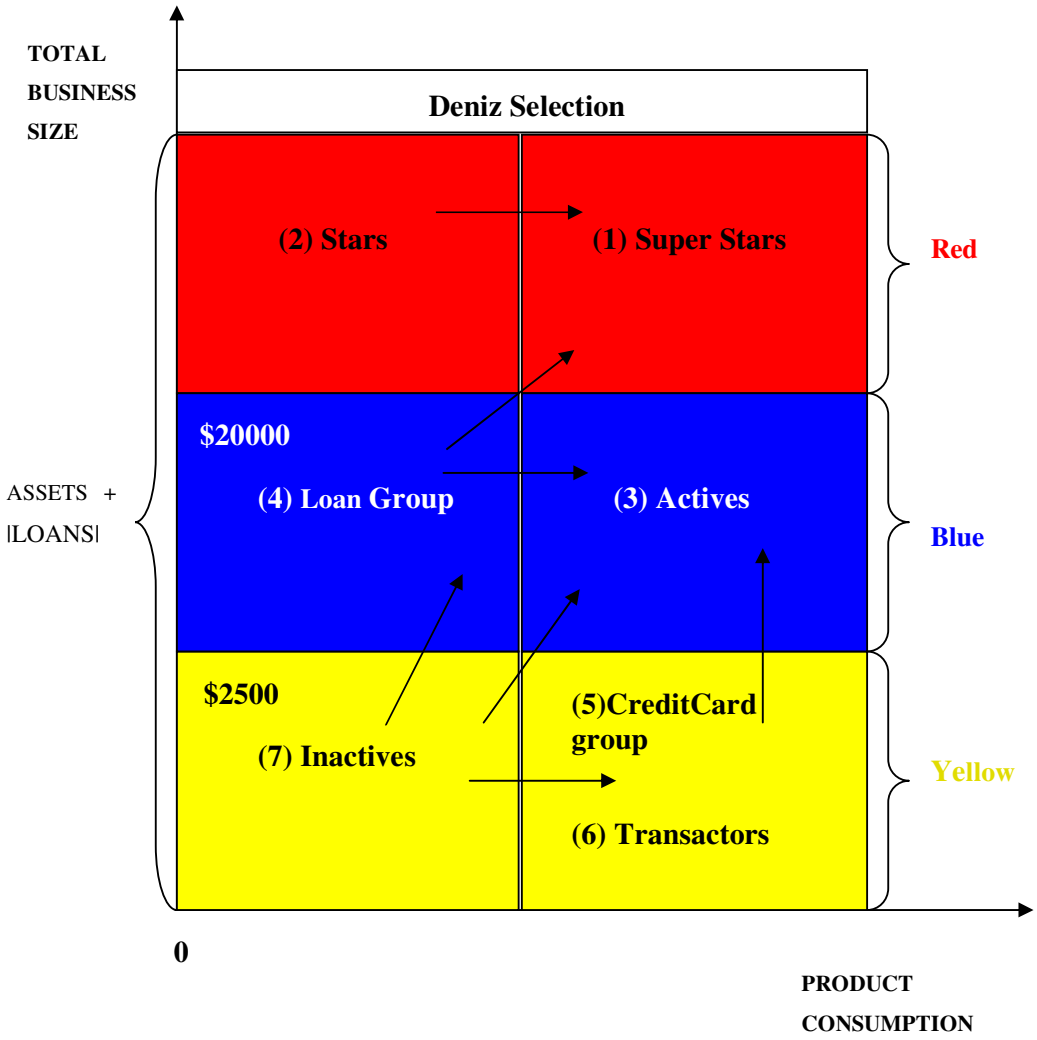


Figure 3.1.: Denizbank's Customer Segmentation

(Source: An interview with Denizbank, General Directorate manager İstanbul (2007))

Denizbank shapes its marketing strategies according to their customer segmentation model. They call "products and services designed according to segments" instead of one-to-one marketing and started in February 2007.

Denizbank follows different marketing strategies for each segment. For the "red" segment, they follow "keeping" strategy because these are the most valuable customers for the bank which have large business volume and high product consumption. For the "blue" segment, they follow "selling" strategy

which means keeping the ongoing relationship whereby at the same time increasing assets through selling. The respondent quoted that the reason for this is if no inheritance is left to the customer from his/her parents; he/she can reach a considerable asset only after the age of 40 that is why they are trying to move them to the red segment in the future. For the "yellow" segment, they are using the "touching" strategy which means the bank is only following these customers and touching when necessary.

In the yellow segment there is the "inactives" group (7^{th} group) which is the customers who have opened an account sometime in Denizbank but have not made any transaction since that time. There is also "transactors" (6^{th} group) in the yellow segment which are using the bank's products but the total business size is small, for example the students. They are active users of the bank but they either do not have enough money or they have money in other banks. The last group in the yellow segment is the "credit card group" (5^{th} group) that only use Denizbank credit cards.

In the blue segment there is the "loan group" (4^{th} group) that only use Denizbank loans. The other group in the blue segment is "actives" (3^{rd} group) are both using variety of the bank's products and have average business volume.

In the red segment there is the "stars" (2^{nd} group) that have high business volume but have low product consumption. The other group in the res segment is "super stars" (1^{st} group) which are the most valuable customers of Denizbank because they both have high business volume and use variety of the bank's products. Denizbank is inside the lives of these customers in various ways.

There is Deniz Selection at the top of all the segments. Deniz selection consists of specified customers and contains some social utilities like flight ticket, emergency services, concert organization etc. This segment consists of

some customers from segments 1 and 2. Deniz Selection is something separate from "private banking". Private banking considers the total business size whereas Deniz Selection consists of customers that the bank thinks are special for them.

The general strategy on this “game plan” is moving all the segments upper and right. For all the segments the main aim is increasing the business volume whereby at the same time increasing the product consumption. But of course more attention is given to the red segment because the pareto between these segments in terms of return to the bank is 89,5 (red)/10,5 (blue&yellow) which is a very strong pareto, stronger than the 80/20 rule stated in the literature which can cause some possible dangers for the bank in the future because if one customer from the red segment ends the relationship, this situation can cause high amount of loss for Denizbank. This strong pareto caused some changes to occur in Denizbank. Most importantly the sales strategies have changed. All the sales people's job definitions have changed according to this segmentation. The sales to the yellow segment has started to be done through the center and directed the salespeople to the red and the blue segments. The screens of our sales people are changed in the aim of making the screens more flexible to give detailed information about the customer. The reason stated for this change is that the salespeople may change and the new salesperson may not know the customer. On these screens there are information about communication, product information (which products of the bank the customer uses), activity (aktiflik) (customer may use that product but does he/she use it in active way?) and propensities (what kind of products does the customer have the propensity to buy?).

The first critical success factor for this strategy is stated as forming this game plan and identifying the customer segments correctly. The second critical success factor is the contact management because one of the main reasons for pulling the yellow segment from the salespeople is these customers have high operational costs for the bank and the strategy is forwarding these customers’

banking operations to internet banking, call-center and the kiosks. A correct contact management saves high operational costs for the bank.

Denizbank recently launched a new product “tecrübenize kredi” (loan for your experience) which targeted specific segment that is the small and medium sized enterprises (SME) aiming to give loan to SMEs according to the duration of the business. This new product is an example for Denizbank’s personalized marketing strategies because some tailoring on the product is done for the customers. For example, for the medium sized enterprises, loans with different payment plans are offered and the payments are adapted according to these customers' cash flows. The critical success factor specified is identifying the customer's needs correctly. These needs are identified (for the SME Banking Marketing department) through branch visits, customer visits and research (artisan chambers, chamber of commerce etc.). The respondent quoted that Denizbank's "tecrübenize kredi" actually already existed both within Denizbank and other banks but nobody launched this loan by emphasizing on the experience. They put matrix, scorecard behind this product, and said that to a company with 5 years old they will give a specified amount of loan, for a company with 15 years old they will give a specified amount of loan. These results are reached from the analysis of internal customer data. For example, they brought the three year old companies into a common denominator and said that these types of companies need this amount of loan on average. Furthermore some other financial data are also considered such as, the company's indebtedness, whether the company had any problem in paying credit card debts etc. The same situation is valid for the newly opened Agricultural Banking department. The new product “üretici kart” (producer card) offers several advantages to the people working in the agriculture sector. Tailoring is done for different customers according to their business volume and value to the bank.

Denizbank is trying to apply “life cycle banking” which is the attempt of being in the life of our customers at every stage of their life. This starts with

money-box account in small ages, education insurance, education loan, loan for marriage. The aim is forming long-term relationship. Denizbank, when the web site is analyzed, has not yet paired the products with the life stages of the customers but has products directing different life stages of the customers (e.g. home loans, car loans, consumer loans) but these are not sufficient for applying "life cycle banking".

Denizbank does not calculate customer lifetime value or any other customer value calculations mentioned in the CRM literature (e.g. share of wallet). Instead, they calculate the business volume of the customer and make a judgment accordingly. Agricultural Banking takes farmers' data from ministry of agriculture, agriculture directorate, chamber of agriculture, stud federations, agriculture cooperatives etc. They are making intensive village visits, company visits, keeping ongoing relationship with the companies that farmers get in touch with. All the data collected from these sources give Agricultural Banking an idea about the companies whether they are small or medium sized and accordingly the loan amount is specified. To calculate the payment periods, they gain information from the places where the farmer makes trading. To learn the farmers' agricultural volume, they gain information from the places and companies where they use their products.

Table 3.3.: Benefits of CRM in terms of customers for Denizbank

13)Benefits of CRM in terms of customers (a) (average)	4,5
13)Benefits of CRM in terms of customers (b) (average)	5,0
13)Benefits of CRM in terms of customers (c) (average)	4,0
13)Benefits of CRM in terms of customers (d) (average)	4,5
13)Benefits of CRM in terms of customers (e) (average)	4,0
13)Benefits of CRM in terms of customers (f) (average)	3,7
13)Benefits of CRM in terms of customers (g) (average)	5,0
13)Benefits of CRM in terms of customers (h) (average)	4,0
13)Benefits of CRM in terms of customers (i) (average)	3,0

In general terms CRM has been beneficial for Denizbank from the customers side. Denizbank mostly benefited from CRM in terms of customer in "increasing customer loyalty" and "keeping the existing customers" (5 on

average each). The following benefits observed are; “forming a long-term relationship with the customer” (4,5 on average), “increasing the customer value” (4,5 on average), “getting to know the customer closer through direct communication” (4 on average), “providing the customers personalized new products/services” (4 on average), “decreasing the customer complaints” (4 on average). “Acquisition of new customers” (3,7 on average) fell behind “keeping the existing customers” (5 on average) which implies that Denizbank has gained benefits from CRM in terms of customers.

The performance of the employees in Denizbank is evaluated in terms of target realization and premium system. The performance of the sales people that are directed to the blue segment are evaluated largely according to the new product sales and their premium system is designed accordingly. Increasing the business volume is also important, but the weight is smaller (the reason is the “selling” strategy aimed for this segment). The performance of the sales people that are directed to the red segment is evaluated according to keeping the existing customer and increasing business volume (the reason is the “keeping” strategy aimed for this segment). In terms of reward system there is a premium system called PUPA (performansa ulaşan parayı alır; the one who reaches the performance gets the money). The most important benefit gained from CRM in terms of the employees was increasing the employees’ performance, effectiveness and motivation. Denizbank observed a certain increase in the productivity of the employees because they now know whom to sell Denizbank goods and services.

Denizbank uses data mining, data warehouse, data marts and OLAP as CRM tools at the strategic decision making stage. The historical construction of these tools was; 1) data warehouse construction, 2) interfaces were written for data marts; 3) propensity analysis was done. Propensity analysis is specifying the common characteristics of the current customers that use a specific product and then the identification of the customers who show these characteristics but do not currently use that product. A rule set like the customers that have credit

card, that are over 30 years of age, that draw cash 4 times per month tend to use time deposit with 82% probability. The customers that show the same characteristics but do not currently use time deposit are identified. The resulting customer data pool is directed to the call-center or the branches to offer the product and according to the results of Denizbank, a very high percent of the customers (6/10) which they offer the product, accept this offer. The aim is gaining more output with the same energy. The propensity analysis can be an example of cross-selling that is a widely used strategy in CRM. The same analysis is done for the widely used "propensity to leave" analysis in CRM literature, whereas it is named as "attrition analysis" in Denizbank. This is the identification of the customers that have the propensity to leave the bank. The common characteristics of the customers that have worked with Denizbank some time, but left Denizbank are specified. Then, the current customers that show these common characteristics are identified. This analysis shows that these customers may leave the bank. The data of these customers are declared to the branches and warn them that these customers may leave the bank; consequently the branch gets in touch with these customers. Some of the characteristics of the customers who have left the bank may be decreasing the product consumption, or automatic bill payment may be the most important product for the customer but now he/she drops this product. This analysis is used for measuring the opportunity cost of Denizbank in terms of customers as if these customers did not leave the bank, the balance sheet would have been higher in certain amounts of unit. SPSS-Clementine is used for these data mining processes.

Denizbank also measures channel consumption intensity which means calculating the frequency of the channel consumption of the customers. The results from this analysis give the bank an idea about which channel to use for campaign management.

Table 3.4.: Communication channels consumption frequency of Denizbank

19-a)Channel consumption frequency (a) (average)	4,7
19-a)Channel consumption frequency (b) (average)	5,0
19-a)Channel consumption frequency (c) (average)	5,0
19-a)Channel consumption frequency (d) (average)	1,0
19-a)Channel consumption frequency (e) (average)	4,0
19-a)Channel consumption frequency (f) (average)	3,2
19-a)Channel consumption frequency (g) (average)	3,2
19-a)Channel consumption frequency (h) (average)	3,3
19-a)Channel consumption frequency (i) (average)	5,0

The most frequently used channels for communicating with the customers are “call-center”, “face-to-face interviews” and “mobile communication tools” (short message service/SMS) (5 on average each). The fourthly most frequently used channel is “the internet”. (4,7 on average). This result, even though the average is close to 5, shows that Denizbank should increase the consumption of the internet channel and internet banking. Word-of-mouth marketing is the leastly used communication channel. Only the Agricultural Banking department uses the word-of-mouth marketing through getting in touch with the “leader farmers” in the villages and explaining the products/services of Denizbank firstly to them. In return, these “leader farmers” spreads this information to the farmers and the “leader farmers” gain some benefits from this situation in terms of loan payments or amounts.

Table 3.5.: The customer centricity of the communication channels of Denizbank

19-b)Channel customer centricity (a) (average)	4,5
19-b)Channel customer centricity (b) (average)	4,5
19-b)Channel customer centricity (c) (average)	5,0
19-b)Channel customer centricity (d) (average)	1,5
19-b)Channel customer centricity (e) (average)	4,2
19-b)Channel customer centricity (f) (average)	3,0
19-b)Channel customer centricity (g) (average)	3,0
19-b)Channel customer centricity (h) (average)	3,0
19-b)Channel customer centricity (i) (average)	3,0

The frequently used customer communication channels of Denizbank (call-center, face-to-face interviews and mobile communication tools (SMS)) can be said as customer-centric except for the SMS (3 on average). This situation shows a conflict with the bank's strategies because the SMS is one of the ways to offer the customers new products and the messages sent to the customers should be personalized and customer-centric.

Denizbank uses several methods for measuring the CRM's efficiency;

- Sales figures and business volume,
- Break-even analysis for campaigns,
- Customer profitability (reducing the revenues gained through product and consumption and the bank's total operational and fixed variable costs into customer base),
- Customer permanence ratio,
- New customer acquisition.

These methods show that Denizbank gives importance on keeping the existing customer whereby at the same time aiming to acquire new customers.

Denizbank does not provide all employees the same amount of customer information. If the viewed customer information is listed in order from the most to the least the branch, sales people, call-center becomes the order. There is a flexibility provided to the employees working in the contact points in terms of adding extra customer information (e.g. the team he is fan of).

Denizbank does not make any behavioral analysis of the customers instead they use event-based marketing, which they call the "event trigger system", through following the customers' accounts and spending habits. One respondent stated that they continuously analyze the customers' expenditures in order to offer them new products. For example, if a customer has made foreign travel expense, the bank offers Sea & Miles to the customer. Denizbank is currently planning to upgrade this system to the level that, for example the bank

will send a "may you recover soon" message through SMS to a customer that makes hospital expenses and when that customer uses ATM (automatic teller machine) there will be a message stating “may you recover soon, we have increased your credit card limit”. Denizbank is also planning to integrate all the CRM system with the technological infrastructure in full terms. All the employees will be able to enter through SFA (sales force automation) and see their daily targets, see which customers they have for their targets, enter information in their own agenda, share these information and inform the bank center.

The mostly expected benefit from CRM in terms of technology in Denizbank is “decreasing the complex structure into one single platform and providing convenient access”. The CRM technology should provide customer-based single, true and updated information (showing the correct customer with correctly matched product and channel).

E-CRM (electronic CRM), is effectively and widely used in Denizbank. The click-stream analysis is done effectively and used for launching successful campaigns on the web site.

Table 3.6.: Benefits gained from E-CRM (Denizbank)

27)E-CRM benefits (a) (average)	4,3
27)E-CRM benefits (b) (average)	3,3
27)E-CRM benefits (c) (average)	4,7
27)E-CRM benefits (d) (average)	5,0
27)E-CRM benefits (e) (average)	4,7
27)E-CRM benefits (f) (average)	4,3
27)E-CRM benefits (g) (average)	3,7
27)E-CRM benefits (h) (average)	4,0
27)E-CRM benefits (i) (average)	4,3
27)E-CRM benefits (j) (average)	4,0
27)E-CRM benefits (k) (average)	3,3

According to the answers given by the respondents, E-CRM has been beneficial in specifying the marketing strategies mostly in terms of “increasing customer satisfaction” (5 on average), “increasing company profits through

customer loyalty" and "decreasing internal costs" (4,7 on average each). Customer loyalty was the gained benefit from CRM and Denizbank is successful in forming customer loyalty also through E-CRM. The interesting result obtained from this question is the average of "better understanding of customer needs" has not been gained as a benefit through E-CRM (3,3 on average) because the communication channels integrated with E-CRM are an opportunity for the companies to understand the customer needs.

Table 3.7.: Critical points of E-CRM for Denizbank

28)E-CRM critical points (a) (average)	4,3
28)E-CRM critical points (b) (average)	4,7
28)E-CRM critical points (c) (average)	4,7
28)E-CRM critical points (d) (average)	4,3
28)E-CRM critical points (e) (average)	4,3
28)E-CRM critical points (f) (average)	4,3
28)E-CRM critical points (g) (average)	4,7
28)E-CRM critical points (h) (average)	4,3
28)E-CRM critical points (i) (average)	4,0
28)E-CRM critical points (j) (average)	3,7
28)E-CRM critical points (k) (average)	4,3
28)E-CRM critical points (l) (average)	4,0

The critical points of E-CRM stated in Denizbank are "top management support", "sufficient information technologies infrastructure", and "the content of the web site" (4,7 on average each). The benefits of E-CRM mentioned in the CRM literature are observed by Denizbank and has been successful in the technological aspects of CRM.

Denizbank applies successful CRM and E-CRM applications through identifying customer segments and shaping its marketing strategies accordingly. Denizbank uses database marketing heavily on grouping customers, choosing the right product for the right customers and increasing customer retention. Denizbank's customer segmentation model is similar to the customer segmentation model offered by Peppers and Rogers (2004) which was constructed by taking the customer lifetime value as the base. Denizbank currently does not make any customer lifetime value calculation and designed the customer segmentation model according to the customers' business size and

product consumption. It would be a strategic move for Denizbank to make a customer segmentation model taking also the customers' lifetime values into account. Denizbank is aiming to apply "life cycle banking" in full terms which shows that Denizbank gives importance to forming long-term relationship with the customers.

Denizbank puts so much emphasis on channel management. Besides providing the right product to the right customer, the other major objective is directing the customers to the right channel. This strategy can be helpful in decreasing operational costs but, as it is also stated in the literature (Rheault & Sheridan, 2002; 41), customers should have the incentive to use the offered channels, otherwise this may result as a customer loss for Denizbank. Also Denizbank can improve E-CRM activities in terms of gaining more benefits from E-CRM, for example shopping pattern data can be taken as an input for offering products to customers. When Denizbank is analyzed in terms of the three components of CRM (operational, collaborative and analytical), Denizbank is successful in integrating the CRM application throughout the company.

3.4. HILTON

Hilton Hotels was founded by Conrad Hilton when he purchased his first holed Cisco in Texas in 1919. Currently there are over 500 Hilton Hotels worldwide and Hilton had over 147667 rooms. Hilton owns, manages and franchises its hotel over the world (http://www.hilton.com/en/hi/brand/about.jhtml, retrieved on 17.07.2007). In November 2000, Hilton Group and Hilton Hotels Corporation formed a joint venture company to expand the Conrad brand of luxury hotels on a worldwide basis. With the acquisition of Hilton International by Hilton Hotels Corporation in March 2006, the Conrad brand is now the most global luxury brand within the Hilton Family. The brand is headquartered in Hilton International's corporate offices in the UK

(http://conradhotels1.hilton.com/en/ch/brand/history.do, retrieved on 17.07.2007).

Hilton opened its first hotel outside USA in Madrid in 1953 and Hilton İstanbul was the second Hilton Hotel in Europe and opened in 1955. Currently there are seven Hilton hotels in Turkey; Hilton İstanbul, İstanbul ParkSa, Hilton, Adana HiltonSa, Mersin HiltonSa, Ankara HiltonSa, Hilton İzmir and Hilton Kayseri (http://www.radikal.com.tr/haber.php?haberno=226056, retrieved on 17.07.2007). Hilton Turkey provides opportunities like HHonors program, Hilton Event Bonus, Reward Club, and Hilton Premium Card (http://www.hilton.com.tr/, retrieved on 17.07.2007)

Regional Director of Marketing (Eastern Europe and Eastern Mediterranean) and National Sales Director were interviewed in Hilton İstanbul. Both of the respondents were at the decision-making level of the Hilton Hotels considering the CRM applications.

The definition of CRM made by the Regional Director of Marketing is; "CRM means a loyalty program for us. CRM is all the studies we do to make the customer stay at Hilton Hotels more frequently, make them loyal to Hilton Hotels". The definition of CRM made by the National Sales Director is; "Keeping the existing customer is more important for us than the acquisition of new customers. CRM is about keeping the existing customers and making them spend more at Hilton Hotels and at the same time trying to acquire new customers".

Table 3.8.: Priorities, objectives, driving forces of CRM for Hilton

2)Priorities, objectives, driving forces of CRM (a) (average)	4,0
2)Priorities, objectives, driving forces of CRM (b) (average)	4,0
2)Priorities, objectives, driving forces of CRM (c) (average)	5,0
2)Priorities, objectives, driving forces of CRM (d) (average)	4,5
2)Priorities, objectives, driving forces of CRM (e) (average)	5,0
2)Priorities, objectives, driving forces of CRM (f) (average)	4,5
2)Priorities, objectives, driving forces of CRM (g) (average)	3,5
2)Priorities, objectives, driving forces of CRM (h) (average)	4,0
2)Priorities, objectives, driving forces of CRM (i) (average)	4,5
2)Priorities, objectives, driving forces of CRM (j) (average)	5,0
2)Priorities, objectives, driving forces of CRM (k) (average)	3,0
2)Priorities, objectives, driving forces of CRM (l) (average)	4,0

The priorities, objectives and driving forces of CRM for Hilton that are the mostly experienced are “forming a long-term relationship with the customer”, “keeping the existing customer” and “increasing service quality” (5 on average each). “Applying CRM because the head-office decided to apply” was stated as 4,5 on average which is higher than stated in Denizbank (1,5 on average). This is a different situation in Hilton which will be explained later. The following statements that are agreed by the respondents are “increasing customer-based profits” and “acquiring new customers” (4,5 on average each), “decreasing the costs”, “increasing profit margins”, “using CRM to compete with the competitive environment and because the competitors use CRM” and “defining the customer correctly” (4 on average each). “Widening the product range” (3,5 on average) and “decreasing customer complaints” (3 on average) were stated as “neither agree nor disagree” because the respondents stated that their product range is limited and they cannot increase or decrease the number of products/services offered but they can only make small modifications on the products/services offered. Also “decreasing customer complaints” was not agreed by the respondents, on the contrary, it was stated that through CRM applications the opportunity of lodging complaints is given to the customer and this time an increase in the customer complaints occur. “Keeping the existing customer” (5 on average) was stated as more important from the “acquisition of new customer” (4,5 on average) and was a driving force for Hilton.

The operations that are related with CRM in Hilton are; marketing, sales and customer services. Marketing department makes campaigns in order to make customers aware of the campaign. But if they become unsuccessful, then at that point sales department gets in to the job and through face-to-face interviews, they try to make the customers buy that product/service. In Hilton, it is stated that after identifying the customers' needs, some changes occurred on the services, some innovations were made in the product range. For example, the HHonors (Hilton's loyalty program) members mentioned that they could not recognize the special check-in in the front-office (which is a special opportunity given only to the HHonors members). They immediately put special carpets for special check-in and sign boards written "special check-in" on it.

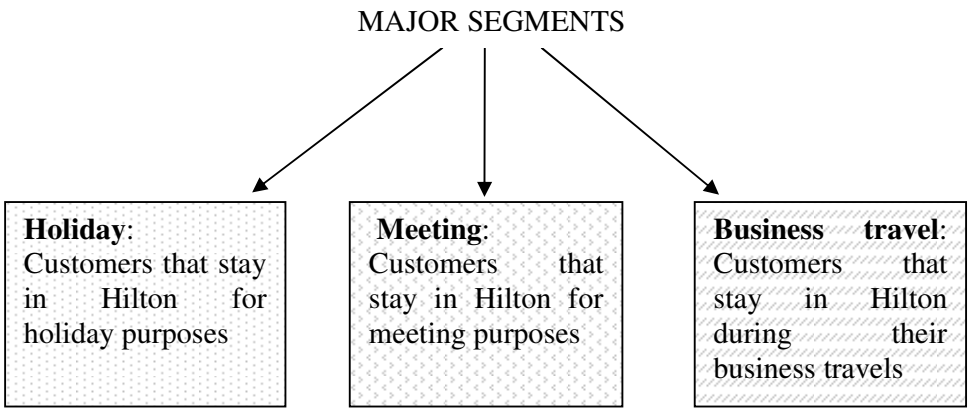
The only barrier experienced in Hilton in terms of CRM is the "privacy of the customer data". The HHonors members' data are kept in USA, the other customers' data that are outside this program are kept in England. The employees (even the marketing department) in Hilton Hotels do not have the right to see the customer data. The respondent stated that "To use the customer data for CRM purposes, the customers must declare that they want to profit from our campaigns on the registration forms in the front desk. If they do not want be involved, and then we do not get in touch with these customers. The customers in the HHonors program are the ones that want to join the CRM programs" which shows that Hilton Hotels are applying permission marketing strategy. When the marketing department decides to make a campaign, firstly they inform the HHonors center about the campaign and request customer data related with this campaign. An example of requested customer data in the aim of inviting them to Turkey is; the mail addresses of the customers who did not come to Turkey, stayed in similar countries like Turkey (Greece), silver card type (HHonors), staying information and man. Then HHonors center analyzes the offer and they either give acceptance for the campaign or tell them to make changes on the campaign or reject it. There are two steps; data process (Hilton İstanbul) and

data request (from HHonors center). The requested data is transmitted to the marketing department in 6-8 weeks. The department can inform these customers through e-mails only about this campaign, they cannot send any different offer to these people another other day. Otherwise, the department takes punishment in terms of money. The reasons are; the customers may have changed, they may have been upgraded (HHonors card category), the customers may not want to hear from Hilton anymore, HHonors's policies may have changed. If the department wants to send another campaign to the same customers, the department makes a new data request. During the data request, the information the department can select are like; the country of the customer, card type, staying information (staying in other countries similar to Turkey), sex etc.

HHonors is Hilton's loyalty program and the customers become the owner of HHonors card. This card provides two benefits to the customers. Firstly the customers are given "rewards" which the customer collects points through staying and spending in Hilton. They can use these points for free staying later on. The second benefit provided is "recognition". When the customers come to the hotel, they are treated privately, their position is upgraded, they are provided special check-in opportunities, free newspapers in their rooms, free staying for the second person etc.. The customers inside the HHonors program are 30-35% of the total customers. There are blue (70% of the customers), silver (15% of the customers), gold (10% of the customers) and diamond (5% of the customers) HHonors cards. The aim is shifting the customers within the card types. The shifts between the card types change according to the frequency of staying in Hilton Hotels. Special opportunities are provided to HHonors card owner and at every stage these opportunities change. For example when the customer becomes gold, they upgrade the customer to upper type of room taking into consideration the last room type he/she stayed. When the customer becomes diamond, he/she collects more points from staying in the hotel. Also for the diamond customers, there is no saying like "we have no rooms left" in Hilton. There is

always a room for them. It is stated that the number of customers that own each of the card type changes from country to country because, for example, in Germany more people stay at the hotel. They can shift and upgrade faster.

Table 3.9.: Hilton's Customer Segmentation



(Source: An interview with Hilton İstanbul manager (2007))

Hilton has three major customer segments; Holiday, Meeting, and Business Travel ustomers. The sub-segments are; 1)Walk-in customers, 2)Corporate customers, 3)Tour IT (individual traveler)-Package Traveler (customers that come via tours), 4)Non-tour customers (e.g. wedding, basketball team, concert crew etc.), 5)Meeting customers, 6)Insignificant customers (Hilton employees), 7)Negotiation customers (customers that have FIT (frequent individual traveler) discounts), and 8)Contract customers (airline crew, auditors, customers that rent the rooms). Hilton is making different offers for different segments. They are making offers generally that are either for holiday purposes or business purposes. For example, for the holiday segment, Hilton newly developed "minibreaks", for the business segment they are providing them executive floors. For the meeting segment, they have "Hilton Meeting" meeting rooms and during some specified periods, Hilton provides them discounts and also there is "Event Bonus" programme which the members can collect points (free stay in Hilton, flight ticket) if they organize meeting in Hilton. When Hilton International launches

a campaign, The Hilton Hotels in different countries can only translate the campaign into the local language and make small adaptations on the campaign. For example when the "mini breaks" campaign has been launched, Hilton İstanbul translated it to Turkish and identified which countries Turkish customer tend to go for holiday and adapted the product to Turkey. Another marketing strategy is making customers shift between the segments. For example for a businessman that comes for business to Hilton, brochures are mentioning put about holiday opportunities in their room. These brochures, for example “mini breaks” brochures, are also put in the meeting rooms. Hilton is trying to make cross-selling through these strategies and also by putting posters of the other Hilton Hotels everywhere inside the hotel.

Hilton İstanbul carries only one marketing campaign that is independent from Hilton International which is the “Bookers’ Club”. The Bookers’ Club members are the people that make hotel reservations for their bosses in the private or public sector. These people either make reservations according to their boss’s hotel choice or they make their own decisions about which hotel their boss will stay and these people do not have the opportunity to stay at these hotels. Therefore, Hilton İstanbul decided to form a club for these people and give them points for every reservation they make in Hilton Hotels for their bosses. They become part of the Hilton Reward Club. They can use these points to stay at Hilton or they can use it for shopping in shops like, for example, Beymen which the hotel has agreement with, or they can collect in big amount and go for international trips. This is the only marketing activity done by Hilton Turkey and no encouragement or authority is provided by the Hilton center.

The most importantly stated critical point for CRM in Hilton is the “top management support” which is an expected result for Hilton. The secondly and thirdly stated critical point for CRM are “the validity of a strong information technology infrastructure” and “launching an appropriate CRM software”.

Hilton İstanbul makes competitor analysis in terms of pricing. They analyze other hotels' pricing strategies. Hilton İstanbul also uses different strategies for competitor analysis. For example, the hotel's general manager may send the employee that made very successful sales to a weekend holiday. He may send him to a competitor hotel and make him audit that hotel. This is a reward for the employee and at the same time some feedback also comes from this action.

Hilton İstanbul is trying to be inside the lives of their customers at every stage. The respondent stated that they are following their customers very carefully because for example the customer may have celebrated his/her wedding in Hilton and that couple's child may be the hotel's corporate customer in the future. In terms of personalized marketing strategies, Hilton Hotels provide "recognition" benefits to the HHonors members and e-mails, which they call "My Way". Recognition is treating the customer as if he/she is a part of Hilton Hotels according to the customer's profile. The e-mails are sent to the customers according to their choices and the e-mails consist of the offers that the customer needs. If a customer in USA stated hat he/she wants to receive e-mails mentioning about the campaigns conducted only for USA, he/she receives only information only about these campaigns. In terms of service, Hilton Hotels permit other Hilton Hotels to make slight changes. Hilton Turkey can make small adaptations on the provided service, for example, the items on the menu can change or the hotel may put dried fig on the bed in Hilton İzmir instead of candy.

The respondents stated that as Hilton İstanbul, they have gained most of the benefits of CRM in terms of customer (4 on average), excluding "getting to know the customer closer through direct communication", "decreasing the customer complaints" and "acquiring competitors' customers" (3 on average).It was also stated that CRM has been beneficial in keeping the existing customers which was one of the most important objectives of Hilton.

Hilton gives several educations to the employees in the aim making the customer satisfied. The objective of the educations is creating a "Hilton Moment" for each customer which means creating a difference for the customer during his/her visit. The employees have certain targets measured in terms of interview number, overnight staying quotas for each segment. These targets are put forward for three months. The employees take reward in terms of financial benefits. But according to the initiative of the general manager the reward system may change which is one of the rare autonomies given to the managers.

The employees can see the customer profile through the screens embedded in the "property management system". The employees can enter any extra information of the customer into the system. The reasons for this empowerment is both knowing the customer better and people working in the front-office may change and may not know the customer. Through the customer profile the services are tailored to the customers. For example if the customer prefers down pillow, the next time this customer visits Hilton Hotel the employee sees this information and says that "we have made your down pillow ready in your room". The employee on the front-office can see customer information like demographics, communication, history (staying information; which type of room), special notes and agent (through which intermediary did the customer come).

The customer communication channels used in Hilton are internet, call-center and face-to-face interview. There is online reservation opportunity for the customers through the web site. For advertisement purposes Hilton İstanbul prefers indirect channels like making an arrangement with popular TV series and making them shoot the play in Hilton and also the online reservation i used as an advertisement channel. Hilton İstanbul does not use media frequently because sufficient budget is not given to the hotel for advertisement purposes. Advertisement are given via web site, pictures, banners, labels, travel guides

sent to agency offices with more detailed data, catalogs are put in all Hilton Hotels.

Hilton uses CRM in terms of forming tailored campaigns for the customers and increasing customer retention. But there is a very important "employee empowerment" problem in Hilton. The marketing department does not have any authority of making marketing campaigns and reaching customer data independently. Hilton does not make any customer value calculations but rather treat the customers according to the profit they bring to Hilton and this situation can create a problem for Hilton because a customer that is newly forming a relationship with Hilton (e.g. walk-in customers) can show a potential for being a loyal customer of Hilton in the future. Therefore Hilton should consider several marketing strategies also for this customer group. Without considering this situation, Hilton may treat the new customers as Hilton applies permission marketing which is the result of giving importance on customers' demands and data privacy. In terms of the three CRM components, Hilton is successful in the operational and collaborative aspects, but there are defects on the analytical aspect and the reason for this situation is the dependency on the head-quarters.

3.5. HONDA

Honda Motor Company was constructed in September 1948 by Soichiro Honda. Today Honda has 124 production facilities in 28 countries, research and development centers in six regions and, employs people over 144000. The values of Honda are; respect to the human being (initiative, equality, trust) and three satisfactions (purchasing satisfaction, sales satisfaction, creation satisfaction) (http://www.honda.com.tr/otomobil/honda.htm, retrieved on 17.07.2007).

Honda Turkey was constructed in 1992 by Honda with 50% partnership with Anadolu Group under the name Anadolu Honda Automotive joint stock

company. Since 1998 the company continues its business with 100% Honda Motor Co. capital. The automobile factory of Honda Turkey produces Civic and City models and imports Jazz, Accord, Legend, CR-V, Civic Hybrid, Civic Hatchback, S2000, and Type R automobile models.. The vision statement of Honda Turkey is; "Besides reaching the maximum automobile production level, providing automobile and after-sales services to Turkey, Europe and neighbor countries and being one of the two Honda automobile production and distribution centers in Europe" (http://www.honda.com.tr/otomobil/honda_tr.htm, retrieved on 17.07.2007).

Customer Relationship Manager in the After-Sales Service was interviewed in Honda.

The definition of CRM made in Honda is; "CRM is a customer-centered relationship management philosophy that forms the cooperation between customers, Honda and Honda dealers. The aim is to have loyal customers". Honda Turkey is applying CRM since 1999 and there are three main departments in Honda Turkey: 1) services and product, 2) sales and marketing, and 3) spare parts. The CRM is done through the after-sales services and the results observed are transmitted to the sales and marketing department.

Table 3.10.: Priorities, objectives, driving forces of CRM for Honda

2)Priorities, objectives, driving forces of CRM (a)	3,0
2)Priorities, objectives, driving forces of CRM (b)	4,0
2)Priorities, objectives, driving forces of CRM (c)	5,0
2)Priorities, objectives, driving forces of CRM (d)	4,0
2)Priorities, objectives, driving forces of CRM (e)	5,0
2)Priorities, objectives, driving forces of CRM (f)	4,0
2)Priorities, objectives, driving forces of CRM (g)	3,0
2)Priorities, objectives, driving forces of CRM (h)	4,0
2)Priorities, objectives, driving forces of CRM (i)	4,0
2)Priorities, objectives, driving forces of CRM (j)	5,0
2)Priorities, objectives, driving forces of CRM (k)	4,0
2)Priorities, objectives, driving forces of CRM (l)	4,0

The mostly agreed priorities, objectives and driving forces of CRM in Honda are “forming a long-term relationship with the customer”, “keeping the existing customer” and “increasing service quality” (5 on average each) which is exactly the same with the result obtained in Hilton. The other priorities, objectives and driving forces of CRM that were agreed by the respondent are; “increasing profit margins”, “increasing customer-based profits”, “acquiring new customers”, “using CRM to compete with the competitive environment and because the competitors use CRM”, “applying CRM because the head-office decided to apply”, “decreasing customer complaints”, and “defining the customer correctly”. “Decreasing costs” and “widening the product range” were stated as “neither agree nor disagree”.

The “customer services” is the directly related department with CRM in Honda. This department collects information from Honda automobile and motorcycle both exists and potential customers about their views, suggestions, complaints or acknowledgements related to product, dealer, services and operations. For this purpose, this department develops coordination with the dealer, transmits the solutions provided to the customer in the direction of the company's views or suggestions. The respondent stated that after the implementation of CRM in Honda, the service quality of the dealers has increased and Honda started to have a stronger brand image.

The most importantly stated barriers for CRM in Honda are “insufficient financial support”, “insufficient technological infrastructure”, and “insufficient top management support”. “Insufficient technological infrastructure” and “insufficient top management support” are stated as important barrier for CRM both in Hilton and Honda. Actually, when the business size of these two companies is considered, this is an unexpected result.

The respondent stated that Honda does not completely have a customer-centered structure. The budget restrictions become a barrier for making nice

gestures to customers for their benefits, rather the company benefit is taken into consideration which develops a conflict with the essence of the CRM that states the company should firstly have a customer-centered view.

The most importantly stated critical points for CRM in Honda are; “not exceeding the budget restrictions”, “top management support”, “launching an appropriate CRM software” which show accordance with Hilton. Competitor analysis is also conducted in Honda and after this analysis they started the call-center applications.

The customer relations department forwards the views/suggestions/complaints coming from the customers to the marketing department. All requests about the products are shared both by the production and after-sales departments to support quality activities. Suggestions to the top management are provided from the data sourcing from customer data, complaints/suggestions/views and feedback coming from the market research. Therefore “Customer Voice” is very important for Honda.

There are two customer segments in Honda; automobile and motorcycle customers. 85% of the total Honda customers are university graduates. But the motorcycle customers' education level is lower. The respondent stated that Honda has a different customer profile than their competitors. They provide service to a small but qualified customer group.

Honda recently increased warranty period of the automobiles to six years from three years. The reason is the researches that Honda conducted showed that customers tend to change their cars in five-six years. The only customer contact point for Honda is the “after-sales service” department. But customers tend to visit the service only within the warranty period which was three years. Therefore Honda used to lose the contact with the customer after three years. That is why Honda decided to increase the warranty period to six years aiming to continue the relationship with the customer.

The critical information gathered from the customer contact point is; technical system of the vehicles, financial analysis and customer expectations. Honda puts so much importance on market researches. Each month customer satisfaction surveys are conducted by three branches: Honda TR, Honda Japan and an independent research company. Also another market research showed that the repurchase rate of German cars is higher but Honda's after-sales service quality was much higher than its competitors. The three main originating points of Honda are; problem-free vehicles, quality, and trust. The researches conducted are market researches, repurchase rate, customer satisfaction, brand loyalty, after-sales services satisfaction and product satisfaction.

Honda aims to provide product/service to its customer for life-long, which they call lifetime ownership loyalty (LOL). The aim is forming a long-term relationship with the customer through making the customer loyal to Honda and increase the repurchase rate of the customers.

The benefits from CRM in terms of customers in Honda are; "getting to know the customer closer through direct communication", "acquisition of new customers", and "keeping the existing customers". The remaining benefits were stated as "nothing can be said yet".

Honda does not have any performance evaluation or reward system. The benefits provided from CRM in terms of employees in Honda are; "developing a customer-centered viewpoint" and "increasing the performance, effectiveness and the motivation of the employees". To measure these benefits it would be better for Honda to develop a performance measurement system for the employees.

As CRM tool, Honda uses CRS (customer relations system) to record the customers and their demands in the database. When a customer reaches Honda

via the call-center/web site and transmits a demand, company's opinion is transferred after maximum one working day. There is a Dealer Management System (DMS) and through this system, all dealers can see a “single vehicle history” of the customers. They can see all transactions happened between the customer and Honda. All applications about the vehicle, the km level etc. The km level is important for this system because before that information Honda observed that customers were making changes on their km levels through illegal ways to benefit from warranty. The dealer can see whether the customer took his car to another dealer. But the dealer sees the other dealer as “1” and sees himself as “0”. The reason for this is to prevent the unfair competition between the dealers.

Table 3.11.: Communication channels consumption frequency of Honda

19-a)Channel consumption frequency (a)	4,0
19-a)Channel consumption frequency (b)	5,0
19-a)Channel consumption frequency (c)	3,0
19-a)Channel consumption frequency (d)	3,0
19-a)Channel consumption frequency (e)	4,0
19-a)Channel consumption frequency (f)	3,0
19-a)Channel consumption frequency (g)	4,0
19-a)Channel consumption frequency (h)	3,0
19-a)Channel consumption frequency (i)	4,0

The most frequently used customer communication channel in Honda is the call-center. The following frequently used channels are; the internet, media, fairs, and mobile communication tools.

Table 3.12.: The customer centricity of the communication channels of Honda

19-b)Channel customer centricity (a)	5,0
19-b)Channel customer centricity (b)	5,0
19-b)Channel customer centricity (c)	5,0
19-b)Channel customer centricity (d)	4,0
19-b)Channel customer centricity (e)	5,0
19-b)Channel customer centricity (f)	5,0
19-b)Channel customer centricity (g)	5,0
19-b)Channel customer centricity (h)	5,0
19-b)Channel customer centricity (i)	5,0

The most frequently used customer communication channel call-center is stated as highly customer-centric and the other customer communication tools can be said as customer-centric.

CRM efficiency is measured in Honda through calculating ROI (return on investment). Honda also has a successful CRM system in terms of gathering information through sales and call-center and this information is entered into system immediately. All the information about customers are entered into CRS and updated. The mostly expected benefit from CRM in terms of technology in Honda is "the technological infrastructure should be integrated with the operations and the processes and should be customer-centric".

Table 3.13.: Benefits gained from E-CRM (Honda)

27)E-CRM benefits (a)	3,0
27)E-CRM benefits (b)	3,0
27)E-CRM benefits (c)	3,0
27)E-CRM benefits (d)	4,0
27)E-CRM benefits (e)	4,0
27)E-CRM benefits (f)	3,0
27)E-CRM benefits (g)	4,0
27)E-CRM benefits (h)	4,0
27)E-CRM benefits (i)	3,0
27)E-CRM benefits (j)	3,0
27)E-CRM benefits (k)	4,0

According to the answers given by the respondent, E-CRM has been beneficial in Honda in specifying the marketing strategies mostly in terms of "increasing customer satisfaction", "decreasing internal costs", "keeping the existing customer", "widening the customer services" (4 on average). These results show accordance with the results obtained in Denizbank.

Table 3.14.: Critical points of E-CRM for Honda

28)E-CRM critical points (a)	4,0
28)E-CRM critical points (b)	4,0
28)E-CRM critical points (c)	4,0
28)E-CRM critical points (d)	4,0
28)E-CRM critical points (e)	4,0
28)E-CRM critical points (f)	4,0
28)E-CRM critical points (g)	4,0
28)E-CRM critical points (h)	4,0
28)E-CRM critical points (i)	4,0
28)E-CRM critical points (j)	4,0
28)E-CRM critical points (k)	3,0
28)E-CRM critical points (l)	3,0

The critical points of E-CRM stated in the questionnaire are mostly agreed by Honda except for “the web site should be comprehensible in terms of sales” and “the web site should be user-friendly”. The reason for this result is Honda does not make online sales but only provides online appointment opportunity.

Honda is a manufacturing company and therefore all of the applications of CRM in the service companies cannot be fully used in Honda. But the after-sales department, even though this is an automotive company, shows considerable effort on being a customer-centric company and forming long-term relationship with the customers. Honda is applying CRM with a relationship marketing focus. The inputs taken from the customer complaints/suggestions/views are used for shaping the new products and services. Honda periodically makes market researches in order to understand customer needs. E-CRM activities of Honda can be developed and through E-CRM, Honda can make cliskstream analysis and take some feedbacks about the customers’ navigation and shopping pattern data. It is important to state that Hilton and Honda do not have any cost considerations about CRM applications and this may be the result of being multi-national companies. In terms of the components of CRM, Honda is successful from the operational aspect. The collaborative and analytical aspects need some improvements.

3.6. ANADOLU HAYAT PENSION COMPANY

Anadolu Hayat Pension Company was founded in 1990 as the first life insurance company in Turkey under the İş Bank group structure. Anadolu Hayat Pension is the first and only pension company that has been offered to public. The shareholders are; İş Bank (62%), Anadolu Anonim Turkish Insurance Company (29%), Milli Reasürans T.A.Ş. (1%), Fortis Bank (1%), and public (16%) (http://www.anadoluhayat.com.tr/hakkimizda/index.asp, retrieved on 17.07.2007).

The mission statement of Anadolu Hayat is constructed around three headings; "1) Development and establishment of the consciousness of securing the individuals' and their beloved ones' future, 2) Offering financial solutions that removes the individuals' suspicion about their future and increases the lifetime quality, 3) Making a contribution to the development of the national economy by creating long-term funds" (http://www.anadoluhayat.com.tr/hakkimizda/misyon.asp, retrieved on 17.07.2007). The vision of Anadolu Hayat is; "Being Turkey's biggest company in terms of all the financial planning issues that is related to Turkey's and Turkish people's future" (http://www.anadoluhayat.com.tr/hakkimizda/index.asp, 17.07.2007). Anadolu Hayat's product range is; Future's Pension Plan, Group Pension Plan, Housewives Pension Plan, Tomorrows Pension Plan, New Life (with TEB), Travel to The Retirement (http://emeklilik.anadoluhayat.com.tr/, retrieved on 17.07.2007).

Assistant General Manager was interviewed in Anadolu Hayat. The respondent is responsible from the marketing activities of Anadolu Hayat. Since the end of 2003, Anadolu Hayat started CRM activities and as the respondent stated they started to take the customer at the center of the business and see them as a personality.

CRM was stated as an obligation for the companies by the respondent. The respondent quoted that "As the competition in the market increased and the foreign companies started to enter the market, companies are forced to move to CRM".

Table 3.15. : Priorities, objectives, driving forces of CRM for Anadolu Hayat

2)Priorities, objectives, driving forces of CRM (a)	2,0
2)Priorities, objectives, driving forces of CRM (b)	4,0
2)Priorities, objectives, driving forces of CRM (c)	5,0
2)Priorities, objectives, driving forces of CRM (d)	4,0
2)Priorities, objectives, driving forces of CRM (e)	5,0
2)Priorities, objectives, driving forces of CRM (f)	4,0
2)Priorities, objectives, driving forces of CRM (g)	3,0
2)Priorities, objectives, driving forces of CRM (h)	4,0
2)Priorities, objectives, driving forces of CRM (i)	3,0
2)Priorities, objectives, driving forces of CRM (j)	4,0
2)Priorities, objectives, driving forces of CRM (k)	4,0
2)Priorities, objectives, driving forces of CRM (l)	4,0

The mostly agreed priorities, objectives and driving forces of CRM in Anadolu Hayat are "forming a long-term relationship with the customer", and "keeping the existing customer" which are similar to the results observed in Hilton and Honda. The other priorities, objectives and driving forces of CRM that were agreed by the respondent are; "increasing profit margins", "increasing customer-based profits", "acquiring new customers", "using CRM to compete with the competitive environment and because the competitors use CRM", "increasing service quality", "decreasing customer complaints", and "defining the customer correctly". The results show accordance with the results obtained in Honda. "Widening the product range" and "applying CRM because the head-office decided to apply" were stated as "neither agree nor disagree". "Decreasing costs" was disagreed by the respondent and stated that decreasing cost was not the first objective and is not directly related with CRM.

Keeping the existing customer is more important than the acquisition of new customers for Anadolu Hayat. The respondent stated this situation is more important in this sector than other sectors because the customers accumulate

their money in the company and they have the right to transfer this accumulation to other pension companies in one year. Not only the potential, but the company can lose also the existing customer at any moment. The respondent quoted the issue by giving an example; “Let's say the customer accumulated 15000 YTL in your company and you lost him. To compensate this loss, for other companies in other sectors you may need for example 5 customers, but in our case even if you find 5 customers, their monthly payment will be 500 YTL. We have to find ways to make him continue his relationship with us. This forces us to do business with the lowest costs”. Anadolu Hayat is trying to deal with the “transfer right” of the customers through decreasing the costs and increasing the returns of the customers.

The operations included in the CRM system of Anadolu Hayat are marketing (including the internet), sales, and customer service (operation and call-center). The most important change in the operations that happened after CRM implementations has happened in the call-center. The call-center employee used to interrogate the customer that calls the call-center through their bill of exchange numbers. Now they scan the customers through their names. The reason was the need for knowing the customer and a person calling the call-center may not have a bill of exchange number but may be a customer. Therefore Anadolu Hayat started to have the customers’ relationship history.

The most important barrier for CRM stated in Anadolu Hayat was the “dirty data” problem and the resistance against CRM implementations. The respondent stated that so many conflicts occurred within the company during the CRM implementations and this process cost a lot of time loss for the company. The thirdly important barrier for CRM was the “insufficient technological infrastructure”.

The respondent quoted that Anadolu Hayat is still a product-focused company because this process takes some time and CRM means change in the corporate culture. To become a customer-centric company, the company should

be closer to the customers. The respondent stated that the starting point should be the infrastructure because through this infrastructure the company can know its customers and shape the strategies accordingly. Anadolu Hayat is still changing the work flow processes in the aim of making them customer-centric.

The critical points for CRM were stated as; 1) "top management support" with "sufficient financial support", 2) "the employees and the management should work collaboratively with full accordance", 3) "the validity of the capability to manage information technologies", and 4) "effective management of the project that is developed with the advisor company".

Anadolu Hayat makes both competitor analysis and tries to cope with the developments in the world. Anadolu Hayat's customer segments divide into two depending on the individual pension law: individual customers and corporate customers. The methods for keeping and securing the continuity are different for these segments. The corporate customers are the companies that pay contributions for their employees either by themselves or by sharing the contribution between the employee and the company (e.g. Grup Emeklilik (Group Pension)). Some of these companies send the salary deductions all together to Anadolu Hayat and Anadolu Hayat puts them in order, prepares them reports, consequently the respondent stated that these customers need special attention. On the other side, there are the individual customers. Some of these customers deposit 50 YTL per month, some of them deposit 5000 YTL per month. Within these individual customers Anadolu Hayat has three sub-segments divided by their contributions deposited, demographics and socioeconomic conditions (e.g. dresses). The A group customers are the most valuable customers for the company. Anadolu Hayat shows more effort for keeping these customers and provides them special opportunities like bonus applications, extra emergency packages (e.g. ambulance services) so that they do not end the relationship with the company. Anadolu Hayat is also planning a different call-center for these customers and lead them to a special customer representative so that these customers will not have to wait five minutes in the

call-center. Keeping the existing customer and securing the continuity of the relationship are important for all of the segments. Each customer has a fixed initial cost for the company for each of the individual segments. The respondent highlighted that the main point is the distribution of the budget of keeping and securing continuity throughout these segments and stated that the company will lose the A segment if the budget is distributed equally. For example, the paper of the "summary of account" has more quality, these customers are informed every three months with detailed summary of accounts, whereas the other customers are informed once a year by an SMS sent to them that is telling them to visit the website for information.

The respondent stated that Anadolu Hayat recently launched product "Grup Emeklilik" (Group Pension) already existed in the law. In the advertisement it was seen launched as a new product but it was not and Anadolu Hayat was the first company for launching this product. The respondent explained their marketing strategy through giving a campaign example launched by Anadolu Hayat. Anadolu Hayat launched a campaign for the Maximum card customers and said them through SMS that Anadolu Hayat will pay the first contributions. The company informed the customers that replied this SMS to the call-center. The continuing process developed through these steps; the call-center reached some of these customers and they said "no", the call-center could not reach some of them, some of them were reached but said that they are not interested, and some of them bought it. Anadolu Hayat reached some statistical results about how may returns they can get from 1000 people through this sales tool. They reached some ideas about what happens when they send the SMS like that, how should they reach them so that the company can get higher returns. Through a campaign the company reached some result about which channel to use when reaching the customer and how to use that channel.

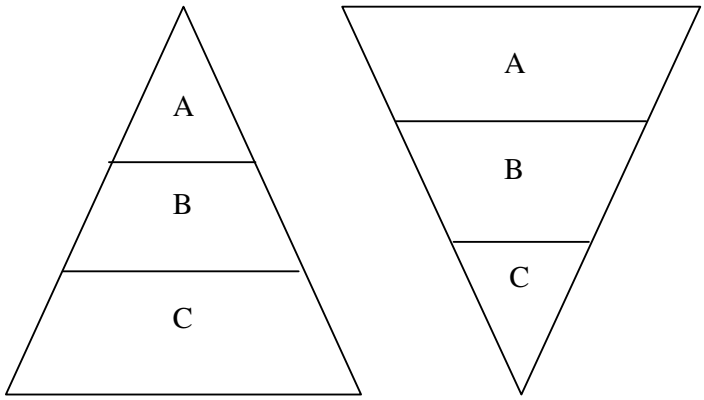


Figure 3.2.: Anadolu Hayat Customer Segmentation

(Source: An interview with Anadolu Hayat Pension Company General Directorate manager, İstanbul (2007))

Anadolu Hayat's customer segmentation model shows accordance with Newell (2000)'s three distinct types of relationship customers; the top, middle and lower groups. The top group (A) (top 10 per cent) consists of customers with excellent loyalty and of high profitability for the organization. Middle group customers (next 40-50 per cent) are the ones delivering good profits and who show good potential for future growth and loyalty. Lower group relational (bottom 40-50 per cent) customers are those who are only marginally profitable. Anadolu Hayat recently started to calculate also the customers' lifetime value.

Table 3.16.: Benefits of CRM in terms of customers for Anadolu Hayat

13)Benefits of CRM in terms of customers (a)	5,0
13)Benefits of CRM in terms of customers (b)	5,0
13)Benefits of CRM in terms of customers (c)	4,0
13)Benefits of CRM in terms of customers (d)	4,0
13)Benefits of CRM in terms of customers (e)	4,0
13)Benefits of CRM in terms of customers (f)	3,0
13)Benefits of CRM in terms of customers (g)	4,0
13)Benefits of CRM in terms of customers (h)	4,0
13)Benefits of CRM in terms of customers (i)	2,0

Anadolu Hayat mostly benefited from CRM in terms of customer in "forming a long-term relationship with the customer" and "increasing customer loyalty" "keeping the existing customers". The following benefits observed are; "getting to know the customer closer through direct communication", "increasing the customer value", "providing the customers personalized new products/services", "keeping the existing customers", and "decreasing the customer . "Acquisition of new customers" fell behind "keeping the existing customers" which implies that Anadolu Hayat has gained benefits from CRM in terms of customers.

Anadolu Hayat gives education to its employees every six months and rewards the salesperson that made the highest sales amount in financial terms or sends them to holiday. The most important benefit gained from CRM in terms of the employees are; "developing a customer-centered viewpoint" and "increasing the performance, effectiveness and the motivation of the employees" which are the same with the results obtained in Honda.

Anadolu Hayat is making cross-selling through İş Bank's customer database. The data is queried according to, for example, certain credit card type, whether the customers take their salary form İş Bank or not, the institutions that make salary agreements with İş Bank. Anadolu Hayat uses data mining, customer lifetime value and OLAP as CRM tools for creating a new offer to the customers.

Table 3.17.: Communication channels consumption frequency of Anadolu Hayat

19-a)Channel consumption frequency (a)	4,0
19-a)Channel consumption frequency (b)	5,0
19-a)Channel consumption frequency (c)	4,0
19-a)Channel consumption frequency (d)	2,0
19-a)Channel consumption frequency (e)	5,0
19-a)Channel consumption frequency (f)	4,0
19-a)Channel consumption frequency (g)	3,0
19-a)Channel consumption frequency (h)	5,0
19-a)Channel consumption frequency (i)	5,0

The most frequently used channels for communicating with the customers are “call-center”, “media”, “activities conducted in the scope of social responsibility”, and “mobile communication tools”. Anadolu Hayat also uses the traditional women days to address housewives and investment vehicles to inform the consumers but not for the aim of increasing profits but for increasing awareness.

Table 3.18.: The customer centricity of the communication channels of Anadolu Hayat

19-b)Channel customer centricity (a)	4,0
19-b)Channel customer centricity (b)	4,0
19-b)Channel customer centricity (c)	4,0
19-b)Channel customer centricity (d)	2,0
19-b)Channel customer centricity (e)	5,0
19-b)Channel customer centricity (f)	3,0
19-b)Channel customer centricity (g)	5,0
19-b)Channel customer centricity (h)	3,0
19-b)Channel customer centricity (i)	5,0

The frequently used customer communication channels of Anadolu Hayat (call-center, media, and mobile communication tools) can be said as customer-centric except for the “activities conducted in the scope of social responsibility”.

Anadolu Hayat is still working on the betterment activities of the call-center to make it customer-centric. The call-center employees can enter any extra information of the customer provided by him/her. Anadolu Hayat continuously measures the performance of the employees and also makes click stream analysis for the web site. The mostly expected benefit from CRM in terms of technology in Anadolu Hayat is “the technological infrastructure should be integrated with the operations and the processes and should be customer-centric” which is the same with the result obtained in Honda.

Table 3.19.: Benefits gained from E-CRM (Anadolu Hayat)

27)E-CRM benefits (a)	4,0
27)E-CRM benefits (b)	4,0
27)E-CRM benefits (c)	3,0
27)E-CRM benefits (d)	4,0
27)E-CRM benefits (e)	3,0
27)E-CRM benefits (f)	3,0
27)E-CRM benefits (g)	4,0
27)E-CRM benefits (h)	4,0
27)E-CRM benefits (i)	4,0
27)E-CRM benefits (j)	3,0
27)E-CRM benefits (k)	4,0

E-CRM has been beneficial in specifying the marketing strategies mostly in terms of “detailed customer data”, “identification of the purchase time”, “increasing customer satisfaction”, “keeping the existing customer”, “widening the customer service”, “activating and deepening the customer segmentation”, and “understanding customer needs”.

Table 3.20.: Critical points of E-CRM for Anadolu Hayat

28)E-CRM critical points (a)	4,0
28)E-CRM critical points (b)	5,0
28)E-CRM critical points (c)	4,0
28)E-CRM critical points (d)	4,0
28)E-CRM critical points (e)	4,0
28)E-CRM critical points (f)	3,0
28)E-CRM critical points (g)	4,0
28)E-CRM critical points (h)	4,0
28)E-CRM critical points (i)	3,0
28)E-CRM critical points (j)	5,0
28)E-CRM critical points (k)	4,0
28)E-CRM critical points (l)	4,0

The critical points of E-CRM stated in the questionnaire are mostly agreed by Anadolu Hayat except for “construction of a system for the evaluation of the E-CRM system in order to decrease the risks” and “warranty of the customer data privacy”. The stated reason for this result is stated that E-CRM evaluation system has no relation with decreasing the risks and customer data privacy should be valid even if the company does not use E-CRM.

Anadolu Hayat applies and uses CRM tools in shaping marketing strategies by listening to customers' needs and aiming to form a long-term relationship with the customers. Anadolu Hayat has the opportunity to use İş Bank's customer database which provides Anadolu Hayat a competitive advantage in using CRM for acquiring new customers because the other companies are able to conduct CRM applications through using the existing customers' database. Anadolu Hayat calculates customer lifetime value and has a value-based customer segmentation which provides a road map to the company. Anadolu Hayat shows a successful performance on all three components of CRM. The results obtained in Anadolu Hayat about CRM priorities, benefits, critical points etc. show some similarity with Denizbank, Hilton and Honda which shows that CRM has been used in the service companies and in after-sales services of a manufacturing company on shaping marketing strategies.

3.7. OYAK PENSION COMPANY

OYAK Pension Company was founded in 2003 with 100% shares of OYAK Group. OYAK Pension Company is the first and only company that is founded only in the aim of doing business about the individual pension activities. The mission statement of OYAK Pension company is; "OYAK Pension Company; both provides services to the contributors with highest standards, and also through a fund management strategy that is appropriate with this target and oriented to the increase of the contributors' savings effectively and securely from today until their retirement together with the sensitivity about environmental and social responsibilities, and it is a company that makes only pension business that views this balance as the priority manner". OYAK Pension Company's vision is; "Being the market's most preferred and most successful company through continually considering the participant happiness, being beneficial to the company as much as to the participant, and with a participant number increasing each year"

(http://www.oyakemeklilik.com.tr/MisyonVizyon.php, retrieved on 17.07.2007).

Four managers were interviewed in OYAK Pension Company. The departments interviewed were; Customer Services, Operations, and Marketing. All the positions of the respondents were at the president and vice president.

The definition of CRM made in OYAK is; "CRM comprises all the relationships before, during and after sales, informing the customer, all the documents you give to the customer for information, and the services you provide to the participant after he/she joins the system". The mission and vision of the company seems to be very effective on the operations of OYAK and the employees. The customer services and the work flows are all designed accordingly. The customer services department started it activities in 2004 in OYTEK (OYAK Group's information technologies department).

Table 3.21.: Priorities, objectives, driving forces of CRM for OYAK

2)Priorities, objectives, driving forces of CRM (a) (average)	4,0
2)Priorities, objectives, driving forces of CRM (b) (average)	4,0
2)Priorities, objectives, driving forces of CRM (c) (average)	5,0
2)Priorities, objectives, driving forces of CRM (d) (average)	4,5
2)Priorities, objectives, driving forces of CRM (e) (average)	4,0
2)Priorities, objectives, driving forces of CRM (f) (average)	2,0
2)Priorities, objectives, driving forces of CRM (g) (average)	2,0
2)Priorities, objectives, driving forces of CRM (h) (average)	4,5
2)Priorities, objectives, driving forces of CRM (i) (average)	3,0
2)Priorities, objectives, driving forces of CRM (j) (average)	4,0
2)Priorities, objectives, driving forces of CRM (k) (average)	3,0
2)Priorities, objectives, driving forces of CRM (l) (average)	4,0

The priorities, objectives and the driving forces of CRM for OYAK were "forming a long-term relationship with the customer", "increasing customer-based profits" "using CRM to compete with the competitive environment and because the competitors use CRM". The reason for such result is; OYAK is currently trying to adopt CRM and shapes the operations and the infrastructure accordingly. The remaining priorities, objectives and the

driving forces that were agreed by the respondents were “decreasing the costs”, “increasing profit margins”, “keeping the existing customer”, “increasing service quality”, “defining the customer correctly”. “Acquiring new customers”, “widening the product range” were disagreed by the respondents. The respondents stated that the product range in their sector cannot be widened in their sector and their first objective was keeping the existing customers because private pension companies start to gain profits from a customer only after two years. Also another important reason is the customers have the right to transfer their money to other companies after staying one year in the system. This right creates a tough competition in the sector. Therefore OYAK is focusing on the services that enable them to keep the customer. For example, OYAK had only in-bound in the call-center at the beginning, now they also have out-bound to make life easier for the customers by calling them and updating their credit card information and of course the other reason is to make the payments continue.

The operations included in CRM are marketing, sales, customer services, and IT. CRM currently means customer services for OYAK and aiming to shape the customer service in terms of taking the customer at the center. This department is seen as a bridge between the company and the customer.

The most frequently stated barriers for CRM in OYAK was the “corporate culture”, “insufficient financial support”, and “insufficient technological infrastructure”. The reason is, as stated earlier, the company is newly adapting CRM applications but there is not sufficient top management support for these applications. The customer services (call-center) department, which is one of the most important channels for learning from “customer voice”, had complaints about inadequate support both from the employees and the top management.

OYAK is stated to be 40% customer centered, 60% company centered because there have been important changes in the organizational structure,

especially the call-center has experienced several modifications and updated in the aim of being a customer-centric call-center but there are still so many actions to be done to adopt CRM completely. Recently an independent research company prepared a call-center analysis report for OYAK and in this report the call-center is said to be averagely successful but still there are some improvement that are need to be done. It was stated that the individual pension sector is different from the other sectors because the pension company starts the relationship with the customer in the belief of continuing this relationship minimum 10 years. That is being a customer-centric company is an obligatory for pension companies.

The most importantly stated critical points for CRM in OYAK are "the validity of a strong information technology infrastructure", "launching an appropriate CRM software", and "top management support" which are the same with the results obtained in Hilton. These stated critical points can be expected from OYAK since their firstly problems that is needed to be solved are the top management support with adequate financial support and a strong information technology infrastructure.

OYAK analyses competitors' customer contact center applications especially they are taking the banks as role models. How many people work "in-bound" and "out-bound" but it is also stated that each company's call-center is unique and changes according to the mission and vision of company. This statement also shows how OYAK employees are affected by the company's mission and vision statements.

OYAK's customer segments are different from other pension companies because 40-45% of its customers are Turkish Army Forces members. Their perceptions are different than normal civil customers. They want to reach quickly when they call and they want their demands to be fulfilled immediately. OYAK made several adaptations on their services for this segment by constructing the structure according to this reality. For example

when these customers call the call-center, they press another button saying on the IVR "if you are a participant of Turkish Army Forces plan, press 1" so that they perceive that they are provide a privilege. Actually there is not such a special structure, they only hear that and they speak with the same call-center employees.

OYAK currently does not have a value-based segmentation yet but it is on the planning stage. They are planning to make the segmentation according to the group the customers join, the family conditions, staying duration in the system, payment conditions, fund size, and social security conditions.

OYAK provides special products to soldiers besides special services. The soldiers have extra "individual accident insurance", which is OYAK we pays extra 18000 YTL to the family of the participant if the participant dies and this was a result of understanding the soldiers' needs and acting accordingly and, the soldiers gain a discount in the entrance fee (60 YTL instead of 120 YTL). The sales people are also different for these customers because their expectations are different. For example, a salesperson going to a soldier customer must understand his ranking by looking at the shoulder straps. He/she should not treat an admiral as he/she treats a noncommissioned officer. OYAK applies a differentiated strategy for these customers and pays special attention on them. But this situation creates a conflict on the company's strategies because Turkish Army Forces members are both customers and also employers of OYAK. They expect both higher fund returns but at the same time quality service but providing quality service brings some operational costs to the company.

In terms of customer value OYAK currently does not make any calculations and that is why they currently do not have value-based customer segmentation but they have reports about the participants' average time of staying in the system, monthly average of contributions and according to these numbers they are taking actions about these conditions when developing a new

product. For example, at the beginning the reports showed that system exit ratio was a little high. To prevent this situation, they put a contribution cut depending on time, in case the participant wants to exit the system. To increase the contribution payments OYAK told its customers that if they increase their contributions, they will have more management cost cutoff.

Table 3.22.: Benefits of CRM in terms of customers for OYAK

13)Benefits of CRM in terms of customers (a) (average)	4,5
13)Benefits of CRM in terms of customers (b) (average)	4,5
13)Benefits of CRM in terms of customers (c) (average)	5,0
13)Benefits of CRM in terms of customers (d) (average)	4,5
13)Benefits of CRM in terms of customers (e) (average)	3,5
13)Benefits of CRM in terms of customers (f) (average)	4,0
13)Benefits of CRM in terms of customers (g) (average)	4,5
13)Benefits of CRM in terms of customers (h) (average)	4,0
13)Benefits of CRM in terms of customers (i) (average)	2,5

In general terms customer services have been beneficial for OYAK from the customers side. OYAK mostly benefited from CRM in terms of customer in "getting to know the customer closer through direct communication". As the customer contact center happened to work by taking the customer at the center OYAK started to know its customers. The other benefits stated on the questionnaire are all agreed by the respondents except for "providing the customers personalized new products/services", "acquiring competitors' customers". "Acquisition of new customers" fell behind "keeping the existing customers" which implies that OYAK has started to gain benefits from CRM in terms of customers.

Table 3.23.: Communication channels consumption frequency of OYAK

19-a)Channel consumption frequency (a)	5,0
19-a)Channel consumption frequency (b)	5,0
19-a)Channel consumption frequency (c)	5,0
19-a)Channel consumption frequency (d)	1,0
19-a)Channel consumption frequency (e)	3,0
19-a)Channel consumption frequency (f)	1,0
19-a)Channel consumption frequency (g)	2,0
19-a)Channel consumption frequency (h)	1,0
19-a)Channel consumption frequency (i)	5,0

The most frequently used channels for communicating with customers are; “internet”, “call-center”, “face-to-face interviews”, and “mobile communication tools”. OYAK should increase the number of customer communication channels (e.g. media can be used more frequently) in order to increase awareness.

Table 3.24.: The customer centricity of the communication channels of OYAK

19-b)Channel customer centricity (a)	5,0
19-b)Channel customer centricity (b)	5,0
19-b)Channel customer centricity (c)	5,0
19-b)Channel customer centricity (d)	1,0
19-b)Channel customer centricity (e)	3,0
19-b)Channel customer centricity (f)	1,0
19-b)Channel customer centricity (g)	3,0
19-b)Channel customer centricity (h)	1,0
19-b)Channel customer centricity (i)	5,0

The frequently used customer communication channels of OYAK (internet, call-center, face-to-face interviews, and mobile communication tools) can be said as customer-centric.

In terms of contact management, the call-center employee can see all the information about the customer but only through five screens. There is not a complete one screen that shows all the historical data about the customer yet. There is not any flexibility about entering extra information about customer.

Developments on the CRM, in the customer services, are continuously being done sourcing from the problems occurring during the implementation or from the advices made by the advisor company. OYAK makes clickstream analysis for the web site. Through this analysis, for example they recognized that customers often visit the pages about fund information, therefore the company put some simpler information about fund returns, and returns compared to alternative investment tools. The most importantly expected benefit from technology in OYAK is; “decreasing the complex structure into

one single platform and providing convenient access" which was also stated in Denizbank.

Table 3.25.: Benefits gained from E-CRM (OYAK)

27)E-CRM benefits (a)	3,0
27)E-CRM benefits (b)	2,0
27)E-CRM benefits (c)	5,0
27)E-CRM benefits (d)	4,0
27)E-CRM benefits (e)	4,0
27)E-CRM benefits (f)	2,0
27)E-CRM benefits (g)	2,0
27)E-CRM benefits (h)	2,0
27)E-CRM benefits (i)	2,0
27)E-CRM benefits (j)	2,0
27)E-CRM benefits (k)	5,0

E-CRM has been beneficial in specifying the marketing strategies in OYAK mostly in terms of "increasing company profits through customer loyalty", and "understanding customer needs". The following benefits that were agreed by the respondents are; "increasing customer satisfaction", and "decreasing internal costs". OYAK currently do not experience benefits from E-CRM as it should but they are planning to construct a more customer-centered call-center and web site.

Table 3.26.: Critical points of E-CRM for OYAK

28)E-CRM critical points (a)	5,0
28)E-CRM critical points (b)	2,0
28)E-CRM critical points (c)	5,0
28)E-CRM critical points (d)	5,0
28)E-CRM critical points (e)	3,0
28)E-CRM critical points (f)	5,0
28)E-CRM critical points (g)	4,0
28)E-CRM critical points (h)	4,0
28)E-CRM critical points (i)	5,0
28)E-CRM critical points (j)	2,0
28)E-CRM critical points (k)	4,0
28)E-CRM critical points (l)	4,0

The critical points of E-CRM stated in the questionnaire are mostly agreed by OYAK except for "identification of the purchase time", "the

resistance of the employees against this innovation", and "so much detailed information should not be requested during sales".

OYAK currently does not apply or use CRM tools on a company-wide basis but all these are being planned by the company. The customer services department carries the CRM activities of OYAK but because CRM is a company-wide system, the other departments should be integrated with each other in order to be a customer-centric company and increase customer retention. OYAK experiences a very important "top management support" problem which is a frequently highlighted issue in CRM literature. This problem shows itself both in emotional and also in financial terms. OYAK currently does not calculate customer lifetime value and does not have a value-based customer segmentation model. This situation creates difficulties on applying segment-based customer strategies or creating differences on the treatment of the customers. Another different point in OYAK is that the employees give so much importance on the mission and the vision statements and shape the operations of the company according to these mission and vision statements. OYAK is a beginner company for CRM activities, and have deficiencies in terms of CRM's analytical and operational components, but shows hopeful improvements on the collaborative component.

3.8. CONCLUSION OF THE FIELD STUDY

Customer relationship management (CRM) is a company-wide management strategy that aims to form long-term relationship with the customers through customer retention, to shape the organizational structure, operations and work flows according to taking the customer at the center of the business and forming a customer-centric corporate culture. CRM integrates marketing all the departments with each other on the purpose of understanding and identifying customer needs and responding to these customer needs as quickly as possible.

According to the literature review CRM requires high investment costs for the companies therefore; the companies, in return expect higher returns from CRM as quickly as possible. However CRM is more than just a computer software and needs a company-wide collaborative agreement and all the employees in the company must be desirable to change the corporate culture and form a synergy between the departments.

Service sector is one of the early adopters of CRM applications because forming a long-term relationship with the customers and understanding customer needs and demands are relatively more important for this sector when compared to the other sectors. Hence, in this study, service companies were taken as sample and also a manufacturing company was also included in the sample in the aim of making a comparison and reaching a meaningful result.

The companies were selected on the convenience base and the departments to be interviewed were selected in terms of their relevancy with CRM and marketing. All the respondents' positions were at the manager and vice manager level. This is stated as important in the similar studies conducted in terms of the respondent's attainment level about the subject.

Denizbank, when compared to the other companies, is using CRM more intensively in the decision-making process since as it is stated in the literature, financial institutions are early adopters of CRM. Denizbank intensively uses database marketing and uses CRM tools when making decisions about their pricing, promotion, service delivery and product strategies. The channel management is very important issue for Denizbank and channel assessments are measured periodically for promotion and service delivery strategies.

Hilton, as being a company in the tourism sector is not using CRM as intensive as Denizbank and cannot make considerable changes on the product range. Besides Hilton Turkey does not have enough empowerment in terms of making decisions about marketing strategies. Hilton uses campaign

management tool of CRM and the method used is actually similar to Denizbank But Hilton is only forming rule-sets and waiting for the center to send customer data of the rule set which creates a serious time loss for the marketing department. The product and especially service delivery strategies are identified through CRM applications.

Honda is a manufacturing company, but the interview was conducted with the after-sales department of Honda Turkey. The after-sales department uses CRM in the decision-making process of product and service delivery strategies. Honda currently has a relationship marketing focus and forming long-term relationship is very important in Honda and all the actions are taken according to this objective.

Anadolu Hayat Pension Company is part of İş Bank Group and is able to see and analyze the CRM applications of a bank more conveniently. This partnership also provides the opportunity to Anadolu Hayat of using İş Bank's customer database. Anadolu Hayat is using CRM in the decision-making process of product, promotion and service delivery strategies.

OYAK Pension Company is currently newly adapting the CRM applications. OYAK is not using CRM on a company-wide basis but so much importance is given to forming long-term relationship with the customer and knowing the customer. OYAK makes considerable channel assessments and plans to use the results obtained from CRM tools in making decisions about the company's marketing strategies.

The results obtained show that the companies that were taken as sample for this study are aware of the importance and inevitability of CRM applications and observed that the CRM tools are very beneficial when making decision about marketing strategies. All the five companies stated that they are aware of the importance of keeping the existing customer rather than the acquisition of new customers. Hence, CRM is a valuable tool for these

companies to know their customers and respond to their needs and wants as quickly as possible. All of the respondents stated that as CRM has started to be adopted by their company, the entire corporate culture and strategies started to change according to this philosophy.

For further research, the sample size can be increased and consequently more information can be obtained about the effects of CRM on companies' marketing strategies. The CRM studies in the literature are generally analyzed from the practitioners' (companies') side. There is a need for research about the customer researchers about CRM. The customer awareness about CRM applications, perception, or the ability to differentiate the CRM applications has to be considered and further research can be conducted for these purposes. Also manufacturing companies started to adapt CRM and these companies can be analyzed in more details.

3.9. LIMITATIONS OF THE STUDY

The thesis is conducted on selected service companies, therefore the results cannot be generalized to the total service sector. The companies were selected due to the convenience sampling, therefore the selected companies cannot reflect the whole sector they are conducting business in.

REVIEW AND CONCLUSION

In this thesis, the services marketing strategies and the effects of customer relationship management are discussed. The changes in the world economies and the role of the consumers precipitated the emergence of the services marketing strategies. The changes in the economic balances resulting from the economic depressions, and the technological developments gave rise to the increase in the employment levels in the service sector. The developments in the technology and consequently information flow around the world caused some changes on the behavior of the consumers. The consumers are now more informed about the market conditions, companies and their products/services. They became more selective and more sensitive about the companies' marketing strategies.

The services have characteristics that differentiate them from the products; intangibility, inseparability, variability, perishability, and ownership. Hence, the marketing strategies of services differ from the marketing strategies of the products. The service companies realized that the relationship constructed between the customer and the company had to be managed carefully which resulted as the emergence of the relationship marketing philosophy. This situation was a shift from transaction marketing to relationship focused marketing strategies. The relationship marketing is the philosophy of maintaining the relationship with the customers through identification of the needs and wants of the customers and using differentiated marketing strategies. As the companies adopted the relationship marketing philosophy, the need for more complicated, systematic and integrated tool aroused. Thereby, CRM emerged in the business world. CRM is a company-wide management tool for the companies, which aims to construct a customer-centric organizational culture and identify, select, and maintain the customers.

The service companies gain important benefits from CRM applications. CRM provides the companies the opportunity to make a detailed customer

segmentation model and this customer segmentation model becomes a roadmap for the companies when targeting their customers. Effective targeting strategies return to the company as customer loyalty which means an increase in profits for the company.

The critical points that service companies should consider when using CRM tools are;

- *The customer segmentation model should be carefully constructed*; Hansotia (2002; 127) states that customer segmentation is particularly useful, for instance, in understanding what the most profitable customers look like, or who the high-risk customers are, or describing customers who have a high propensity to buy certain products.

- *After the identification of the customer segments, data mining activities should be conducted*. For data mining to be useful, managers need to transform data into customer information and to integrate the information throughout the company to develop customer knowledge (Campbell, 2003; 376).

- *The next step is reaching the customer and an accurate channel management should be done*. Rheault & Sheridan (2002; 39) states that the channels of the company should be integrated with the company and the channels should show consistence within each other.

- *The service personnel should have a customer-centric perspective*. During the channel management the service personnel is very important because the service personnel are especially important for the service companies because the customer will form an impression of the company from the attitude and behavior of the personnel (Cowell, 1988; 203). CRM enables the companies to form a customer-centric organizational culture through integrating all the departments of the company. This is particularly important because if the customer is satisfied about the service delivery process, then these customers share their positive experiences with other consumers and as a result, company acquires new customers from this word-of-mouth effect.

As a result, in this thesis, the intermediary role of CRM in the services marketing strategies is aimed to be discussed. It is seen that CRM is a valuable tool for service companies when taking decisions about their marketing strategies. It can be stated that, through CRM applications, service companies are more likely to know their customers and form a long-term relationship with the customers through personalizing the services for each customer or segment. It can be affirmed that, when the CRM philosophy is disseminated throughout the company, technology, customers, and the employees of the service companies and taken as an input for the marketing strategies, considerable advantages arise for these companies.

REFERENCES

BOOKS

1) Anton, Jon & Petouhoff, Natalie L. (2002). *Customer Relationship Management: The Bottom Line to Optimizing Your* ROI. Pearson Education: Upper Saddle River, New Jersey.

2) Bateson, John & Hoffman, K. Douglas (1999*). Managing Services Marketing*. Thomson, South-Western: USA.

3) Brennan, Ross, Baines, Paul, Garneau, Paul (2003). *Contemporary Strategic Marketing*. Palgrave, Macmillan: New York.

4) Bruhn, Manfred (2003). *Relationship Marketing: Management of Customer Relationships*. Pearson Education Limited: England.

5) Cowell, Donald (1988). *The Marketing of Services*. Heinemann Professional Publishing:Oxford.

6) Doole, Isabel, Lancaster, Peter & Lowe, Robin (2005). *Understanding and Managing Customers*. Pearson Education Limited: UK.

7) Dyche, Jill (2002). *The CRM Handbook: A Business Guide to Customer Relationship Management*. Addison Wesley: USA.

8) Fitzsimmons, James A. & Fitzsimmons, Mona J. (1994). *Service Management for Competitive Advantage*. McGraw Hill: Singapore.

9) Gilmore, Audrey (2003). *Services, Marketing and Management*. Sage Publications: London.

10) Grönroos, Christian (2006). *Service Management and Marketing: A Customer Relationship Management Approach*. John Wiley & Sons Ltd.: England.

11) Gummesson, Evert (2002b). *Total Relationship Marketing*. Butterworth-Heinemann Publications: Oxford.

12) Handfield, Robert B. & Nichols Jr., Robert B. (1999). *Introduction to Supply Chain Management*. Prentice Hall: New Jersey.

13) Jackson, Rob & Wang, Paul (1996). *Strategic Database Marketing*. NTC Publishing Group; Illinois, USA.

14) Kostecki, M. M. (1994). *Marketing Strategies for Services*. Pergamon Press: UK.

15) Kotler, Philip & Armstrong, Gary (2006). *Principles of Marketing*. Pearson Prentice Hall: New Jersey.

16) Linton, Ian (1995). *Database Marketing: Know What Your Customer Wants*. Pitman Publishing: Great Britain.

17) Lovelock, Christopher (1996). *Services Marketing*. Prentice Hall: USA.

18) McLeod Jr, Raymond (1990). *Management Information Systems: A Study of Computer-Based Information Systems*. MacMillan Publishing: Singapore.

19) Mescon, Michael H., Bovee, Courtland L, & Thill, John V. (2001). *Business Today*. Prentice Hall: USA.

20) Newell, Frederick (2000). *Loyalty.com: Customer Relationship Management in the New Era of Internet Marketing*, McGraw-Hill: NY as cited in Bull, Christopher (2003). Strategic Issues in Customer Relationship Management (CRM) Implementation, *Business Process Management Journal*, 9(5), pp.592-602.

21) Odabaşı, Yavuz (2006). *Satışta ve Pazarlamada Müşteri İlişkileri Yönetimi (CRM)*. Sistem Yayıncılık: İstanbul.

22) Oktav, Mete (1994). *Uluslararası Pazarlama: Kuram, İlkeler, Uygulamalar*. Dokuz Eylül Üniversitesi Yayınları: İzmir.

23) Oliver, Gordon (1980). *Marketing Today*. Prentice Hall: Englewood Cliffs.

24) Oluç Mehmet (2006). *Temel Pazarlama Kavramları*. Beta Yayıncılık: İstanbul.

25) Palmer, Adrian (1994). *Principles of Services Marketing*. McGraw Hill: UK.

26) Peppers, Don & Rogers, Martha (2004). *Managing Customer Relationships: A Strategic Framework*. John Wiley & Sons: USA.

27) Pırnar, İge (2006). *Doğrudan Pazarlama*. Seçkin Yayıncılık: Ankara.

28) Rajola, Federico (2003). *Customer Relationship Management*. Springer-Verlag: Berlin.

29) Sheth, Jagdish N., & Parvatiyar, Atul (2000). *Handbook of Relationship Marketing*. Sage Publications, Inc: California.

30) Stone, Merlin & Foss, Bryan (2001). *Successful Customer Relationship Marketing*. The Bath Press: Great Britain.

31) Tourniaire, Françoise (2003). *Just Enough CRM*. Pearson Education: USA.

32) Vaura, Terry G. (1992). *Aftermarketing: How to Keep Customers For Life Through Relationship Marketing*. Richard D. Irwin: USA.

33) Wagner, William & Zubey, Michael (2007). *Customer Relationship Management: A People, Process, and Technology Approach*. Thomson Course Technology: USA.

34) Zeithaml, Valerie & Bitner, Mary Jo (1996). *Services Marketing*. Mc Graw Hill: USA.

ARTICLES

35) Abbot, Julie, Stone, Merlin & Buttle, Francis (2001). Integrating Customer Data into Customer Relationship Management Strategy: An Empirical Study. *Journal of Database Marketing*, 8(4), pp.289-300.

36) Ahn, Jeong Y., Kim, Seok K. & Han, Kyung S. (2003). On The Design Concepts for CRM System. *Industrial Management & Data Systems*, 103(5), pp. 324-331.

37) Ballantyne, David (2006). Three Perspectives on Service Management and Marketing: Rival Logics or Part of a Bigger Picture?. *Journal of Services Marketing*, 20(1), pp.73-79.

38) Bayraktaroğlu, Gül & Atrek, Banu (2004). SERVQUAL Modelinin Eğitim Kalitesi Ölçümünde Kullanılması: DEÜ İşletme Fakültesi Örneği. II. Kalite Sempozyumu. Dokuz Eylül Üniversitesi, pp.107-122.

39) Beaven, Mary H. & Scotti, Dennis J. (1990). Service Oriented Thinking and Its Implications For The Marketing Mix. *The Journal of Services Marketing*, 4(4), pp.5-19.

40) Berger, Paul D., Eechambadi, Naras, George, Morris, Lehmann, Donald R., Rizley, Ross & Venkatesan, Rajkumar (2006). From Customer Lifetime Value to Shareholder Value: Theory, Empirical Evidence, And Issues For Future Research. *Journal of Service Research*, 9(2), pp.156-167.

41) Berger, Paul D. & Nasr, Nada I. (1998). Customer Lifetime Value: Marketing Models and Applications. *Journal of Interactive Marketing*, 12(1), pp.17-30.

42) Berry, L. L., Hensel J. S. & Burke, M. C. (1976). Improving Retailer Capability for Effective Consumerism Response. *Journal of Retailing*, 52(3), pp.3-14.

43) Blery, Evangelia & Michalakopoulos, Michalis (2006). Customer Relationship Management: A Case Study of a Greek Bank. *Journal of Financial Services Marketing*, 11(2), pp.116-124.

44) Borak, Eser (1986). Hizmet Pazarlaması Literatürü Üzerine Bir İnceleme ve Öneriler. *İstanbul Üniversitesi İşletme Fakültesi Dergisi*, 15(1), pp.67-80.

45) Brown, Stephen W., Fisk, Raymond P. & Bitner, Mary Jo (1994). The Development and Emergence of Services Marketing Thought. *International Journal of Service Industry Management*, 5(1), pp.21-48.

46) Bull, Christopher (2003). Strategic Issues in Customer Relationship Management (CRM) Implementation. *Business Process Management Journal*, 9(5), pp.592-602.

47) Campbell, Alexandra J. (2003). Creating Customer Knowledge Competence: Managing Customer Relationship Management Programs Strategically. *Industrial Marketing Management*, 32(5), pp.375-383.

48) Chen, Injazz J. (2001). Planning For ERP Systems: Analysis and Future Trend. *Business Process Management Journal*, 7(5), pp.374-386.

49) Chen, Injazz J. & Popovich, Karen (2003). Understanding Customer Relationship Management: People, Process and Technology. *Business Process Management Journal*, 9(5), pp.672-688.

50) Chen, Qimei & Chen, Hong-Mei (2004). Exploring the Success Factors of E-CRM Strategies in Practice. *Database Marketing and Customer Strategy Management*, 11(4), pp.333-343.

51) Clark, Terry, Rajaratnam, Daniel & Smith, Timothy (1996). Toward a Theory of International Services: Marketing Intangibles in a World of Nations. *Journal of International Marketing*, 4(2), pp.9-28.

52) Copulsky, Jonathan R. & Wolf, Michael J. (1990). Relationship Marketing: Positioning For the Future. *The Journal of Business Strategy*, 11(4), pp.16-20.

53) Dahringer, Lee D. (1991). Marketing Services Internationally: Barriers and Management Strategies. *Journal of Services Marketing*, 5(3), pp. 5-17.

54) Deniz, Recep B. (2002). Müşteri İlişkileri Yönetimi (CRM) ve Elektronik Ortamda Müşteri İlişkileri Yönetimi (CRM) ve Elektronik Müşteri İlişkileri Yönetimi (E-CRM) Uygulamalarının İşletmelere Sağladığı Yararlar. *Pazarlama Dünyası*, Yıl.16, Sayı.06, pp.16-21.

55) Dibb, Sally & Meadows, Maureen (2004). Relationship Marketing and CRM: A Financial Services Case Study. *Journal of Strategic Marketing*, 12(2), pp.111-125.

56) Dwyer, Robert F., Schurr, Paul H. & Oh, Sejo (1987). Developing Buyer-Seller Relationships. *Journal of Marketing*, 51(2), pp.11-27.

57) Easingwood, Christopher J. (1986). New Product Development for Service Companies. *Journal of Product Innovation Management*, 3(4), pp.264-275.

58) Fairhurst, Paul (2001). E-CRM. *Journal of Database Marketing*, 8(2), pp.137-142.

59) Greene, Walter E., Walls, Gary D. & Schrest, Larry J. (1994). Internal Marketing: The Key to External Marketing Success. *Journal of Services Marketing*, 8(4), pp.5-13.

60) Grönroos, Christian (1978). A Service-Oriented Approach to Marketing of Services. *European Journal of Marketing*, 12(8), pp.588-601.

61) Grönroos, Christian (1997). From Marketing Mix to Relationship Marketing-Towards a Paradigm Shift In Marketing. *Management Decision*, 35(4), pp.322-329.

62) Grönroos, Christian (1999). Internationalization Strategies For Services. *Journal of Services Marketing*, 13(4/5), pp.290-297.

63) Gummesson, Evert (2002a). Relationship Marketing and a New Economy: It's Time for De-Programming. *Journal of Services Marketing*, 16(7), pp.585-589.

64) Gupta, M.P. & Schukla, Sonal (2002). Learnings from Customer Relationship Management (CRM) Implementation in a Bank. *Global Business Review*, 3(1), pp.99-122.

65) Gwinner, Kevin P., Gremler, Dwayne D., Bitner, Mary Jo (1998). Relational Benefits In Services Industries: The Customer's Perspective. *Journal of the Academy of the Marketing Science*, 26(2), pp.101-114.

66) Hallowell, Roger (1996). The Relationships of Customer Satisfaction, Customer Loyalty, and Profitability, an Empirical Study. *International Journal of Service Industry Management*, 7(4), pp. 27-42.

67) Hansotia, Behram (2002). Gearing Up For CRM: Antecedents to Successful Implementation. *Journal of Database Marketing*, 10(2), pp.121-132.

68) Heide, Jan B. (1994). Interorganizational Governance In Marketing Channels. *Journal of Marketing*, 58(1), pp.71-85.

69) Horn, D., Feinberg, R. & Salvendy, G. (2005). Determinant Elements of Customer Relationship Management in E-Business, *Behaviour & Information Technology*, 24(2), pp.101 – 109.

70) Jain, Rajnish, Jain, Sagneeta, Dhar, Upinder (2003). Measuring Customer Relationship Management. *Journal of Services Research*, 2(2), pp.97-109.

71) Kaplan, Robert S. & Norton, David P. (1992). The Balanced Scorecard-Measures That Drive Performance. *Harvard Business Review*, 70(1), pp.71-79.

72) Karahan, Kasım (2002). Yeni Ekonomi ve Pazarlama Anlayışı İlişkisi. *Pazarlama Dünyası*, Yıl.16, Sayı.05, pp.4-7.

73) Karakostas, Bill, Dimitris, Kardaras & Papathanassiou, Eleutherios (2004). The State of CRM Adoption by the Financial Services in The UK: An Empirical Investigation. *Information & Management*, 42(6), pp.858-863.

74) Karimi, Jahangir, Somers, Toni M. & Gupta, Yash P. (2001). Impact of Information Technology Management Practices on Customer Service. *Journal of Management Information Systems*, 17(4), pp.125-158.

75) Lee-Kelly, Liz, Gilbert, David & Mannicom, Robin (2003). How E-CRM Can Enhance Customer Loyalty. *Marketing Intelligence & Planning*, 21(4), pp.239-248.

76) Lengnick-Hall, Cynthia A. (1996). Customer Contributions to Quality: A Different View of the Customer-Oriented Firm. *Academy of Management Review*, 21(3), pp.791-824.

77) Levitt, Theodore (1960). Marketing Myopia. *Harvard Business Review*, 38 (4), pp.45-56.

78) Liljander, Veronica & Strandvik, Tore (1995). The Nature of Customer Relationships in Services, in *Advances in Services Marketing and Management*, Vol. 4., Swartz, Teresa A., Bowen, David E. & Brown, Stephen W., eds., JAI Press Inc.:London, pp.141-167.

79)Lin, Chad, Lin, Koong, Huang, Yu-An & Kuo, Wen-Liang (2006a). Evaluation of Electronic Customer Relationship Management: The Critical Success Factors. *The Business Review, Cambridge*, 6(2), pp.206-212.

80)Lin, Yichen, Su, Hwan-Yann & Chien, Shihen (2006b). A Knowledge-Enabled Procedure for Customer Relationship Management. *Industrial Marketing Management*, 35(4), pp.446-456.

81)Lincoln , Y . S . & Guba , E . G . (1985) . *Naturalistic Inquiry* . Sage Publications: Newbury Park, CA as cited in Blery, Evangelia & Michalakopoulos, Michalis (2006). Customer Relationship Management: A Case Study of a Greek Bank. *Journal of Financial Services Marketing*, 11(2), pp.116-124.

82)Lindgreen, Adam & Antioco, Michael (2005). Customer Relationship Management: The Case of a European Bank. *Marketing Intelligence & Planning*, 23(2), pp.136-154.

83)Lloyd, Fletcher A. (2001). Going Beyond The Buzzword: What Exactly Is CRM?. *Learned Publishing*, 14(3), pp.213-222.

84)Lovelock, Christopher (1983). Classifying Services to Gain Strategic Marketing Insights. *Journal of Marketing*, 47(3), pp. 9-20.

85)Lovelock, Christopher & Evert Gummesson (2004). Whither Services Marketing? In Search of a New Paradigm and Fresh Perspectives. *Journal of Service Research*, 7(1), pp.20-41.

86)Mills, Peter K. & Moberg, Dennis J. (1982). Perspectives on the Technology of Service Operations. *Academy of Management Re*view, 7(3), pp.467-478.

87) McKim, Bob (2002). The Differences Between and Database Marketing. *Journal of Database Marketing*, 9(4), pp.371-375.

88) McKim, Bob & Hughes, Arthur M. (2001). How to Measure Customer Relationship Management Success. *Journal Database Marketing*, 8(3), pp.224-231.

89) Osarenkhoe, Aihies & Bennani, Az-Eddine (2007). An Exploratory Study of Implementation Customer Relationship Management Strategy. *Business Process Management Journal*, 13(1), pp.139-164.

90) Öztürk, Sevgi A. (1996). Hizmet Pazarlamasındaki Gelişmeler Çerçevesinde İçsel Pazarlama Kavramı. *Anadolu Üniversitesi Açıköğretim Dergisi*, 2(1), pp.83-95.

91) Paas, Leonard & Kuijlen, Ton (2001). Towards A General Definition of Customer Relationship Management. *Journal of Database Marketing*, 9(1), pp.51-60.

92) Pan, Shan L. & Lee, Jae-Nam (2003).Using E-CRM for a Unified View of The Customer. *Communications of the ACM*, 46(4), pp.95-99.

93) Parrinello, Sergio (2004). The Service Economy Revisited. *Structural Change and Economic Dynamics*, 15(4), pp.381-400.

94) Parvatiyar, Atul & Sheth, Jagdish N (2001). Customer Relationship Management: Emerging Practice, Process, and Discipline. *Journal of Economic and Social Research*, 3(2), pp.1-34.

95) Payne, Adrian & Frow, Pennie (2005). A Strategic Framework for Customer Relationship Management. *Journal of Marketing*, 169(4), pp.167-176.

96) Peppard, Joe (2000). Customer Relationship Management (CRM) In Financial Services. *European Management Journal*, 18(3), pp.312-327.

97) Peppers, Don & Rogers, Martha (1995). A New Marketing Paradigm: Share of Customer, Not Market Share. *Managing Service Quality*, 5(3), pp.48-51.

98) Pitta, Dennis A. (1998). Marketing One-to-One and Its Dependence on Knowledge Discovery Databases. *Journal of Consumer Marketing*, 15(5), pp.468-480.

99) Rafiq, Mohammed & Ahmed, Pervaiz K. (2000). Advances in the Internal Marketing Concept: Definition, Synthesis and Extension. *Journal of Services Marketing*, 14(6), pp.449-462.

100) Rajshekhar, Javalgi G. & White, Steven (2002). Strategic challenges for the marketing of services internationally. *International Marketing Review*, 19(6), pp.563-581.

101) Ramaseshan, B., Bejou, David, Jain, Subhash C., Mason, Charlotte & Pancras, Joseph (2006). Issues and Perspectives in Global Customer Relationship Management. *Journal of Service Research*, 9(2), pp.195-207.

102) Ravalda, Annika & Grönroos, Christian (1996). The Value Concept and Relationship Marketing. *European Journal of Marketing*, 30(2), pp.19-30.

103) Reicheld, Fred & Sasser, W. Earl (1990). Zero Defections: Quality Comes to Services. *Harvard Business Review*, 68(5), pp.105-111.

104) Reinartz, Werner, Krafft, Manfred, Hoyer, Wayne D. (2004). The Customer Relationship Management Process: Its Measurement and Impact on Performance. *Journal of Marketing Research*, 41(3), pp.293-305.

105) Rheault, Dennis & Sheridan, Steve (2002). Reconstruct Your Business Around Customers. *Journal of Business Strategy*, 23(2), pp.38-42.

106) Richards, Keith A. & Jones, Eli (2006). Customer relationship management: Finding value drivers, *Industrial Marketing Management*, article in press.

107) Roderick J., Brodie, Nicole E., Coviello, Richard, Brookes, W. & Little, Victoria (1997). Towards a Paradigm Shift in Marketing? An Examination of Current Marketing Practices. *Journal of Marketing Management*, 13(5), pp.383-406.

108) Rowley, Jennifer (2002). Eight Questions For Customer Knowledge Management in E-Business. *Journal of Knowledge Management*, 6(5), pp.500-511.

109) Rushton, Angela M. & Carson, David J. (1985). The Marketing of Services: Managing the Intangibles. *European Journal of Marketing*, 19(3), pp.23-44.

110) Ryals, Lynette & Knox, Simon (2001). Cross-Functional Issues in the Implementation of Relationship Marketing Through Customer Relationship Management. *European Management Journal*, 19(5), pp.534-542.

111) Sasser, W. Earl (1976). Match Supply and Demand in Service Industries. *Harvard Business Review*, 54(6), pp.133-140.

112) Schoenbachler, Denise D., Gordon, Geoffrey, Foley, Dawn & Spellman, Linda (1997). Understanding Consumer Database Marketing. *Journal of Consumer Marketing*, 14(1), pp.5-19.

113) Scullin, Shannon S., Fjermestad, Jerry, Romano Jr, Nicholas C. (2004). E-relationship Marketing: Changes in Traditional Marketing as an Outcome of Electronic Customer Relationship Management. *The Journal of Enterprise Information Management*, 17(6), pp.410-415.

114) Shani, David & Chalasani, Sujana (1992). Exploiting Niches Using Relationship Marketing. *Journal of Consumer Marketing*, 9(3), pp.33-42.

115) Shostack, G. Lynn (1977). Breaking Free From Product Marketing. *Journal of Marketing*, 41(2), pp.73-80.

116) Shostack, G. Lynn (1987). Service Positioning Through Structural Change. *Journal of Marketing*, 51(1), pp. 34-43.

117) Shrednick, Harvey R., Shutt, Richard J. & Weiss, Madeline (1992). Empowerment: Key to IS World-Class Quality. *MIS Quarterly*, 16(4), pp.491-505.

118) Sin, Leo Y.M., Tse, Alan C.B. & Yim, Frederick H.K. (2005). CRM: Conceptualization and Scale Development. *European Journal of Marketing*, 39(11/12), pp.1264-1290.

119) Speier, Cheri & Venkatesh, Viswanath (2002). The Hidden Minefields in the Adoption of Sales Force Automation Technologies. *Journal of Marketing*, 66(3), pp.98-111.

120) Srivastava, Jaideep & Cooley, Robert (2003). Web Business Intelligence: Mining the Web for Actionable Knowledge. *Journal on Computing*, 15(2), pp.191-207.

121) Talvinen, Jari M. (1995). Information Systems in Marketing: Identifying Opportunities for New Applications. *European Journal of Marketing*, 29(1), pp.8-26.

122) Tanyeri, Mustafa & Barutçu, Süleyman (2005). Hizmet Sektöründe Müşteri Bağlılığının Önemi ve Müşteri Bağlılığının Sağlanmasında İlişki Pazarlamasının Rolü: Banka İşletmelerinde Bir Uygulama. *Selçuk Üniversitesi İİBF Sosyal ve Ekonomik Araştırmalar Dergisi*, 9, pp.183-202.

123) Vargo, Stephen L. & Morgan, Fred W. (2005). Services in Society and Academic Thought: An Historical Analysis. *Journal of Macromarketing*, 25(1), pp.42-53.

124) Vargo, Stephen L. & Lusch, Robert F. (2004). Evolving to a New Dominant Logic for Marketing. *Journal of Marketing*, 68(1), pp.1-17.

125) Wehmeyer, Kai (2005). Aligning IT and Marketing-The Impact of Database Marketing and CRM. *Database Marketing & Customer Strategy Management*, 12(3), pp.243-256.

126) Winer, Russell S. (2001). A Framework For Customer Relationship Management. *California Management Review*, 43(4), pp.89-105.

127) Xu, Mark & Walton, John (2005). Gaining Customer Knowledge Through Analytical CRM. *Industrial Management & Data Systems*, 105(7), pp.955-971.

128) Yılmaz, Ayhan R. & Pirtini, Serdar (2002). İşletmelerde Rekabet Avantajı Yaratması Açısından Müşteri İlişkileri Yönetimi'nin (CRM) Esasları ve Strateji Oluşturma. 7. Ulusal Pazarlama Kongresi. Afyon Kocatepe Üniversitesi, 30 Mayıs-2 Haziran 2002, pp.153-170.

129) Zablah, Alex R., Bellenger, Danny N & Johnston, Wesley J. (2004). An Evaluation of Divergent Perspectives on Customer Relationship Management: Towards a Common Understanding of an Emerging Phenomenon. *Industrial Marketing Management*, 33(6), pp. 475-489.

130) Zagler, Martin (2002). Services, Innovation and the New Economy. *Structural Change and Economic Dynamics*, 13(3), pp.337-355.

131) Zeithaml, Valerie, Parasuraman, A., Berry & Leonard, Berry L. (1985). Problems and Strategies in Services Marketing. *Journal of Marketing*, 49(2), pp. 33-46.

132) Zineldin, Mosad (2006). The Royalty of Loyalty: CRM, Quality and Retention. *Journal of Consumer Marketing*, 23(7), pp.430-437.

INTERNET

133) Twogood, Chris (2002). The Power of Event Based Marketing. Teradata White Paper, http://www.teradataduke.org/CustomerFiles_teradata/upload/upload/PDFs/white_papers/Event_Based_Mktg.pdf, retrieved on 30.05.2007.

134) http://www.denizbank.com.tr/EN/AboutUs/, retrieved on 17.07.2007.

135) http://www.denizbank.com.tr/TR, retrieved on 17.07.2007

136) http://www.denizbank.com.tr/EN/AboutUs/Vision/, retrieved on 17.07.2007.

137) http://www.denizbank.com.tr/EN/AboutUs/mission/, retrieved on 17.07.2007.

138) http://www.honda.com.tr/otomobil/honda.htm, retrieved on 17.07.2007.

139) http://www.honda.com.tr/otomobil/honda_tr.htm, retrieved on 17.07.2007.

140) http://www.hilton.com/en/hi/brand/about.jhtml, retrieved on 17.07.2007.

141) http://conradhotels1.hilton.com/en/ch/brand/history.do, retrieved on 17.07.2007.

142) http://www.radikal.com.tr/haber.php?haberno=226056, retrieved on 17.07.2007.

143) http://www.hilton.com.tr/, retrieved on 17.07.2007.

144) http://www.anadoluhayat.com.tr/hakkimizda/index.asp, retrieved on 17.07.2007.

145) http://www.anadoluhayat.com.tr/hakkimizda/misyon.asp, retrieved on 17.07.2007.

146) http://emeklilik.anadoluhayat.com.tr/, retrieved on 17.07.2007.

147) http://www.oyakemeklilik.com.tr/MisyonVizyon.php, retrieved on 17.07.2007.

PERSONAL INTERVIEWS

148) Denizbank, General Directorate, İstanbul (2007).

149) Hilton İstanbul (2007).

150) Anadolu Hayat Pension Company, General Directorate, İstanbul (2007).

APPENDIX 1

QUESTIONNAIRE OF THE STUDY

COMPANY

1) How do you define Customer Relationship Management?
2) What were your prior aims and objectives when you decided to apply Customer Relationship Management? Have you been able to reach these objectives? What were the driving forces for Customer Relationship Management? Can you please make a specification about your agreement level for each of the statements below within a 1-5 interval (1= strongly disagree, 2= disagree, 3= neither agree nor disagree, 4= agree, 5= strongly agree)?

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
a)Decreasing the costs	1	2	3	4	5
b)Increasing profit margins	1	2	3	4	5
c) Forming a long-term relationship with the customer	1	2	3	4	5
d) Increasing customer-based profits	1	2	3	4	5
e) Keeping the existing customer	1	2	3	4	5
f)Acquiring new customers	1	2	3	4	5
g) Widening the product range	1	2	3	4	5
h) Using CRM to compete with the competitive environment and because the competitors use CRM	1	2	3	4	5
i) Applying CRM because the head-office decided to apply	1	2	3	4	5
j) Increasing service quality	1	2	3	4	5
k) Decreasing customer complaints	1	2	3	4	5
l) Defining the customer correctly	1	2	3	4	5
m)Other	1	2	3	4	5

3) In your company, which operations are comprised within the Customer Relationship Management? How?
   a. Marketing
   b. Sales
   c. Customer Services
   d. Information Technology
   e. Accounting and Finance
   f. Human Resources
   g. Other

4) How did the Customer Relationship Management affect the company operations? What kind of changes occurred?

5) What kind of barriers did you confront during the implementation of Customer Relationship Management? Please rank the below statements according to the importance level.

☐ a. Complicacies occurring due to the adoption of the insufficient technological infrastructure by the corporate culture

☐ b. Insufficient technological infrastructure

☐ c. The trust problems occurring when the customers convey information

☐ d. Privacy of the customer data

☐ e. Insufficient top management support

☐ f. Insufficient financial budget

☐ g. Dirty data

☐ h. Other

6) Does your company have a customer-centric structure? How?

7) What kind of critical points should be considered during the Customer Relationship Management applications? Please rank the below statements according to the importance level?

- [ ] a. Effective management of the project that is developed with the advisor company
- [ ] b. Making a realistic time planning
- [ ] c. Not exceeding the budget restrictions
- [ ] d. Top management support
- [ ] e. The validity of the capability to manage information technologies
- [ ] f. The validity of a strong information technologies infrastructure
- [ ] g. Launching an appropriate CRM software
- [ ] h. The employees and the management should work collaboratively with full accordance
- [ ] i. Other

8) Did you analyze your competitors' applications in terms of Customer Relationship Management? What kind of deductions did you make after this analysis and what kind of changes happened about your Customer Relationship Management applications?

9) What kind of changes did you experience about both the company's and also the suppliers' and the employees' performances before and after Customer Relationship Management applications?

CUSTOMERS

10) Can you mention about your one-to-one marketing applications? What kind of difficulties did you encounter with and how did you solve these difficulties? According to you, what are the critical success factors for one-to-one marketing?
   a. Accurate contact management with the customer and collection of all the necessary information from the customer
   b. Development of products/services according to the customer needs
   c. The employees should have enough information about Customer Relationship Management
   d. Other

11) What are your personalized product/service marketing strategies? How does this system work?

12) What are your researches about customers' current and potential value?
   a. Customer lifetime value
   b. Customer relationship life cycle
   c. Other
13) What kind of benefits did you drive from Customer Relationship Management in terms of customers? Can you please make a specification about the benefit level of the benefits below within a 1-5 interval (1= not beneficial at all, 2= not beneficial, 3= nothing can be said yet, 4= beneficial, 5= very beneficial)?

	Not Beneficial At All	Not Beneficial	Nothing Can Be Said Yet	Beneficial	Very Beneficial
a) Forming a long-term relationship with the customer	1	2	3	4	5
b) Increasing customer loyalty	1	2	3	4	5
c) Getting to know the customer closer through direct communication	1	2	3	4	5
d) Increasing the customer value	1	2	3	4	5
e)Providing the customers personalized new products/services	1	2	3	4	5
f) Acquiring new customers	1	2	3	4	5
g) Keeping the existing customers	1	2	3	4	5
h)Decreasing the customer complaints	1	2	3	4	5
i)Acquiring competitors' customers	1	2	3	4	5
j) Other	1	2	3	4	5

EMPLOYEES

1) What kind of educations do you give to your employees in order to establish the Customer Relationship Management insights in the company? Are your education programmes designed according to the objectives of deepening and managing the customer relations?
2) Is your employees' performance measured in terms of responding to customer needs and providing a quality service? Do you have a reward system developed related to this performance?
3) Do you have an evaluation, reward etc. system in terms of acquiring new customers/keeping the existing customers for the employees?
4) What kind of benefits did you drive from Customer Relationship Management in terms of customers?
    a. Increasing customer number
    b. Developing a customer-centric view in the employees
    c. Increasing the employees' performance, effectiveness, and work motivation
    d. Developing the connection between the employees and the managers through the corporate culture frame
    e. Other

TECHNOLOGY

5) What kind of Customer Relationship Management tools do you use at the strategic decision-making stages? How?
    a. Data mining
    b. Customer lifetime value
    c. OLAP
    d. Other

19. a) which channels do you use to communicate with your customers? How effectively do you use these channels? Can you specify the frequency of the consumption of the channels below between 1-5 (1= never used, 2= rarely used, 3= sometimes used, 4= frequently used, 5= most frequently used)?

	Never Used	Rarely Used	Sometimes Used	Frequently Used	Most Frequently Used
a) Internet	1	2	3	4	5
b) Call-center	1	2	3	4	5
c) Face-to-face interviews	1	2	3	4	5
d) Word of mouth marketing	1	2	3	4	5
e) Media	1	2	3	4	5
f) Social activities	1	2	3	4	5
g) Fairs	1	2	3	4	5
h) Activities conducted in the scope of social responsibility	1	2	3	4	5
i)Mobile communication tools	1	2	3	4	5
j)Other	1	2	3	4	5

19. b) To what extent do you think these channels are customer-centric? Can you please make a specification about the customer-centricity level of these channels between 1-5 interval (1= very little extent, 2= little extent, 3=some extent, 4= great extent, 5= very great extent)?

	Very Little Extent	Little Extent	Some Extent	Great Extent	Very Great Extent
a) Internet	1	2	3	4	5
b) Call-center	1	2	3	4	5
c) Face-to-face interviews	1	2	3	4	5
d) Word of mouth marketing	1	2	3	4	5
e) Media	1	2	3	4	5
f) Social activities	1	2	3	4	5
g) Fairs	1	2	3	4	5
h) Activities conducted in the scope of social responsibility	1	2	3	4	5
i)Mobile communication tools	1	2	3	4	5
j) Other	1	2	3	4	5

20) What kind of methods do you use to measure the effectiveness of Customer Relationship Management?

a. ROI
b. Break-even analysis
c. Other

21) How comprehensively is the individual customer information provided to the employees in the contact points? Is there any flexibility for the employees working in the contact points in terms of entering extra information of the customer into the system?
22) What kind of developments did you make in your Customer Relationship Management system since it has been started to be used? What were the reasons for these developments?
    a. Problems causing from the applications
    b. Problems causing from the programs
    c. Developments done related to the advisor company's advices
    d. Other
23) Do you conduct behavioral analysis during data analysis? Do you make any identification about the customers' life-styles when analyzing the customer data?
24) Are Customer Relationship Management tools integrated with other technological tools?
    a. ERP
    b. Supply Chain Management
    c. Sales Force Automation (SFA)
    d. Other

25) Can you mention about your event-based marketing applications? For example, expenditure increase/decrease and responding to these changes or the increase in the number of the transactions conducted through the internet channel.

26) What kind of benefits did you drive from Customer Relationship Management in terms of technology? Which one of the below can be handled as the most prior compared to the other ones?
    a. The technological infrastructure should be integrated with the operations and the processes and should be customer-centric
    b. Decreasing the complex structure into one single platform and providing convenient access
    c. Full access to the customer information in case of a problem
    d. Conducting market researches using the customer information and developing strategies derived from the customer needs that are results of these market researches
    e. Other

27) What kind of benefits did you drive from E-CRM applications in terms of the identification of the marketing strategies? Can you please make a specification about the benefit level of the benefits below within a 1-5 interval (1= not beneficial at all, 2= not beneficial, 3= nothing can be said yet, 4= beneficial, 5= very beneficial)?

	Not Beneficial At All	Not Beneficial	Nothing Can Be Said Yet	Beneficial	Very Beneficial
a) Detailed customer data	1	2	3	4	5
b) Identification of the purchase time	1	2	3	4	5
c) Increasing company profits through customer loyalty	1	2	3	4	5
d) Increasing customer loyalty	1	2	3	4	5
e) Decreasing internal costs	1	2	3	4	5
f) Decreasing marketing costs	1	2	3	4	5
g) Keeping the existing customers	1	2	3	4	5
h) Widening the customer services	1	2	3	4	5
i)Deepening the customer segmentation through activation	1	2	3	4	5
j)Extracting customer profile through better targeting of customers	1	2	3	4	5
k)Understanding customer needs	1	2	3	4	5
l)Other	1	2	3	4	5

28) What kind of critical points should be considered during the E-CRM applications? Can you please make a specification about your agreement level for each of the statements below within a 1-5 interval (1= strongly disagree, 2= disagree, 3= neither agree nor disagree, 4= agree, 5= strongly agree)?

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
a) Should be appropriate to the company aims and objectives	1	2	3	4	5
b) Top management support	1	2	3	4	5
c)Sufficient information technologies infrastructure	1	2	3	4	5
d)E-CRM system should be integrated with all the departments in the company	1	2	3	4	5
e) The resistance of the employees against this innovation	1	2	3	4	5
f) Construction of a system for the evaluation of the E-CRM system in order to decrease the risks	1	2	3	4	5
g) The content of the web site	1	2	3	4	5
h) Electronic transactions should be quick	1	2	3	4	5
i) Warranty of the customer data privacy	1	2	3	4	5
j) So much detailed information should not be requested during sales	1	2	3	4	5
k)The web site should be comprehensible in terms of sales	1	2	3	4	5
l) The web site should be user-friendly	1	2	3	4	5
m)Other	1	2	3	4	5