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**THE EFFECT OF PERSONALIZED CUSTOMER SERVICES ON
CUSTOMER PERCEIVED VALUE AND BRAND LOYALTY**

MASTER THESIS

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I hereby declare that this master's thesis titled as "The Effect of Personalized Customer Services on Customer Perceived Value and Brand Loyalty" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honor. (20.07.2016)

Fargol ETEZADI

FOREWORD

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TABLE OF CONTENTS

	<u>Page</u>
FOREWORD	vii
TABLE OF CONTENTS	ix
ABBREVIATIONS	xi
LIST OF TABLES	xiii
LIST OF FIGURES	xv
ÖZET	xvii
ABSTRACT	xix
1 INTRODUCTION	1
2 CUSTOMER SERVICE	5
2.1 Analysis of Business Management, Marketing And Customer.....	5
2.1.1 The concept of customer	7
2.1.1.1 Being customer-oriented	8
2.1.1.2 Market types and customer relations.....	8
2.1.1.3 Purchasing habits of the customers	10
2.2 Customer Service and Personalized Strategies.....	11
2.2.1 After sales services and personalization	12
2.2.2 Mass Customization and personalization.....	13
2.2.3 Relational marketing and Customer relations	16
2.2.4 Personalized customer services.....	17
2.2.4.1 Experiential services	18
2.2.4.2 Relationship Marketing.....	18
2.2.4.3 Product personalization.....	21
2.2.4.4 Databases and personalized customer relations	22
2.2.4.5 Customer complaints.....	23
2.3 Customer Relation Management (CRM).....	23
2.3.1 The features which CRM must possess	24
2.3.2 Stages of the CRM	25
3 CUSTOMER PERCEIVED VALUE	27
3.1 Scope Of The Percieved Value.....	27
3.1.1 Value models.....	28
3.1.2 Perceived value by the customer features	29
3.1.3 Customer’s assessment of products and services.....	31
3.1.4 Perceived value and pricing	32
3.1.5 Creating perceived value.....	33
3.1.5.1 The importance of perceived value for a business	34
3.1.5.2 Customer Lifetime Value	35
3.1.6 The relationship between Value and Satisfaction	35
4 BRAND LOYALTY	39
4.1 The concept of brand loyalty	39
4.1.1 Customer satisfaction in creation of brand loyalty	39

4.1.2	Perceived value in creation of brand loyalty	40
4.1.3	Service quality in creation of brand loyalty	41
4.1.4	Applications related to the brand loyalty	42
4.2	Components of the brand loyalty.....	43
4.2.1	Brand loyalty and customer types	45
4.2.2	Brand Loyalty Models.....	47
4.2.3	Loyalty from the perspectives of the customer and the business	52
4.2.3.1	Assessment of Loyalty with Regards to the Customer	53
4.2.3.2	Assessment of Loyalty with Regards to the Business.....	54
4.3	Brand loyalty programs	55
5	RESEARCH METHODOLOGY AND FINDINGS	59
5.1	Research Method	59
5.2	Survey Analysis.....	59
5.2.1	Demographic Analysis	60
5.2.2	Descriptive statistics.....	64
5.2.3	Regression Analysis	65
5.2.4	Correlation Analysis.....	72
6	CONCLUSION	73
	REFERENCES	75
	APPENDIX	83
	RESUME.....	93

ABBREVIATIONS

CRM: Customer Relation Management

LIST OF TABLES

	<u>Page</u>
Table 5.1: Statistical Frequency Distribution of Demographic Variables	60
Table 5.2: Descriptive Statistics.....	65
Table 5.3: Regression Model Summary	65
Table 5.4: Anova Model for Regression Analysis	66
Table 5.5: Coefficients of Model for Regression Analysis.....	67
Table 5.6: Regression Model Summary	67
Table 5.7: Anova Model for Regression Analysis	68
Table 5.8: Coefficients of Model for Regression Analysis.....	68
Table 5.9: Regression Model Summary	69
Table 5.10: Anova Model for Regression Analysis	70
Table 5.11: Coefficients of Model for Regression Analysis.....	71
Table 5.12: Correlation Analysis	72

LIST OF FIGURES

	<u>Page</u>
Figure 2.1: Adapted from Rolf Engsig model.....	9
Figure 2.2: Keller and Kotler Marketing Funnel (2012).....	11
Figure 2.3: Adapted from Glimore and Pine model.....	15
Figure 2.4: Adapted from Blaudin model	16
Figure 2.5: Adapted from Alagöz et al. model	26
Figure 3.1: Determinants of Customer-Perceived Value	28
Figure 3.2: Adapted from Zeithaml model	29
Figure 3.3: Adapted from Oyman and Odabaşı model	30
Figure 3.4: Müşterilerin Hizmet Kalitesini Değerlendirmesi	32
Figure 4.1: Adapted from Keiningham model	43
Figure 4.2: Levels and Stages of the Brand Loyalty (Costabile, 2000).....	44
Figure 4.3: Creation of brand loyalty.....	45
Figure 4.4: Adapted from Burgeson model	46
Figure 4.5: Adapted from Tek model.....	47
Figure 4.6: Adapted from Uncles et al. model.....	48
Figure 4.7: Adapted from Dick and Basu model	49
Figure 4.8: Adapted from Goldrick and Andre model.....	51
Figure 4.9: Loyalty model of Keiningham et al.....	52
Figure 4.10: Adapted from Keiningham et al. Model.....	54
Figure 4.11: Adapted from Butscher model.....	56
Figure 4.12: Relationship between personalized customer service, customer perceived value and brand loyalty.	57
Figure 5.1: Age	61
Figure 5.2: Marital Status	61
Figure 5.3: Income Level.....	62
Figure 5.4: Gender	63
Figure 5.5: Educational Level.....	63
Figure 5.6: Employment Status.....	64

MÜŞTERİ HİZMETLERİNİN MÜŞTERİ ALGI DEĞERİNE VE MARKA SADAKATİNE ETKİSİ

ÖZET

Müşterinin algıladığı değer, müşterinin belirli bir ürüne ve hizmette karşı düşünce ve davranışları ile ilgili iken, müşteri algısı ürün ya da hizmette fiyat, kalite veya marka imajı gibi özelliklerie göre şekillenmektedir. Öte yandan marka sadakati müşterinin belli bir markaya karşı geliştirdiği algıya ve tatmin derecesine göre gelişmektedir. Bu çalışmada kişiselleştirilmiş müşteri hizmetlerinin müşteri algı değeri vasıtasıyla marka sadakatine etkisi incelenmektedir. Bu araştırma raporunda müşteri algı değeri ve marka sadakatinin önemini kuramsal olarak irdeleyebilmek için ayrıntılı literatür taramasına yer verilmiştir. Öte yandan müşteri hizmetlerinin major elemanlarından olan kişiselleştirilmiş müşteri hizmetleri, müşteri algı değeri ve marka sadakatinin önem ve kapsamı da aynı şekilde incelenmiştir. Jean Noel Kapferer, Milton Freidman, David Allen Aaker ve birçok bilim insanının metodları çalışma boyunca destekleyici unsurlar olarak kullanılmıştır. Literatür taramasından yola çıkarak çalışma sonunda kavramsal bir çerçeve oluşturulmuş ve üç ayrı hipotez major verilerin ilişkisini incelemek adına bu çerçeveye dayandırılmıştır. Kuantatif bir araştırma yöntemi olarak bir anket hazırlanmış ve SPSS analizinin uygulanması ile farklı istatistik testler olan korelasyon ve regresyon modelleri çıkarılmıştır. Bu yöntemler ve verilerin toplanması sonucunda kişiselleştirilmiş müşteri hizmetleri, marka sadakati ve müşteri algı değeri arasında pozitif bir ilişki olduğu gözlemlenmiştir.

Anahtar Kelimeler: *Marka Sadakati, Müşteri Hizmetleri, Müşteri Algı Değeri*

THE EFFECT OF PERSONALIZED CUSTOMER SERVICES ON CUSTOMER PERCEIVED VALUE AND BRAND LOYALTY

ABSTRACT

Customer perceived value is all about customer thinking and behavior towards specific product or service while customer perception is established according to different feature of product or service such as quality, price or image of brand. However, brand loyalty is created by satisfying the customer needs as per their perception about specific brand. This research studies the effect of personalized customer services on brand loyalty with a moderating effect of customer perceived value. In the research report, a detail literature review is conducted to discuss the theoretical facts about customer perceived value and importance of brand loyalty. Then the importance and scope of customer service is also examined by focusing on major variables which are personalized customer service, brand loyalty and perceive value. Jean Noel Kapferer, Milton Freidman, David Allen Aaker and many other scientists' methods are used throughout the thesis to support research assumptions. Based on literature review, conceptual frameworks is developed and three different hypotheses are established to test the relationship among major variables. A quantitative research approach is used and primary data is collected by conducting a survey. The collected data is analyzed in SPSS by applying different statistical tests such as correlation and regression model. Research findings of the report indicates that there is positive relationship among personalized customer service and brand loyalty. Moreover, the moderating effect of customer perceived value on that relationship is also observed.

Key words: *Brand Loyalty, Personalized Customer Service, Perceived Value*

1 INTRODUCTION

The fundamentals of business management are making profit while satisfying the people's need of goods and services. The fast-growing economy forces businesses to find new ways to keep up with it. The focus of these methods is the customer satisfaction. A business cannot be successful without prior approval of their products and services by customers. Companies use different techniques to increase customer satisfaction. In the first chapter of this report, customer service is discussed in detail by focusing on its different aspects. Mainly, to run a business organization needs a proper business unit to create products and services, a marketing department to promote these products and services whereas last and important things is customer who buy these products and services. Organization cannot generate any revenue without interest of their customers, so for a business "Customer is everything". Moreover, the competition among organization have been increased due to globalization and advanced use of technology. Now, there are many ways of promotion and advertising to attract customers. However, with great technology there comes a great responsibility to use that technology efficient to get better output.

One most important concept discussed in chapter one is being customer oriented which indicates that organization should develop proper strategies to retain their customers by satisfying their needs. The customer satisfaction also increases their loyalty towards specific brands which enhance their tendency to buy their product more than once. However, organization has to manage their customer relationship according to different market types. In chapter one of this report, four major types of market segmented, personalized and private markets are discussed in detail. Moreover, Kotler's Marketing Funnel is adopted to discuss the purchasing habits of customers which include seven steps starting from target market to brand loyalty which is final stage of customer satisfaction. A personalized customer service is also an important strategy adopted by organization to manage their relationship with customers. In personalized marketing, customers are treated individually by using advanced technology such as social media marketing. Organization manages their

customers very carefully in personalized marketing as they conduct both pre-sale and post-sale services. Mass customization is a type of personalized marketing, where customers are differentiated based on their collective taste and interest. In this way, organization can create a specific promotion tool to target that personalized group. Mass customization technique can also be used for product personalization which helps to create a certain product for specific group of people. Personalized customer service is one of the most effective marketing strategy. This technique makes the customer feel special. This makes the customers commit to the company and prevents them from working with other companies. This way the company reduces their risks of losing their old customers while gaining new customers by increasing customer satisfaction. In addition, satisfaction of the customers in terms of communication with customers helps to get feedback on their satisfaction, complaints and requests. Securing customer satisfaction helps the companies spread to wider audiences which is the main method of brand awareness.

Customer perception about specific product or services is also important for success of a brand. Due to large availability of products and services in market, customer analyzes these products and services based on their self-defined area which is called perceived value. In order to understand the customer perceived values effectively, theoretical work of Kotler on perceived value is utilized in chapter two of report. Moreover, concept of value is also discussed by focusing on three different categories which are consumption value, perceived value and customer value. It has been observed that customer consider brand image, quality and price of product while making perception about a product. Development of customer perception needs a whole process which starts from brand awareness and ends at building a long term relation with a loyal client. Perceived value of customer about a specific products can also limit their satisfaction level, as perceived value relates to the expectation of customer from a specific product or service while satisfaction is successful achievement of these expectations.

One of the important advantage of customer satisfaction is that it creates brand loyalty which builds the trend of repeat purchase and increases business profit. Moreover, customer perceived value of a product or service is also significant for creation of brand loyalty. In chapter 3 of the report this assumption is discussed in detail by considering different features of brand loyalty such as service quality,

customer type and components of brand loyalty. There are eleven stages involves in creation of brand loyalty which started from expected value and ends at relation value analysis. Moreover, different models of brand loyalty is also discussed in chapter two of research report such as Tek model, Burgeson model, Uncles et al. model, Dick and Basu model, McGoldrick and Andre etc. Brand loyalty is also assessed by focusing on different aspects such as customer loyalty, business loyalty and brand loyalty program.

After reviewing the existing literature on the subject matter, conceptual framework is developed. Three major variables, personalized customer service, customer perceived value and brand loyalty are identified. Personalized customer service strategy bonds the company with the customer and affects the brand loyalty positively. The proposed theories stem from previous literatures and researches. The research includes personalized customer service that results with brand loyalty and customer perceived value. Therefore, it has been assumed that there is a positive relationship among personalized customer service and brand loyalty which is moderated by customer perceived value. The main objective of the research is to develop different hypothesis based on that assumed relationship and test of the effect of personalized customer service on customer perceived value and brand loyalty by using statistical test.

In order to test hypotheses of study, a systematic approach is used which involves collection of primary data by conducting a survey from “50” people. A structured questionnaire is used as a research instrument to collect data from respondents. Questionnaire is divided into three parts, first part includes question related to personalized customer service, second part is about customer perceived value and third part asses the respondents view about brand loyalty. Likert scale is used for development of questionnaire which involves five steps strongly agree to strongly disagree. Chapter four of this report discuss the research methodology and findings of the research study in detail. SPSS is used to analyze the collected data by using different statistical tests such as correlation and regression. Chapter five of report concludes the overall findings of data which includes both theoretical finding and statistical findings.

2 CUSTOMER SERVICE

2.1 Analysis of Business Management, Marketing And Customer

Business administration, in general, is the economic unit creating products and services in order to meet the needs of others and to generate profit for the business owner. Alfred Isaac defines the business as the sum of units conducting manufacturing processes and providing for the needs of the consumer in a direct or indirect manner (Mucuk, 2012). As the business is an important part of a nation's economy it is critical for that nation. Therefore, business management, which makes it possible for a business to achieve success evaluating the relevant factors and trends, is necessary for a business to flourish and to move forward. Since the industrial revolution, businesses have been looking out for different approaches in order to keep their competitive edge in the face of increasing number of businesses and product variety. Considering a company's competitors are targeting the same customer base in an industry, being different from the others is the motive to prefer a brand for the customer (Mucuk, 2012). In this context, being customer-oriented will be one of the fundamental factors to make a difference.

The sense of customer satisfaction while generating profits rather than only generating profits in any way possible has gained importance in the US and gained widespread recognition in the world since 1950s. Nevertheless, market analysis has been shaping the manufacturing with product planning and development efforts putting the customer in the center rather than merely trying to sell products since 1960s. After sale services have gained importance in the marketing approach with long-term profit and continuous sales policies and developing countries are now trying to implement this approach (Nurettin, 2010). Briefly, customer-oriented era has begun leading to reorganization of a marketing department working in coordination with the other segments of a business. However, according to this approach, not only the marketing department but also the other segments of a business must adapt to being customer-oriented and must evaluate factors such as design, price, distribution, etc. considering the customer (Bilge et al.). Accordingly,

products and services must be able to meet the needs of people and consumers must be able to benefit from the customer-business relationship.

As a result of the globalization, businesses are now setting their goals in a way to make it possible for them to generate profit, to generate sales profits, to survive and to grow (the most important goal of a business is to overcome the obstacles posing a threat to its existence and to keep up with the changing environment) which will allow them to exist in the competition and further their business. Therefore, it will be possible to bring consistence to the management functions such as planning, organization, management, coordination, and auditing (Mucuk, 2012). It is important to note that quantitative and qualitative criteria are considered when determining the size of a business (Güneçikan, 2008). Businesses make efforts to survive while trying to grow in the face of these criteria. However, it would be fair to say that small businesses are more advantageous than big businesses with regards to the attention paid to the customer. As small businesses target a limited customer base, they are able to be in close contact with the customer and able to create personalized relations. This brings the small businesses the advantage in terms of customer relations and better services (application for small business,2015). Targeting a wider customer base and having a greater distance from the customer, big businesses struggle to obtain this advantage. With the increasing number of customers, reducing opportunities to become familiar with the customer and decreasing attention a customer gets have become disadvantages of big businesses. It will be best for a big business to enjoy the benefits of its size while trying to gain the competitive advantage of being able to generate better and personalized services for the customers, which is commonly the case for small businesses. Customer relations comes into play at this point and aspects such as the amity of personalized sales method, communication, being welcoming, listening to the customer, finding solutions and gathering information need to be attended.

R&D operations of businesses have gained momentum with the globalization. R&D focuses on innovative design and manufacturing and attempts to generate innovations and make difference in line with the customer expectations and demands (thalesgroup). The purpose of R&D in connection with the consumer can be broken down to satisfying customers who expect difference. With such customer-oriented

features, R&D is one of the most important units of a business which defines its competitiveness.

2.1.1 The concept of customer

Considering the fact that a business is meaningless without customers, the definition of customer must be recognized and evaluated to the fullest by a business. Overall, customer is a person or an establishment which purchases products and services from a business in order to satisfy its needs and demands and which has the purchasing power to do so (businessdictionary.com). According to another definition of customer is a person or an establishment which purchases a specific product of a business for commercial or personal purposes (Taşkın, 2005). Briefly, customer is the person who purchases products or services in order to satisfy his/her needs and demands.

Marketing approach has been changing with the increasing competition and changing environment. Traditional marketing is merely sales-oriented, product specifications are important, long-term sales strategy is disregarded, an average customer relation is available and customer satisfaction is not emphasized. Modern marketing approach, on the other hand, emphasizes customer and customer satisfaction as its top priority; returning customers and long-term relations are of utmost importance (Anbastassova, 2013). Now it is not only about sales but also about satisfying customer needs and providing satisfaction to the customers while doing so. This kind of a change had an impact on the approach to the concept of customer and emphasized the customer satisfaction. Satisfaction is effective in guiding customer behaviors such as recommending the brand to another customer, repurchasing the product, etc. Nevertheless, employee satisfaction also affects customer satisfaction in a business (Cronin et al., 2000). Therefore, a business needs to place importance on its employees as well as its customers. In other words, internal customer satisfaction will have an impact on the customer satisfaction as the customer satisfaction depends on the behavior and performance of internal customer (Taşkın, 2005). Shortly, it would be fair to say that the success of a business depends on being human-oriented. Internal customer is a company's employees while the external customer is the consumer. The satisfaction of internal customer reflects on the external customer who seeks attention, amity and solutions. Therefore, a business needs to create a

satisfied internal customer when providing customer satisfaction. Generally, internal customer satisfaction is easier to obtain than external customer satisfaction. Given the opportunity to initiate discussions and exchange of ideas with internal customers, it is easier to define the needs and demands of internal customers when compared to the external customers (Şimşek, 2006).

2.1.1.1 Being customer-oriented

Being customer-oriented is about developing strategies for retaining customers, building long-term relations with them and increasing their buying tendency instead of finding new customers and making a single sales (udybelgesi). According to another definition, it is a strategy for building long-term relations, providing quality products and services and making a difference by creating a dialog instead of a monolog (Yılmaz et al.). Thus, it will be beneficial to offer quality products and services, to keep good relations, to initiate reciprocal communication, and to create different values. Customer-oriented businesses do not aim for merely making sales or generating one-sided profits. It aims to have customers feel beneficial and to provide satisfaction and customer loyalty is possible in this manner (Dalay, 2013). Customer-oriented businesses place utmost importance on the customer and customer satisfaction and they develop their strategies accordingly. Philip Kotler and Keller explain their customer-oriented strategy as trying to get to know the customer closely, to provide guarantee and software-hardware services along with fast and differentiated services, to offer alternative services while making the shopping experience enjoyable for the customer, to create loyal customers with loyalty programs, and to capture customer satisfaction ensuring the employee satisfaction (2006).

2.1.1.2 Market types and customer relations

Marketing process involves the business and the customer. The business aims to maximize its profits reducing its costs, while marketing aims to provide customer satisfaction. Every business has a different marketing approach and perception for configuring, guiding and furthering its operations. As a result, each business is able to produce different outcomes from their customer relations. The importance place on the customer has a direct impact on the customer-business relation (Berrin, 1999). In this context, Engsig has evaluated market types in four categories (Engsig, 1997):

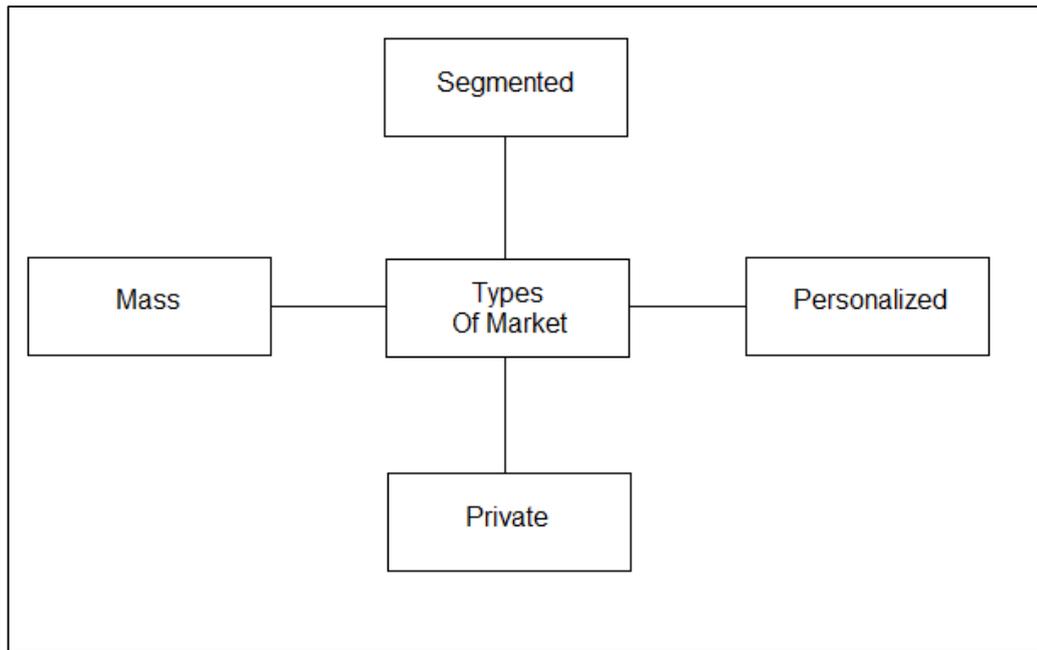


Figure 2.1: Adapted from Rolf Engsig model.

- **Segmented markets:** These are the markets devoted to fundamental needs of customers and here customers are divided into groups by their demands and purchasing behaviors. As customers most commonly show the same purchasing pattern for each purchasing experience, quantity and quality are important at the same level in this market. Here, business and customer relation is built in segments and the existence of such a relation becomes apparent.
- **Personalized markets:** This type of markets is built according to personal demands and it is the market type which involves the highest level of customer relations. Customers are offered a variety of options for purchasing. This market emphasizes quality rather than quantity. The main purpose of the business is to be customer-oriented. Accordingly, businesses adjust their products and services in respect to the customer.
- **Mass markets:** It is a market type built on the quantity in which customers have similar expectations. In this respect, the main purpose is to increase the production due to the lack of products and services and to maximize the profits. There is no special relation between customers and businesses in the mass market.

- **Private markets:** However, these markets are built on the personal demands, these demands are above personal needs and involve demands such as production and research methods. It is a market type in which both the quality of product and the manufacturer is important. Being environmentally-friendly is emphasized in this type of marketing and it is expected to adopt a policy which puts the society in the center. The business-customer relation focuses on environment and society rather than the interest of the parties.

2.1.1.3 Purchasing habits of the customers

Kotler's "Marketing Funnel" shows the steps of purchasing habits of the customer. This funnel represents the process starting from a customer hearing about a brand to being introduced to the brand and brand loyalty to be created. It also emphasizes the importance of marketing strategies. The business initiates the marketing process with brand recognition using elements such as advertisement. The next step of the funnel is the one in which customers purchase the brand once and this customer behavior is continued as long as the customer faces no problems with the purchase. And as long as customer satisfaction is realized with the increasing number of purchases the customer becomes loyal to the brand. Factors and methods such as customer relations and marketing lead customer to be introduced to the brand, to build a relation with the company, to further this relation and to become loyal to the company.

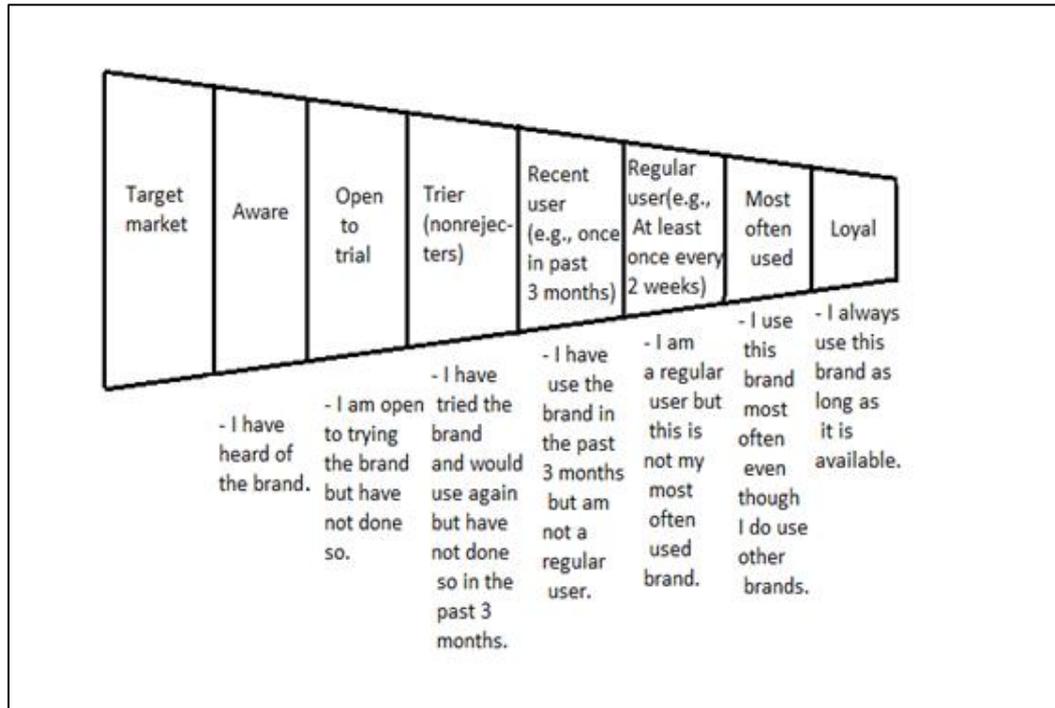


Figure 2.2: Keller and Kotler Marketing Funnel (2012).

2.2 Customer Service and Personalized Strategies

Customer services involve not only presales services but also the after sale services. After sale services play an important role in the product and brand perception of the customer (Aile ve Tüketici Hizmetleri, 2011). The service usually initiates with the communication between the customer and the personnel. This potential starts with the customer's sales tendency, then continues during the purchase and is reinforced with after sales services (business.qld.gov.au). Different factors are in place changing from one customer to another when satisfaction is in question. The reason behind this is that customer perception evaluates the quality and accordingly provides the satisfaction. However, perception differs from person to person. According to Oliver, satisfaction is realized based on the customer expectations and demands (Oliver, 1997). It might be said that customer defines the quality based on his/her expectations. Customer is discontent when his/her expectations are not met while he/she is satisfied when his/her expectations are met. Recently, strategies aiming to make the customer feel special are applied along with being customer-oriented. In this context, businesses follow strategies to personalize the transactions and this kind of a personalization leads to even reinforced customer loyalty (Keller & Kotler, 2012). After sales services are differentiated while modern marketing strategies are adopted in order to allow for personalization application in customer services.

2.2.1 After sales services and personalization

After sales services, in general, can be summed up as services offered by the business to the customer for his/her convenience which include technical support for a product and a service; guarantee, maintenance, delivery, customer services via phone, and online services. After sales services play an important role in the customer loyalty. A company needs to have a good CRM for good after sales services. After sales services play an important role in the fulfillment of customer expectations and therefore customer satisfaction. It is also very important in the way to retain the customer and reinforces the communication between the customer and the business (Irimi, 2008). Nevertheless, databases play a significant role in increasing the customer satisfaction providing information about the customer which makes it possible to treat customers in an individual level (Kelley, 2000). It takes providing convenience to the customers and to make them feel special in order to improve customer satisfaction. Businesses commonly take heed of the following criteria for the satisfaction from after sales services (eticaretmag.com):

- Paying attention to positive and negative feedback and use them for development and improvement. Building a system for this purpose.
- Recognizing and making up for situations in which the company was amiss.
- Listening to the customer and producing solutions.
- Minding the complaints and identifying shortfalls
- Training the personnel for a caring and customer-oriented team
- Being available. Customers must be able to reach the company easily for support or for expressing their opinions.
- Having a decent technical support team.
- Being in touch with the customer
- Making use of the time well. Creating solutions in a rapid manner and not making the customer wait.

Businesses which pay attention to these criteria will satisfy the customer. Satisfaction, in exchange, triggers the will of the customer to repurchase (Taylor & Baker, 1994). We can take a bank customer for example. First of all, online and phone services as after sales services are expected from banks in today's world.

Being able to follow up with customers using databases and making customer information readily available when a customer gets in touch can be evaluated as part of the personalized service concept. A customer representative who addresses the customer with his/her name and the representative's attitude will definitely affect a customer's opinion about the bank. Listening to complaints, feedback and demands of customers, if any, and offering fast solutions will affect a customer's opinion about the bank. A customer who is welcomed with a nice attitude, who is treated in a personalized manner as his/her information is readily available and who feels that his/her opinion counts will develop a perception value and this will turn into customer loyalty in time. However, the total opposite, a business which does not care about who the customer is, which is not familiar with customer's demands and expectation will be subject to the risk of losing that customer. Therefore, however much the customer feels important in after sales services, the customer satisfaction increases. And this is possible with personalization strategies.

2.2.2 Mass Customization and personalization

In a world in which options are abundant and competition is ever increasing, customers may not be retained if the business falls short on meeting the needs, demands and expectations of the customer. Thus, a business which is not able to meet the expectations will suffer customer attrition. Considering finding new customers and building customer loyalty is more costly than retaining the customers, customer attrition is an important issue for the business. Customer attrition is also an impairment of the company image. In order to avoid such situations, a business must find strategies to revive the relationship with its customers and apply these strategies in order to survive in a competitive market. One of these strategies is mass customization (Midilli). Mass customization is a method used as part of personalized services. Mass customization calls for customer-specific, differentiated values and customized mass production methods with reduced costs which are in line with the customer demands and expectation.

Gilmore and Pine, define mass customization in four categories in 1997, namely, collaborative customization, adaptive customization, cosmetic customization, transparent customization:

- Collaborative customization: Aims to identify and meet the needs of customers in a one-on-one communication setting with the customer. It involves personalization of end products according to demands and opinions of the customers. The assembly of a product with finished parts according to customer demands and specifications is an example of this category.
- Adaptive customization: This approach makes it possible for the customer to personalize a product according to his/her preference without the need for getting in touch with the manufacturer. Technological advancements and innovative elements support this opportunity. Interchangeable models in textile industry are an example of this approach.
- Cosmetic customization: It is an approach which makes it possible to reach out to increased number of customers and allows customers to personalize a product in a limited manner. Here, customer is able to change some of the features of a product. The option to change color and pattern of a clothing item on an online environment is an example of this category.
- Transparent customization: Customers are not aware of the fact that the product is personalized for themselves in this approach. The business makes efforts considering the habits and taste of its customers. Ads which one can see on his/her profile page on a social network are customized in order to be appealing for the person according the user's previous browsing history (Gilmore & Pine, 1997).

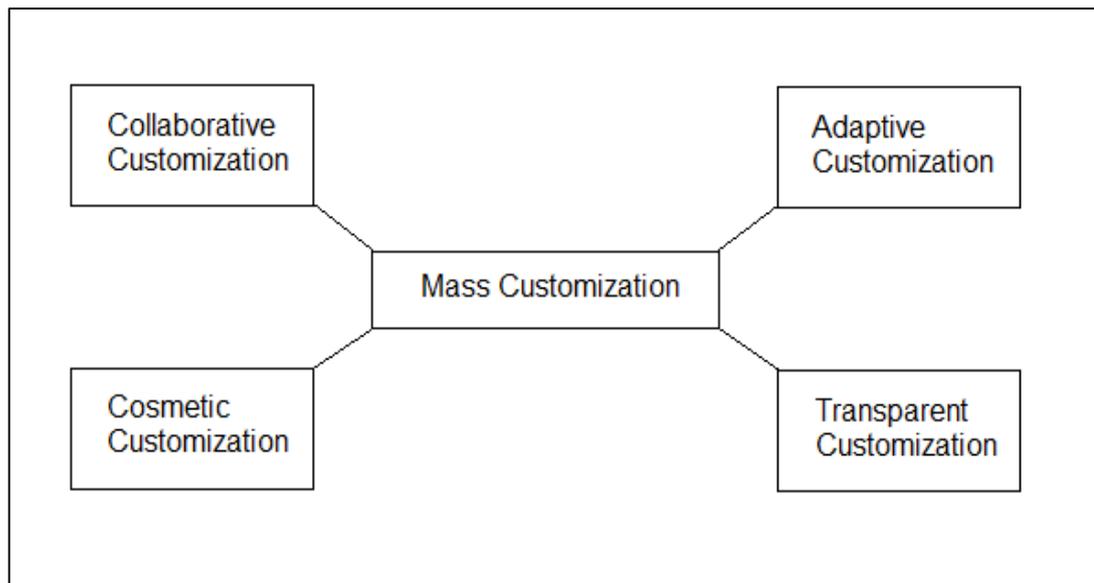


Figure 2.3: Adapted from Glimore and Pine model

Blaudin (2000) explains the success factors of mass personalization under eight articles:

- 1-Catalogue preparation: Reducing costs via identification of the personalization limits according to the customer needs with a catalogue prepared considering different demands of customers.
- 2- Product personalization at the last stage of the process: it requires a specialized effort and reduces costs as it is able to identify errors in an early stage.
- 3- Demand analysis: it guides the manufacturing and helps reduce the costs.
- 4- Standardization of product parts: assembly of previously manufactured standard product parts according to the customer demand
- 5- Creating a database of old designs: helps the creation of new products while saving on time for demands on products similar to the old products.
- 6- Completion of fundamental processes: developing standards for personalization stages beforehand as they work in a similar way.
- 7-Designing a customized manufacturing process: increases the yield and saves on time as what to do and how to do it is known.
- 8- Creating a manufacturing control system. Helps with planning and timing. It reduces the errors (Blaudin, 2000).

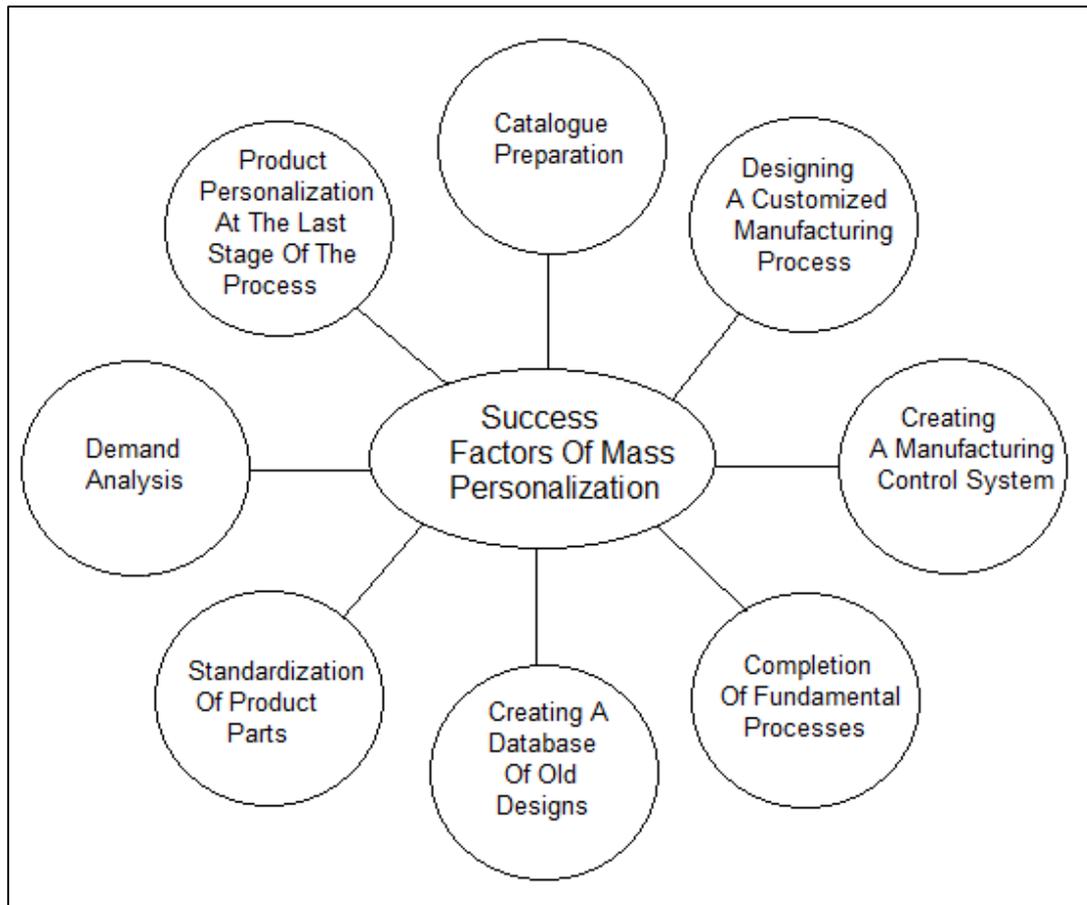


Figure 2.4: Adapted from Blaudin model

2.2.3 Relational marketing and Customer relations

Marketing is basically an exchange transaction which provides for the needs and demands. It is realized when parties involved communicate each other and each one of them believes that they benefit from this transaction (Mucuk 2012). Relational marketing, on the other hand, is not only about the exchange transaction differing from the traditional marketing. It involves initiatives which meet the needs of the customer. Customers are evaluated as individuals and according to Dick Bucci this approach increases the customer loyalty resulting in a loyalty connection (Bucci). Customers who feel being treated as individuals tend to build bonds quickly in a way to affect customer loyalty. Customer relations and the relation built between customer and the business are important for relational marketing. This kind of a relation has a positive impact on the long-term profits of a company. Communication makes it possible to have information about the customer therefore company can recognize the customer. As a result, a business which is aware of the needs and demands of the customer has the chance to offer better services to the customer.

Satisfied and loyal customers usually prefer this business and they do not tend to go for the others.

2.2.4 Personalized customer services

In personalized customer service, the customer is treated as an individual and everything associated with customer are handled very smoothly by the organization. However, anything that goes past the client relationship ought to be dealt with as personal data. Therefore, the main focus of personalized customer service is to give respect and pay attention to customer need not to spy his personal information. The customer became more loyal as their level of satisfaction increased because they are treated as individual. Loyal customers are beneficial for every business as they purchase more, buy all the more regularly, cost less to serve, and have higher consistency standards (Buell, Campbell & Frei, 2010).

According to Peppers and Rogers (2004), there is a special association among customers and service providers, and that association can be straightforward and simple, or emotional and complicated. The main differentiator among various organization is their customer services, however due to increase in communication channel organization are facing numerous challenges to deliver personalized customer service. For example, communication can be customized through letters, website connections, regular postal mail, other machine-intervened collaborations, and email. Moreover, service personnel also offer in-person correspondence before and after the purchase of products (Ball, Coelho & Vilares, 2006).

The advancement in technology along with economic and social forces are motivation the demand of personal customer services which can be conveyed more rapidly. Moreover, customers have the right to choose communication channel for personalized services based on their preferences (Ball et al, 2006). In today's market, the top priority of every organization is to improve customer care and level of customer satisfaction such as they are appointing the administrators with titles as Chief Customer Officer. In order to enhance the consumer satisfaction and customer retention, organizations need to improve the client involvement. Therefore, they try to adjust the expense of giving quality service with the insistent business target of controlling costs (Buell et al., 2010).

2.2.4.1 Experiential services

In case of experiential services, the main focus of an organization is on customer experience during any extractions rather than emphasizing on functional benefits of services provided. Customer experience is traditionally focused more in organization which are operating in entertainment and leisure businesses, because a good experience is the main thing they can offer to customers, such as cinemas, amusement parks, skiing etc. On the other hand, experience can be described as every touch which a consumer has with the administrations, regardless of how unremarkable the service that is being conveyed. There are different levels of customer experiences as it can be less or more memorable based on their features (Carbone and Haeckel, 1994).

Recently, customer experiences have become the main focus of many organization as they can differentiate themselves from competitors by managing customer experience effectively. Moreover, the efficient designing of customer experience in an organization can improve their service levels quickly (Pine and Gilmore, 1998). The customer loyalty can also be influence by quality of experiences, as when customers have good experience with an organization they like to comeback for repeat purchase and also spread good word of mouth among their friends. According to Pullman and Gross (2004), experience designing is a method to deal with emotional side of customers which can create a long term connection through careful arrangement of intangible and tangible actions.

2.2.4.2 Relationship Marketing

A procedure of classifying, evolving, sustaining, and ending social trades with the main objective of increasing organization performance is called relationship marketing. The basic reason behind relationship marketing is that there is a need of constant and focused attention towards vital customers of organization. The core definition of marketing is carefully focused in relationship marketing, as the main objective of marketing is to create, retain, improve and commercialize client connections, as both parties stayed satisfied with business process (Gummesson, 2011). Therefore, relationship marketing is based on the execution and mutual exchange of promises to get different things for satisfaction of both parties.

Mainly, these are some major aspects which are focused on relationship marketing such as its focal point is to coordinate market orientation with customer services. Moreover, it emphasized on creating new customers and retaining old ones, as the concept of total quality is followed in relationship marketing where an efficient association amongst firm and its clients, suppliers and key markets are managed on a progressing premise (Hollensen, 2015). Customers have a large number of choices when they go out for buying a product or service, so it is difficult for them to make choices based on limited knowledge. Therefore, service quality is their focus while making a purchase decision and perceive about products. The organization needs to realize how to increase value and satisfy their customer, and for this purpose they need relationship marketing (Gummesson, 2011).

- **Mass customization of services**

According to Piller and Müller (2004), mass customization can be described based on three options as

1: Differentiation Option

Mass customization implies the creation of products and service for a moderately big business sector, which address precisely the issues of every individual client with respect to product features.

2: Cost option

Mass customization at cost generally relating to those of standard mass-delivered products as this option is not viable where cost is less of a factor.

3: Relationship option

The data gathered amid the procedure of individualization serves to develop an enduring individual association with every client which can provide a way for mass customization.

Mass customization deals with customer satisfaction while making improvements in product and services by introducing new features. These improvements could be as little as an assortment of various colors or flavors, or it can be as complicated as creating a totally new item for a specific customer base. The combination of

flexibility and personalization of customized product at larger level is used in mass production which further leads towards reduction in per unit cost. In this manner, the main target of mass customization is diverse mass purchaser rather than a single customer (Tseng and Piller, 2011).

- **One to one services**

One-to-one marketing is a customer relationship management approach with a main focus of personalized interactions among organization and customers. A personalized interaction can increase the consumer loyal and repeat purchase which further leads towards higher profit on marketing investment. The following are two major types of one to one marketing (Keller & Kotler, 2012).

- 1- Personalization:** The organization learns about the customers taste and their preferences first, then used a customized marketing plan to tackle these customers.
- 2- Customization:** The customer preferences are not learnt by the organization as the individual customers are enables to customize the goods based on their own tastes.

Permission Services

An approach to sell products and services where all necessary information are explicitly provided to potential customer is called permission marketing. Such as, picking a email with an option of inviting other customers who want to get more information about specific products is a type of permission marketing. According to Krishnamurthy (2001), permission marketing is most effective marketing approach where customer can be more responsive because they have early interest in specific product and they can make purchase decision easily after knowing its price and other feature. The idea of permission marketing is welcomed by many customer in today's world of automated telemarketing, extensive information, and spam as make purchase decision easy. Any membership to a SMS, pamphlet, RSS channel, blogs and loyalty cards are main ways of permission market such as when clients buy a Starbucks card may enroll the card on the web, which permits them to check the parity of their card, or even get a substitution if their card is lost.

2.2.4.3 Product personalization

Marketing techniques are ever changing with the advanced technology and passing time. The manufacturing style which did not consider customers as individuals was the mass production. However, following this method is easier for the business, the increasing competition resulted in a drive to provide customer-specific services. After its first appearance as Customization, businesses have soon turned towards a new trend, namely Personalization. Personalization is a rather new marketing strategy. Personalization and customization are two separate concepts. In customization, the business collects information about the potential customers and manufactures in order to meet the needs and demands of the customers (Yüksel, 1999). In personalization, on the other hand, the business learns about the needs and demands of the customer through a special connection and manufactures customer-specific products accordingly (Pine et al., 1997). It can be said that customer designs what he/she wants by himself/herself. Tailor-made gifts, custom cards are examples of this practice.

Custom manufacturing gains importance in personalization. It makes it possible for the customer to design the products for their taste. For example, Heinz ketchup bottles come with personalized messages on them (Keller & Kotler, 2012). Products with the person's name written on such as glasses, bags, and wallets are some of the examples. The Amazon website personalizes children's books using the information about the children and customizes the tales for the children.

Personalized marketing should focus on customers on an individual level and needs to attend to each customer individually (Keller & Kotler, 2012). The purpose of personalization is to treat each customer in a special way which can be considered as customer-specific manufacturing. Personalization allows for the flexibility to adapt to different needs of different customers. Services are shaped based on the customer information. And it plays an important role in the customer loyalty. However, it takes a strong relationship and communication between the business and the customers. The business must be familiar with the customer and must have the required information. Databases come into play in this stage. Databases make it possible for customer-specific production (Yüksel, 1999).

2.2.4.4 Databases and personalized customer relations

Marketing based on databases plays an important role in mass personalization. Customer information collected using technology helps guide the strategies adopted by the businesses. Connecting with the customer on a personal level, familiarizing with the customer, and analyzing the target market in a more efficient manner will assist in building a stronger bond with the customer (Manager UpDate,1991).

It used to be hard to collect the information when compared to our modern time and advanced technology made it possible for us to reach information conveniently. Businesses collect and store information about customers in order to be used in the future. Databases assist in the determination of customer needs, demands and expectation allowing for the collection of up-to-date information. According to Neff, businesses collect information on the customer and this information grows to be used in order to build a better connection with the customer. Therefore, the relationship with the customer can be a long-term one (Neff, 2009). It is in a way a measuring and evaluating mechanism for the business.

Therefore, this information must be updated frequently and the employees must be trained for this purpose and the business must innovate according to this information. Databases offer a collection of data collected from any sources which make it possible to reach at customers. Several channels such as online services and call centers make it possible for the company to collect information about its customers. A business can use online searches and online purchases of customers to identify the purchasing habits of its customers (Wikipedia). It is possible to collect data while finding new customers and the business tries to win these new customers. The business uses videos, texts, and pictures which are compatible with the interests of the customer in the online environment in order to attract customers and to advertise. Customer is offered a customized interface as websites are personalized in this manner. An example of this is the Facebook ads which are suitable for the interests of the user. Shopping websites, on the other hand, send emails about products which may attract their customers and boost their sales. It is easier to offer personalized customer services as the database grows and the customer information builds up and the quality increases. However, an important issue is the privacy of the customer which may have an adverse impact on the customer trust. In general, collecting data

about the customers and using this data in order to provide customer-specific production bring competitive advantage to the business.

2.2.4.5 Customer complaints

Companies are turning to market surveys in order to be able to offer better services. Market research involves collection, analysis and interpretation of the marketing opportunities and issues in an objective manner. Market research is a scientific method and it offers solutions. Surveys, observations and tests are common methods used in market research (Ventura). These methods, when considered in a customer-centric perspective, examine the complaints and demands of the customer and take customer opinions into account. Use of customer complaints as a method to improve business is important for long-term relations with the customers. In this context, issues which result in customer dissatisfaction are resolved and drawbacks of the services are removed. Customer attrition is an issue when the complaints go unresolved. Therefore, customer complaints need to be regarded as important as the demands and expectations of customers. “Your most unhappy customers are your greatest source of learning” said Bill Gates (Ekaterina Walter). A business which follows up on the customer dissatisfaction is able to take steps to provide customer satisfaction and to improve its operations. As a result, a complaint can be transformed into positive outcomes for a business. Customers feel their opinion matters when their complaint is attended to and it provides information about the sensitive issues for customers which is an opportunity to provide customer-specific services.

2.3 Customer Relation Management (CRM)

A customer is a person who turns to a business in order to meet his/her commercial needs and demands using that company’s products and services (Taşkın, 2005). Customers, in the last decades, have been taken for a group of people and the aim was to sell products to customers. However, being customer-oriented has become more and more important with the changing market approach. Customer relation management (CRM) is a competitive strategy which takes being customer-oriented as its core value (Bozgeyik, 2005). A good CRM conducts its production process according to the demands of its customer and offers after sales services. CRM has

gained importance in Western countries since 1980s, while it has become available in Turkey only in 1990s (Yurdakul).

The purpose of CRM is customer satisfaction. Using the developments for customer satisfaction, outpacing the competitors, offering fast services and providing differentiated products are parts of the CRM (Odabaşı, 2000). The purpose of customer relations is to build long-term relations with customers through building trust in order to focus on the long-term profits. Briefly, CRM is a strategy which is customer-oriented, which involves presales, sales, and potential sales processes along with after sales services and is now considered a necessity in the face of the increasing competition (İTO yayınları, 2009).

Being customer-oriented is one of the most crucial criteria of the mission of a business in terms of CRM. This criterion must be adopted by the business as a strategy and customers must be attended in order for long-term profits (Ersoy, 2002). It is important to know that communication with the customers is critical for the CRM to be applied correctly. It is also useful to conduct research about customers, to evaluate the satisfaction level of the customer with observations and surveys, to understand their demands and to offer better services evaluating the feedback received from the customers. In the light of the information gathered from these practices customer demands will be identified and changing trends in these demands will be met. Thus, the customer will not look for other businesses for their changing demands (Akça). In other words, the ability to build a close relationship with the customer is indicative of the success rate of a business.

2.3.1 The features which CRM must possess

According to Kırım, profiting from the relations with customers, being different than the other businesses, meeting the demands and needs of the customers while reducing costs and increasing the performance is are the main goals of CRM (Kırım, 2001). Accordingly, the relationship built with the customer and meeting the needs and demands of the customer results in returns for the business in the long term and increases the performance via brand differentiation. All of these factors allow for customer loyalty and make it possible to retain the customers therefore reducing the costs and also determine the success of the business (Taşkın, 2004).

This strategy and being customer-oriented must be adopted by the management before all the other departments for a successful CRM. Then, the customer must be familiarized with and a connection must be built. Strategies serving for this purpose must be developed for better service output and employees must be trained for a good CRM which might also involve incentives. The strategy must be furthered and the business should attempt to develop itself for all times (Demirbağ, 2004).

2.3.2 Stages of the CRM

Segmentation is made with CRM. Accordingly, the most loyal customers are identified and it is determined that which customer can contribute more and which customer brings more profit. Four stages are involved in the process of creating customer loyalty and process such as customer selection, winning customers, retaining customers and deepening customer relationships (Alagöz et al., 2004).

- Customer selection: Defining the purposes of the business, offering customer-specific services in marketing formats and understanding the customer needs are fundamental elements of this stage.
- Winning customers: This stage involves the requirements of CRM and a department is created to be dedicated to customer relations. A CRM team is built.
- Retaining customers: Tasks are defined and priorities and product selection criteria are specified in order to define what needs to be done within a system that is created around these tasks.
- Deepening customer relationship: It involves defining the process and planning the stages of this process. Experienced implementers define and design the CRM initiation process and specify what needs to be done anticipating the possible outcomes (Demir & Kırdar).

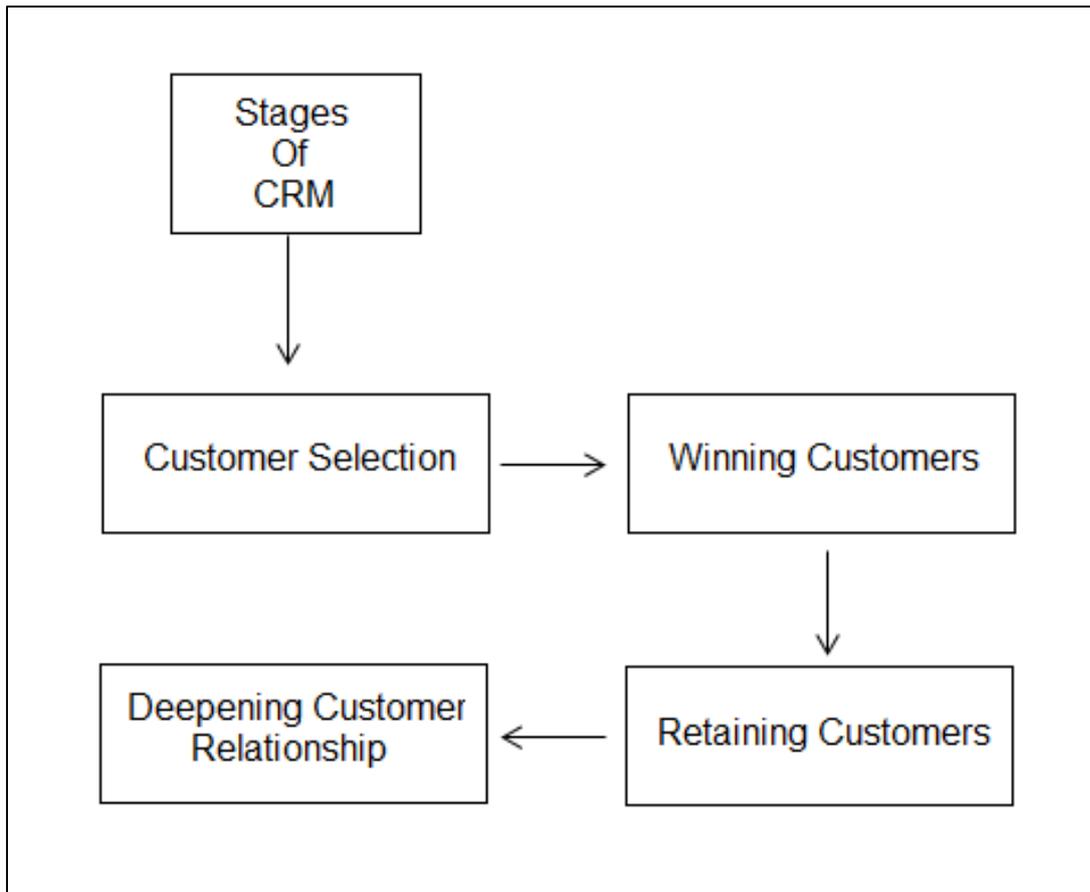


Figure 2.5: Adapted from Alagöz et al. model

According to this setup, customer is in the center and the relationship with the customer is furthered based on a strategy created beforehand. Nevertheless, databases and the help of technological advances will play an important role in the communication with the customer. Recognizing the customer will allow the business to identify the needs and expectations of the customer and offering services accordingly. It will also be easier for the business to improve, innovate and differentiate in line with the customer demands.

3 CUSTOMER PERCEIVED VALUE

3.1 Scope Of The Percieved Value

According to Flint, perceived value is a person's criterization of a situation according to his/her values before making a personal decision. And these criteria are a behavioral reflection of people's desires (Flint et al., 1997). According to Doyle, there are different ways to create value in marketing. First of all, the customer selects what he/she perceives as the best value among the brands. Another important point is that customers demand products and/or services in order to fulfill their emotional or economical needs and this kind of a fulfillment is about the value. The last criterion is about trying to build long-term relationships with customers (Dolye, 2003). According to its general definition, value is the difference between the money spent to meet one's needs and the benefit from that product or service purchased and it is more about the extent of benefit gained from a product or service than the fulfillment of needs and expectations and is a result of individual judgment (Karaca, 2003). Competition increases with the technology and growing markets along with the modes of competition. As customers look for more options to be made available for them, they ask for more, they ask for a better price and they ask for quality products (Tekin, 2005). Thus, it is getting harder for a business to satisfy its customers. As a result, companies are now looking to develop many strategies and to create value for the customers.

It will be useful to consider Kotler's perceived value determinants in order to better understand the customer perception value. According to this table, customers are creating a value calculating what they gain when compared to what they spend:

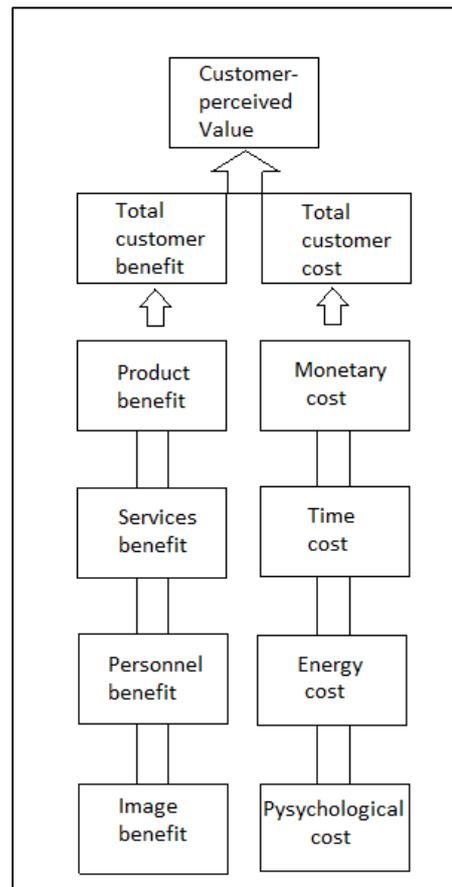


Figure 3.1: Determinants of Customer-Perceived Value (Kotler & Keller, 2012).

3.1.1 Value models

Aydeniz and Yüksel address the concept of value in three different categories:

- **Consumption Value:** Based on consumer behaviors, this category is experimental and it depends on the experience of the customer. Customer evaluates a product after he/she purchases the product, in other words, after the need is fulfilled, and uses his/her experience for the next purchase decision.
- **Perceived Value:** It is about the quality and price ratio and is a comparison between the compromise made by the customer and the compromise made by the business. It is about customer's perception and it differs from person to person.
- **Customer Value:** It is the connection built between the business and the customer due to the perception of added value experienced by the customers for the products and services they have been using (Aydeniz & Yüksel, 2007).

3.1.2 Perceived value by the customer features

Customer value consists of tangible and intangible values which can be the sum of factors such as product, distribution, service, etc. (Van der Haar et al., 2001). Parasurman suggests that perceived quality is a personal evaluation and that it is not the real quality (Parasuraman et al., 1988). In other words, perceived quality differs from person to person. Zeithalm suggests that the customer perception value is created based on four criteria (Zeithaml, 1988):

- Price
- Quality
- Benefit
- Expectation

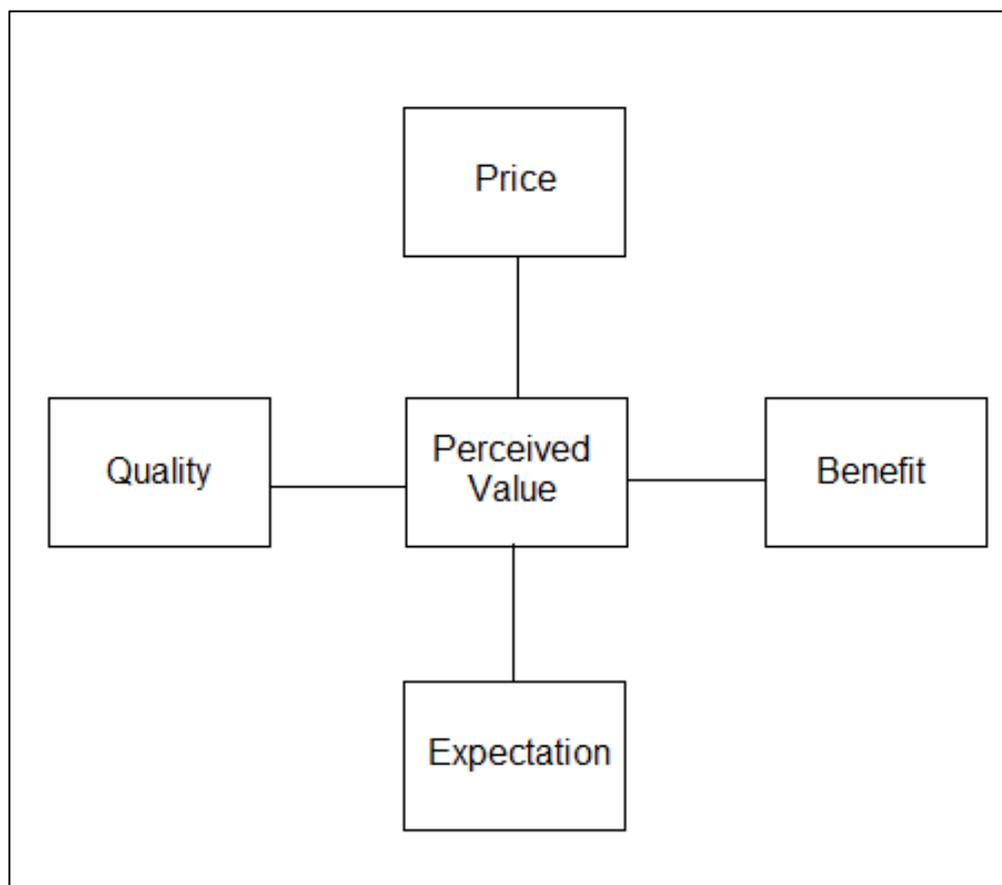


Figure 3.2: Adapted from Zeithaml model

According to these four criteria, price plays an important role in the creation of customer value perception. Nevertheless, customers develop a value perception according to the quality of the product and/or service they have purchased. It is

important for the development of value perception that customer finds what he/she is looking for in the product and/or service he/she purchased. Another aspect of this value is the extent of profit customer gains from this transaction analyzing what is received in exchange of what is given.

Odabaşı and Oyman state that the perceived value is determined by the product quality, service quality, price and brand image (Odabaşı & Oyman, 2002):

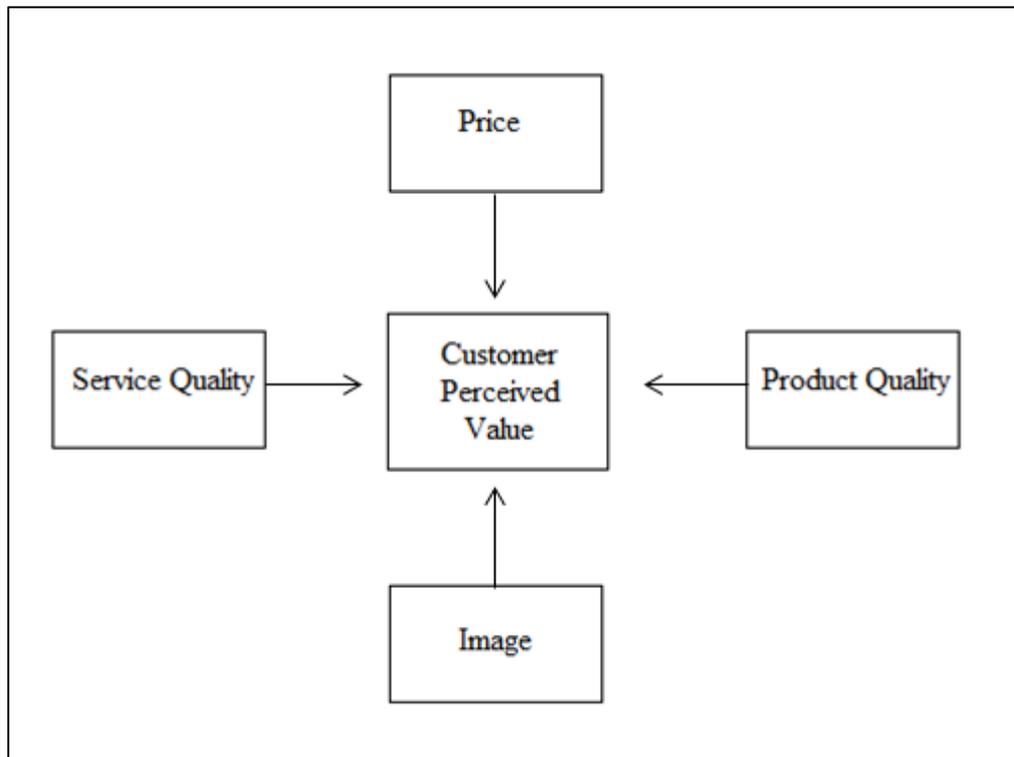


Figure 3.3: Adapted from Oyman and Odabaşı model

Based on the statements above, it is possible to summarize the factors which affect perceived value:

- Having one's expectations met creates a positive perception for the customer.
- Customers develop their perception based on the comparison between the benefit and the cost and this has an impact on the business (Anderson et al., 1993). Thus, it would be fair to say that low prices are rather successful in creating a perception value.
- A company's ability to meet its customers' needs to a great extent influences the perception value.
- It is possible to say that customer services, after sales services and the attending behavior of the company affect the perceived value.

- The image of a company also plays a role in the customer value perception. Several businesses use special colors, some stores use special odors and music in order to impart subliminal ideas about that business.

3.1.3 Customer's assessment of products and services

As mentioned before, factors such as price and the perceived value a customer believes he/she obtains from a product or a service affects the perception. Customer criteria come in to play at this point. However, these criteria are not objective and they differ from person to person. Perceived quality is a self-evaluation and it does not represent the actual quality (Parasuraman et al., 1988). Therefore, businesses need to provide more value to the customers in order to attract them. A business needs to have features different from its competitors and needs to be able to create more value in order to attract and retain customers. Offering customers with special designs influences the perception of the customer. In other words, the difference a business makes influence the purchasing decisions of the customers.

The concept of customer services is also important in a customer's assessment of products and services. That is because not only product quality but also factors such as the behavior and respect a customer encounters are influential for the purchasing decisions. Customer services may allow for improvements as a result of customer complaints received and may provide customer satisfaction with closer relationships built with customers. Consequently, it can be said that customer satisfaction influences the perception and perception influences the customer loyalty. Loyalty and value are two interconnected concepts. According to Aaker, businesses are driven to create perceived value for the sake of customer loyalty with loyalty gaining importance and becoming the focus of marketing when compared to the past (Aker, 1991). However, a customer's assessment of a product or a service is based on individual judgments, factors such as quality, price, image and amity pave the way for value creation. Doyle suggested that perceived value is a comparison of performance and cost which is made by the customer (Doyle, 2003). Customer builds a bond with the business and becomes loyal to the business as a result of this assessment when this comparison produces favorable results, in other words, when high value perception is created. Therefore, it would be fair to say that winning and retaining customers depends on the assessment of the customer. This combination of

values and factors can be found in in the table called “Customer’s Assessment of Service Quality”.

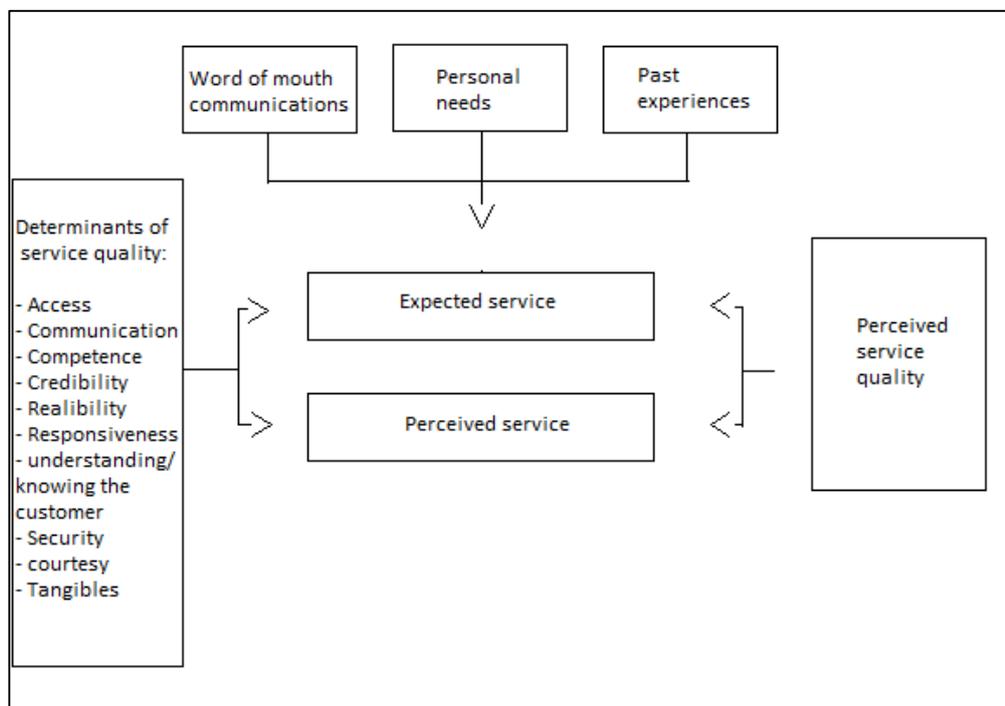


Figure 3.4: Customer’s assessment of products and services (Zeithaml et al., 1990).

3.1.4 Perceived value and pricing

Olivia suggested that value is the price (Oliva, 2000). According to this statement, it might be possible to draw a conclusion that lower prices create more perceived value. Customers tend towards businesses which offer the highest quality products and services for better prices. According to Keller and Kotler, reduced product differentiation and similar products being marketed drove the consumer to be sensitive about the price and quality with regards to value creation lowering the customer tolerance for the unwanted marketing (Keller & Kotler, 2012). Thus, companies which look for creating perceived value for the customers need to offer the highest quality products and services while keeping their prices at a level lowest possible. This approach creates a customer perception of low-cost benefit. The benefit customer gains and the cost the customer pays influence the perceived value (Day, 1994).

The customer can arrive at a judgment comparing what he/she has gained vs. what he/she paid in return. However, customer’s way of perceiving the benefit and cost of what is being offered is important and businesses need to know how customers

perceive these factors (Hubert et al. 2001). The efforts a company makes in order to create perception and its price strategy can become ineffective when the company does not know about the approach of the customer. The reason behind this is the fact that both perception and benefit differ from person to person. According to Gale, the benefits a business offers to its customers can be addressed as tangible and intangible benefits (Gale, 1994). It is important to know what kind of benefit customers want to obtain from the transaction, in other words, if the benefit is tangible or intangible. On the other hand, personal needs, expectations, specification and factors such as culture, traditions, socioeconomic status result in the perception difference (McDougall et al., 2000). Due to the perception developed as a result of several factors which differ from customer to customer, a business needs to know how the customer perceive what the company is offering to them and what they are offering needs to be different from what its competitors are offering in order to be preferred. However, a business must lay emphasis on the sum of the factors which play a role in the creation of perception as mentioned above rather than focusing on the price.

3.1.5 Creating perceived value

Perceived value is the judgment a customer makes considering his/her experiences (Oliver, 1997). Positive judgment is more likely with the value a business can offer to its customers and customers prefer the business that creates more value (Odabaşı & Oyman, 2002). However, it is important for the customer to make use of these values and to feel he/she gains more than he/she gives. Odabaşı emphasizes the importance of the identification of customer compromise points along with the demands of the customer. Customers will not respond favorably if they are required to compromise and make an effort in exchange for the value they obtain and this does not contribute to the creation of perception. Value is created when the business produces value while bringing down the factors which require a compromise from the customer. Nonetheless, these values need to be meaningful for the customer otherwise the efforts will be futile (Odabaşı, 2000).

If the business knows which criteria and values a customer grounds his/her purchasing action on, then it will be easier for the business to adapt to these presales criteria. Customers create value according to the sales and business performance they have experienced as part of these criteria based on experience. Trust is then built in

time. Jenkins noted that products and services which meet and even exceed the expectations, adds value to the customers and this is possible through building trust (Jenkins, 1998). A business must be familiar with its customers in order to be able to build the trust. According to Denove, there are two factors which make it possible for businesses to retain their customers and create perception. The first factor is the information. Having information about the customer facilitates customer satisfaction. In case of the lack of information, businesses are not aware of the methods to observe. The second factor is the infrastructure. The information collected need to be rendered into an applicable format, otherwise this information is futile (Denove, 2007). Thus, a business must know what the customer wants and offer services accordingly in order to create value for the customer. This is followed by the creation of a complete perceived value as a result of the experience. In this stage, databases, being customer-oriented and being familiar with the customer gains importance for the business.

According to Taşkın, this is the sum of the stages starting from the brand awareness to building a relationship with the customer and customer relations, behavior of the company and the attitude of the staff towards the customer affects this relationship (Taşkın, 2000). Accordingly, the trademark and logo influences the perspective of the customer and creates a judgment in a manner to encourage customer to build a relationship with the business. Therefore, brand and the logo support creation of perceived value and loyalty. The customer feels closer to the brand due to factors such as hearsay and familiarity and prefers that brand. Keller and Kotler suggest that the McDonald's brand evokes a certain image in the perception of the customer and address the importance of the image focusing on the efforts of businesses made regarding their images (Kotler & Keller, 2012).

3.1.5.1 The importance of perceived value for a business

Businesses try to create value for the customer in order to outpace their competitors. Businesses which offer the highest value to the customers are commonly preferred by the customers (Altıntaş, 1999). A business is able to encourage customer loyalty and attract customers to the extent of the value it creates for the customer. Perceived value has other benefits for the business along with the support for loyalty creation. In a perspective which includes the process starting from the loyalty built, one is able to see the several effects of the perceived value. Loyal customer is engaged

customer. Loyal customers tend to purchase more and increase the returns of the company. The customer helps business to win customers with recommending the brand to his/her close circle as a result of the loyalty. Thus, it will be appropriate to note that creating value is important for the business.

3.1.5.2 Customer Lifetime Value

Another important issue for a business is to further the value created along with creating value for the customer. Creating value for the customer will influence the customer's preference for that brand. This does not mean a single or a couple of purchases and encourages a lifetime interest in the business while the opposite, losing a customer, means that the customer will not be returning to the business for a lifetime (Kotler, 2000). This is called customer lifetime value. In order for this to be possible customer's relationship with the business and the sales team are identified, evaluated and managed. Commonly used in customer relations management, the purpose of this method is to retain the customers and making them loyal to the company rather than trying to find new customers (Odabaşı, 2000). Briefly, the goal of this method is to make it possible for a customer to purchase from a business for a lifetime rather than a single purchase. In other words, it focuses on the long-term returns instead of short-term ones. It is a great advantage for the business to have regular customers as a result of customer satisfaction. As attracting customers is rather costly, existing customers are always more valuable and more economic for a business (Burucuoğlu, 2011). Another important aspect of the functionality of the identification of lifetime value and sustainability is that the business will be able to estimate the future returns using the customer lifetime value. Customer lifetime value refers to the transactions and values a company will gain or lose with respect to a customer. Therefore, a business will be able to calculate the cash flow in a certain period of time estimating the lifetime cost and profit arising from a customer (Berger & Nasr, 1998). As a result of these calculations, a business can see the long-term profits and the possible loss if they lose the customer. It is also possible to classify customers according to their purchasing behaviors (Alagz et al., 2004).

3.1.6 The relationship between Value and Satisfaction

Kotler and Armstrong have noted that satisfaction is realized when an expectation is met or when the expectation is exceeded (Kotler et al., 2006). Oliver, on the other

hand, focuses on the capacity of a business to estimate and know its customers' expectations when defining the perceived value (Oliver, 1997). In this context, it is possible to address satisfaction and perceived value as two intertwined concepts which are about the expectation. Literature provides many statements about the association of these two concepts and some of them are as follows:

- Satisfaction provides a measurement of the feelings of customers towards products and services while consumer value estimates the customer's behavior (Goodstein & Butz, 1998).
- Goodstein and Butz associated satisfaction with approach while associating consumer value with behavior (Butz et al. 1996).
- Eggert and Uluga suggested that satisfaction and value serve for the same purpose (Eggert & Uluga, 2002).

Satisfaction is about the behavior customers develop according to what they believe they have gained in the process of meeting their needs and expectations with respect to a product and service and it is sort of a performance comparison (Woodruff et al. 1996). Perceived value, on the other hand, is about the perception aspect of all these factors and the judgment a customer arrives. Parasuraman suggested that satisfaction differs from customer to customer and that it is variable (Parasuraman, 1997). Considering these two concepts are intertwined, it can be said that perceived value would differ from customer to customer. At this point, being familiar with the customer and offering satisfaction with personalized services comes into prominence once again.

Creating value for the customer is an important part of marketing strategies. The perceived value increases the customer satisfaction and therefore brand loyalty. Businesses today need to offer more than just products and services in order to outpace their competitors. Thus, the sense of satisfaction is cultivated. The reason behind this is that satisfaction is about the judgment customers arrive as a result of the comparison between customer expectations and what they receive from the company (Zinledin, 2000). The satisfaction brings about perceived value. In conclusion, product quality along with presales and after sales services, respectful attitude towards the customer, building trust in customers, offering low costs and factors such as brand image have a positive impact on the perceived value which results in retaining customers and increased brand loyalty. Considering the value

concept arises from the point customer believes he/she benefits from the transaction, the business which is able to have its customers feel the benefits to the greatest extent will outpace its competitors. Indeed, the benefit perceived by an individual matters more than the benefits a business offers. The benefit must either be more than the competitors or the price must be lower than the competitors considering the price-value integration as suggested by Oliva. However, value differs from person to person and perception is an intangible concept, it is possible to measure it by its tangible features. Using these measurement methods, businesses may be able to understand the customer perception to a greater extent and may take steps accordingly. Nevertheless, it is not only the satisfaction derived from the purchasing experience a customer has experienced in a business matters. The concept of benchmarking comes into play to create the perceived value with a comparison between the services offered by competitors (Brooks, 2007). Therefore, businesses need to outpace their competitors by developing new strategies and keeping up with the times. A company must first make improvements, and follow the policy for providing the best services with being customer-oriented in mind.

4 BRAND LOYALTY

4.1 The concept of brand loyalty

In a time in which products are easily accessible, products and services are similar, products are inexpensive, customer expectations are rising while differentiation is even harder, and product options are increasing in the face of advanced technology, it is important for the businesses which want to survive the competition to focus on marketing strategies as customers can access any service. The main purpose of these strategies is to retain the customer and build brand loyalty. Dick and Basu suggested that brand loyalty is about the efficient management method in the competitive new world (Dick & Basu, 1994). Loyalty is defined as faithfulness to commitments or obligations and devotion (TDK). Brand loyalty, on the other hand, has a behavioral aspect and is the tendency and decision of the customer to repurchase from the same business (Solomon et al., 2006). Jacoby defines brand loyalty as the increased value customers place on brands in time and the preference of the customer (Jakoby, 1971). It is important to interpret three main factors which play an important role in the creation of brand loyalty, namely, perceived value, service quality and customer satisfaction.

4.1.1 Customer satisfaction in creation of brand loyalty

The tendency to value something, as mentioned by Jacoby, is about the benefits customers gain or, briefly, is about the satisfaction. Karaca suggested that customer satisfaction is one of the important criteria for the brand loyalty creation (Karaca, 2003). In other words, customers who enjoy the products and services a business has to offer and as a result who are satisfied become loyal (Oliver, 1999). Therefore, it would not be say that brand loyalty is created as a result of satisfaction. Taylor and Baker reported that customers tend to repurchase the products that they enjoy (Taylor & Baker, 1994). Accordingly, customers will return to a business in order to use the products they enjoy, the products which satisfy them. And this repeating pattern of purchase will create brand loyalty. Customer satisfaction is also about fulfillment of

customer expectations and behavioral expression and the satisfaction experience gives information about the future customer behavior which can be interpreted as recommendations or dispraise for the business (Oliver, 1997). Loyal customers tend to recommend the brand in order for others to have the satisfaction they had and contribute to the brand recognition making it possible for the company to win customers. Dissatisfaction and not being loyal to a brand, on the other hand, may affect the purchase decision of potential customers adversely as a result of brand dispraise.

4.1.2 Perceived value in creation of brand loyalty

Considering the satisfaction-value relationship which is mentioned above, it will be suitable to address the effect of value in brand loyalty creation. Alagöz et al. suggested that perceived value is about what customer receives from a business and associated this value with the technical support, service specifications and physical outcomes (Alagöz et al., 2004). In case of failure to create value or failure to have it at a desired level will affect the customer's preference of the business. Therefore, creation of perceived value is significant for the brand loyalty. Gronroos established the perceived service quality in his service quality model based on the brand image, expected service and perceived service (Gronroos, 1984). The expected service element of this model can be associated with the customer satisfaction. It is possible for a business to comprehend an adverse situation which is resulting in dissatisfaction or that they are not able to satisfy the customer based on the customer loss, no repeated purchases, in other words, reduced brand loyalty and can take the necessary measures. At this stage, strategies which will facilitate brand loyalty in order to differentiate the business from its competitors and retain the customer gain prominence. Another important point is the need to create the ideal brand image and to sustain that image. A business needs to be aware of its image and to serve for the needs and expectations of its customers and must make an effort for its customers to notice this situation. Because, such a perception also serves for the perceived services element of the model. These steps pave the way for brand loyalty creation through perceived value and customer satisfaction.

4.1.3 Service quality in creation of brand loyalty

Another strategy for brand loyalty creation is offering quality services to the customers. Zeithalm et al. suggested that service quality affects the brand loyalty and that it results in lowered price sensitivity, reduced amounts of complaints and elimination of the need for looking for other businesses (Zeithaml et al., 1996). However, the concept of quality differs from person to person as customers show individual differences and as each person has different expectations. Therefore, customer services stands out as the best method a business might apply. Especially personalized customer services are able to adapt to different customer natures and able to meet the expectations of the customers to the fullest. Customer relations are critical for a business in terms of competitive advantage. As mentioned before, customer relations methods are also used for the presentation of customer services. According to this method, a business creates databases in order to familiarize with the customer base and to identify their purchasing behaviors. With the information obtained from this data, a business is able to better analyze the needs, expectations, complaints and satisfaction of the customer in order to offer better services. This kind of a service presentation allows for a connection between the business and the customer and facilitates value sharing. Howard Schultz also suggested that people become more loyal to a company as they share some values with that company and supported the association between sharing values and brand loyalty (Schultz & Gordon, 2011). As the customer feels more connected to the business, his/her brand loyalty will be influenced accordingly. These processes result in increased customer satisfaction leading to the brand loyalty creation. Considering the service aspect of this process, one can observe two types of brand loyalty, namely, individual and corporate. Individual brand loyalty is built for the staff who delivers the services while corporate brand loyalty is built for the business in general. Individual brand loyalty is effective in terms of comfort, increased brand loyalty and satisfaction. However, in case of a resignation of the relevant after the creation of individual brand loyalty, corporate brand loyalty is also affected as the customer may terminate his/her relationship with the business (Villas, 2004).

4.1.4 Applications related to the brand loyalty

There are several steps a business must take in order to create brand loyalty and these steps must be aimed at the application. Keiningham collected the steps to be taken in order to create brand loyalty together (Keiningham et al., 2006).

- Presales and after sales services: planning presales services focusing not only on the marketing of the product but also on the needs and demands of the customers while offering after sales services which will support the product and the services.
- Customer satisfaction: Making it possible for the customer to have a better experience and meeting his/her demands and expectations. Therefore, creating customer satisfaction.
- Evaluation of the complaints: Identifying and correcting the aspects which result in customer dissatisfaction and apologizing for the inconvenience. Improving the operations in order to eliminate the complaint and taking measures.
- Creation of perceived value: Leaving a good impression on the customer in terms of services and quality. Therefore, creating a greater perceived value.
- Brand loyalty programs: awarding the loyal customers, appreciating their loyalty and encouraging others to become loyal to the business.
- Creating time offering fast solutions: offering efficient solutions to the customers in the shortest time possible and offering better options to the customers.
- Innovation and differentiation: innovating the business constantly in order to avoid customers to look for other brands and to meet the needs of the customers and being different from competitors.
- Offering personalized services: making each customer feel special offering personalized services regardless of the number of customers.
- Consistency: a business needs to create balance between the image it represents and its price regimen.

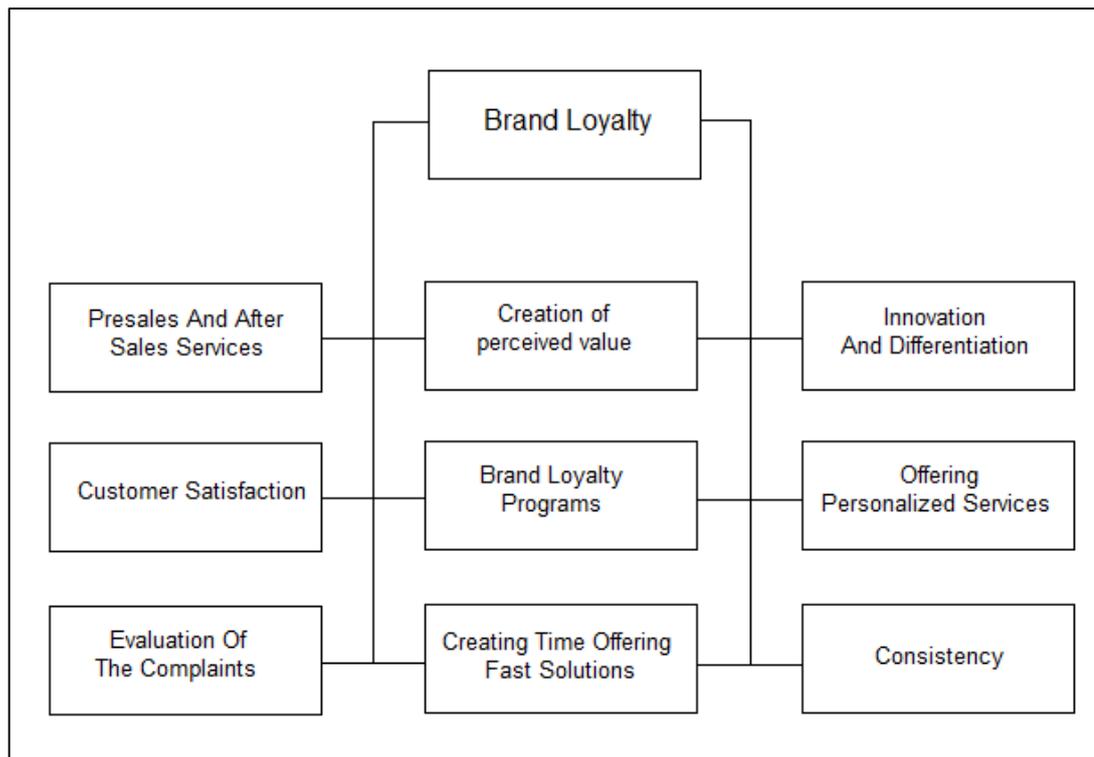


Figure 4.1: Adapted from Keiningham model

4.2 Components of the brand loyalty

Costabile developed a model of 11 steps for the brand loyalty creation and application starting from the first perception to the creation of brand loyalty investigating the levels of customer loyalty. This model reveals the behavioral and intellectual stages a customer experience until the brand loyalty creation. According to the model, there must be an “expected value” in order for the brand loyalty to be created. This expectation will lead the customer to the purchasing stage. A perceived value is then created for the customer after purchase according to the customer experience. The perceived value will also be the foundation of the customer satisfaction. A satisfied customer will start to trust the business in time. And trust will lead to repurchase. In this stage, brand loyalty will be addressed as behavioral loyalty. After the behavioral stage, the customer will start to evaluate the value of the product and mental loyalty develops. At this stage, the customer starts to believe that the product or services a business offer is the best for himself/herself. Following the analysis of the customer on the benefits or losses as an outcome of the purchase, brand loyalty is created according to the outcome of this analysis.

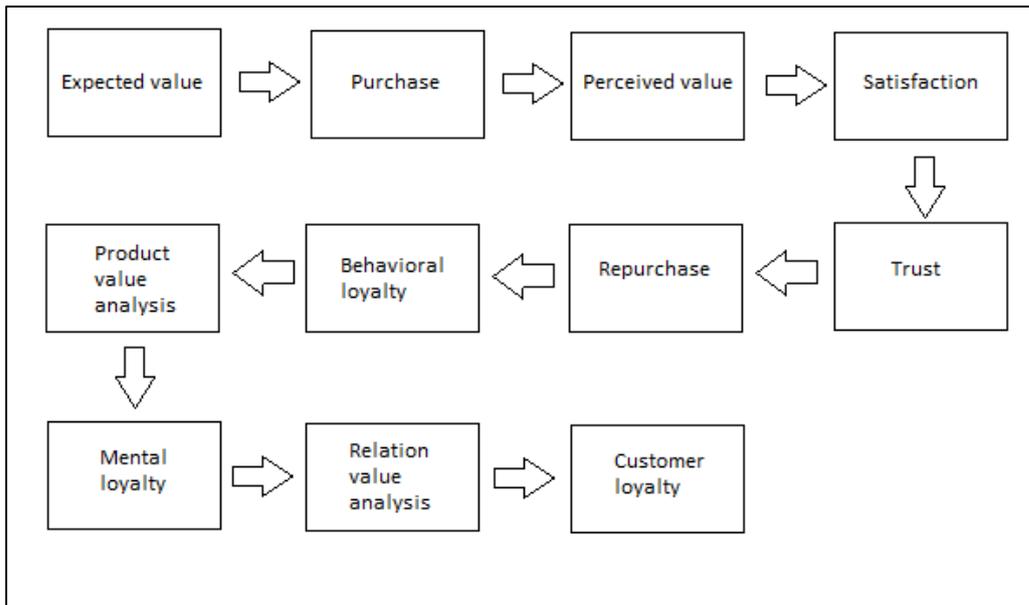


Figure 4.2: Levels and Stages of the Brand Loyalty (Costabile, 2000).

Aydın and Özer addressed the factors which play a role in creation of brand loyalty in a different way (Aydın & Özer, 2005). According to their model, perceived value and the quality services offered to the customer may result in brand loyalty directly. However, it is also possible to have a staggered process for the loyalty created with service quality. Good service quality will result in a better corporate image and creates trust for the customer. Corporate image is important for the perceived value while trust is the foundation of the connection between the customer and the business. Nevertheless, considering the monetary and spiritual burden the search for a new business places on the customer, brand loyalty is created when the customer does not deem changing the business necessary.

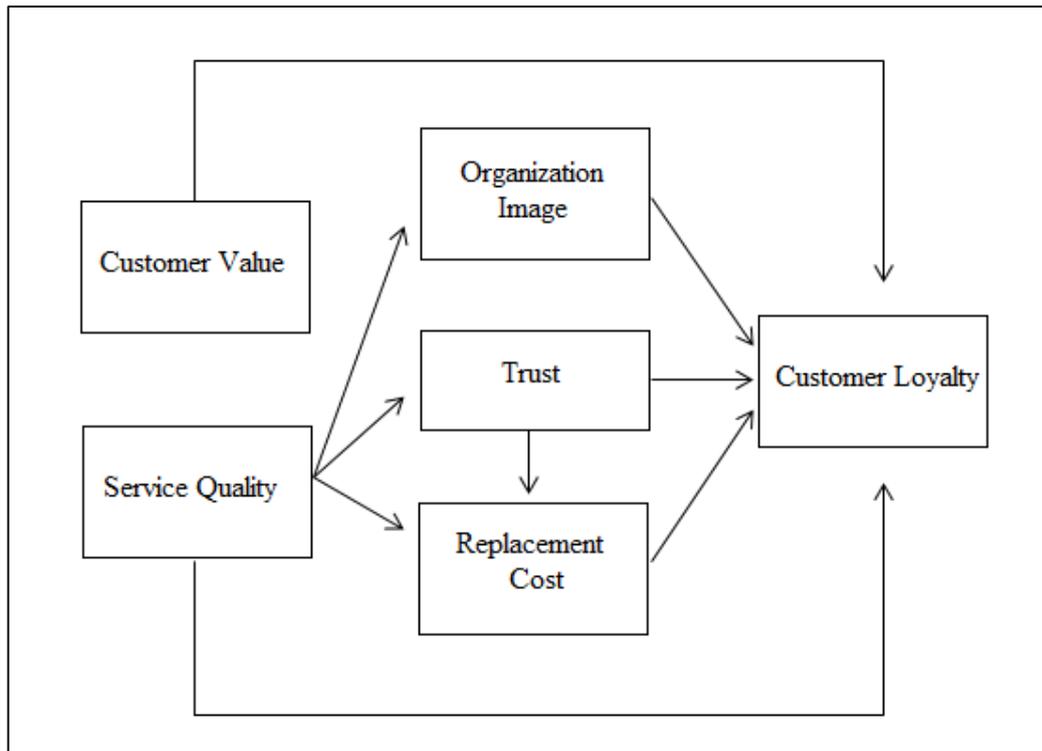


Figure 4.3: Creation of brand loyalty

4.2.1 Brand loyalty and customer types

Personal features lead to different reactions from customers for any subject. It is not possible to observe the same level of brand loyalty for each customer and the influence of brand loyalty differs.

Burgeson model

Burgeson classified types of customers under four groups considering their status of satisfaction (Burgeson, 1998).

- Satisfied and loyal customers: customers falling under this group comply with the general perception. It is a simple mechanism which involves the idea that if there is satisfaction then there is brand loyalty.
- Dissatisfied and loyal customers: the customers falling under this group are not satisfied from the products and/or services a business offers for a reason yet they keep coming back for reasons such as lack of alternatives.
- Dissatisfied and disloyal customers: the customers falling under this group are not satisfied with the product and/or service they have received and therefore they have discarded the connection with the company.

- Satisfied yet disloyal customers: the customers falling under this group are satisfied with the business yet they do not return or return seldom to the business. The reason behind this is the customer behavior which involves seeking a different experience each time, a decision independent from the business.

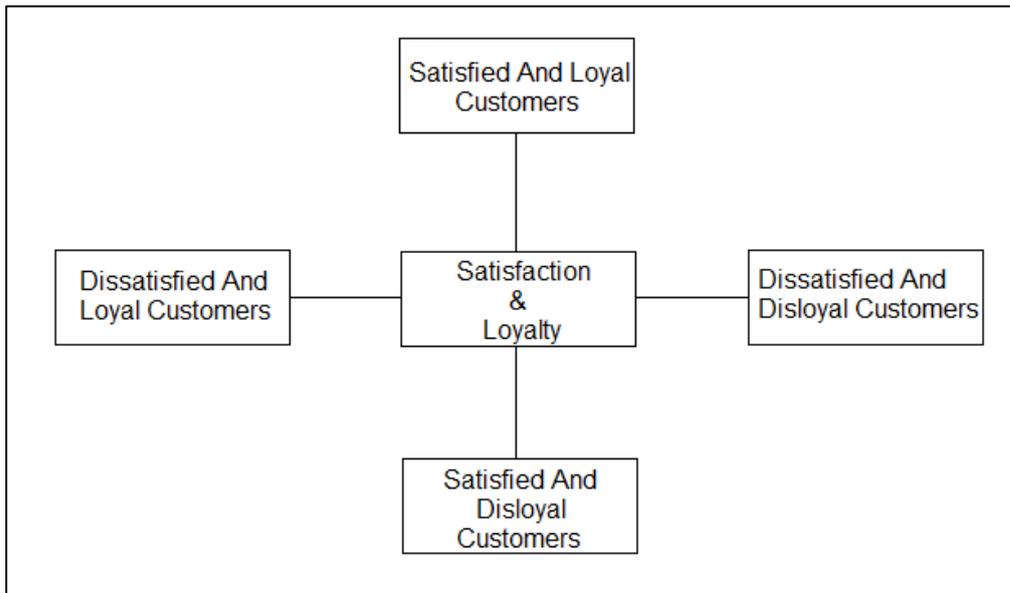


Figure 4.4: Adapted from Burgeson model

Tek model

Tek addressed the brand loyalty in a different light and classified it under four items (1999):

- Unconditionally loyal: this kind of customers disregards the other options when they build a connection with the business and they prefer the business for all times. It is possible to say they have high tolerance for factors such as price, quality, etc.
- Loyal to three or four businesses: this customer type has developed brand loyalty yet their loyalty is not dedicated to a single business. The customer tends to alternatively purchase from a few businesses.
- Customers who alternatively purchase from two brands: this type of customers alternatively purchase from two businesses which they have developed a brand loyalty for according to their needs at the moment. It can be said that they prefer the brand which serves better for their needs at the moment.

- Customers with no loyalty for any brands: this customer type is not loyal to any business and they may purchase from a different business each time.

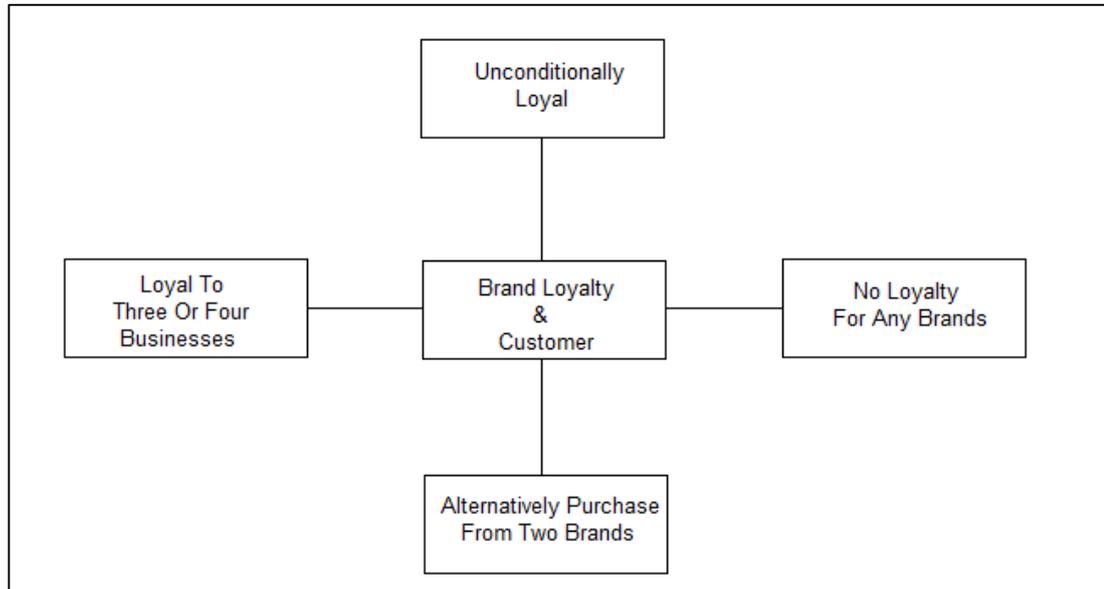


Figure 4.5: Adapted from Tek model

4.2.2 Brand Loyalty Models

Brand loyalty differs from person to person and it is not standardized. Therefore, brand loyalty models suggest the loyalty types of loyal customers. Many specialists and researcher explained the types of loyalty using different models.

Model by Uncles et al.

According to Uncles et al. it is possible to address brand loyalty in three categories namely, divided loyalty, poor loyalty and single brand loyalty.

- **Divided loyalty:** The customer is loyal to more than one brand. The customer is loyal to more than one brand for the same product. Brand and product similarity, introduction of new products to the market constantly, and the similarity of brand loyalty programs may lead the customer to be loyal to more than one brand at the same time.
- **Single brand loyalty:** The customer believes in the brand fully and is satisfied at a high level. The customer never gives up on the brand at any cost and does not have the urge to try other brands. Here, perceived value for the customer stands out rather than the functionality of the product and/or service.

- **Poor loyalty:** The amount of brand loyalty is either negligible or nonexistent in this type of loyalty model. Whether the business is able to attract the customer with campaigns, discounts and promotions, the purchase is not repeated or is repeated for a few times as a result of individual specifications or the accessibility of the product at that moment (2002).

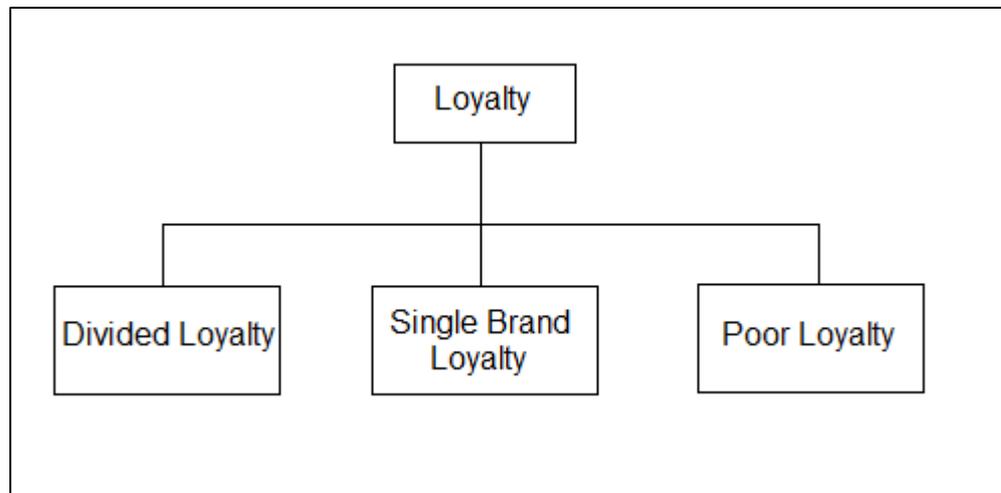


Figure 4.6: Adapted from Uncles et al. model

Loyalty model of Dick and Basu

According to Dick and Basu loyalty can be observed in four groups, namely, True loyalty. Latent loyalty, spurious loyalty, and No loyalty. These models are based on the customer behaviors.

- True loyalty: the customer is deeply loyal to the brand and he/she tends to repurchase.
- Latent loyalty: whether the customer has a good attitude and feelings towards the brand, he/she has a lower tendency to repurchase due to some conditions.
- Spurious loyalty: However, the customer has a negative attitude and feelings towards the brand, he/she purchases the product for some reasons.
- No loyalty: indicates a poor or nonexistent purchasing tendency and attitude (Dick & Basu, 1994).

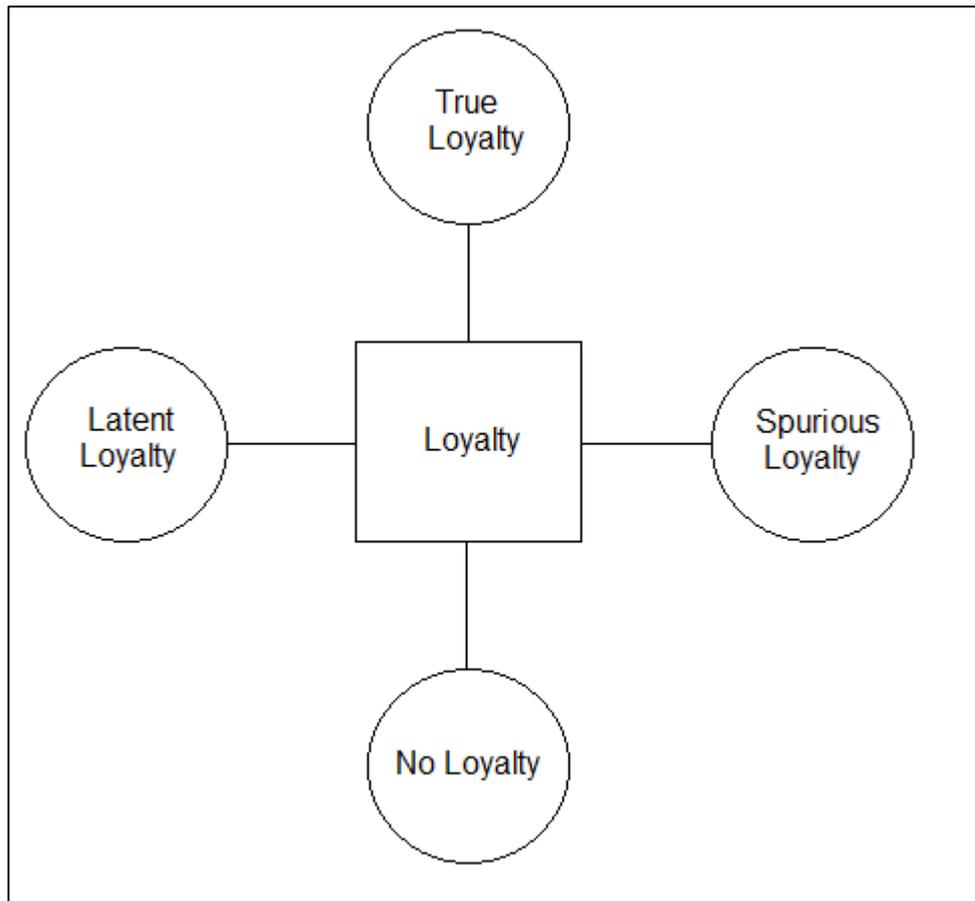


Figure 4.7: Adapted from Dick and Basu model

a- **Model by McGoldrick and Andre**

McGoldrick and Andre investigated the reasons behind why and why not brand loyalty is created.

- **The reasons why loyalty is created:** Perceived value, customer satisfaction and other factors are required for the brand loyalty creation. However, brand loyalty may be developed based on several other reasons other than the emotional connection.
- Habit: people who purchase from the same business for an extended period of time do not want to try other businesses.
- Saving from Time: due to working conditions and lifestyle, customers who do not have enough time tend to prefer a single business.
- Convenience: Customers may prefer a certain business because of its location or the convenience it provides.
- Laziness: customers, especially the ones who do not need to economize, may prefer to purchase from a single business out of laziness.

- Happiness: if customers are happy with the business they have been purchasing from for an extended period of time, then they would not look for changing it.
 - **The reasons why loyalty is not created:** Regularly purchasing from a certain business is not always an indicator of brand loyalty and customer satisfaction. This kind of a transaction may be a result of reasons such as needs, habits or convenience and it does not involve an emotional connection with the business. Lack of brand loyalty may be resulting from several reasons.
- Economizing: customers keep a budget for their needs and they have a limited income.
- Entertainment: excessive and different shopping experiences are entertaining for a group of customers.
- Obligation: customers have a tendency for cross-shopping and they feel obliged to purchase alternate brands.
- Limited time: customers may decide not to purchase from the same business due to the use of time or they may choose a random business which will save them some time.
- Mindfulness: customers may believe they are able to find better offers with cross-shopping.
- Pastime: customers who are not limited with time may have different experiences cross-shopping (McGoldrick et al., 1997).

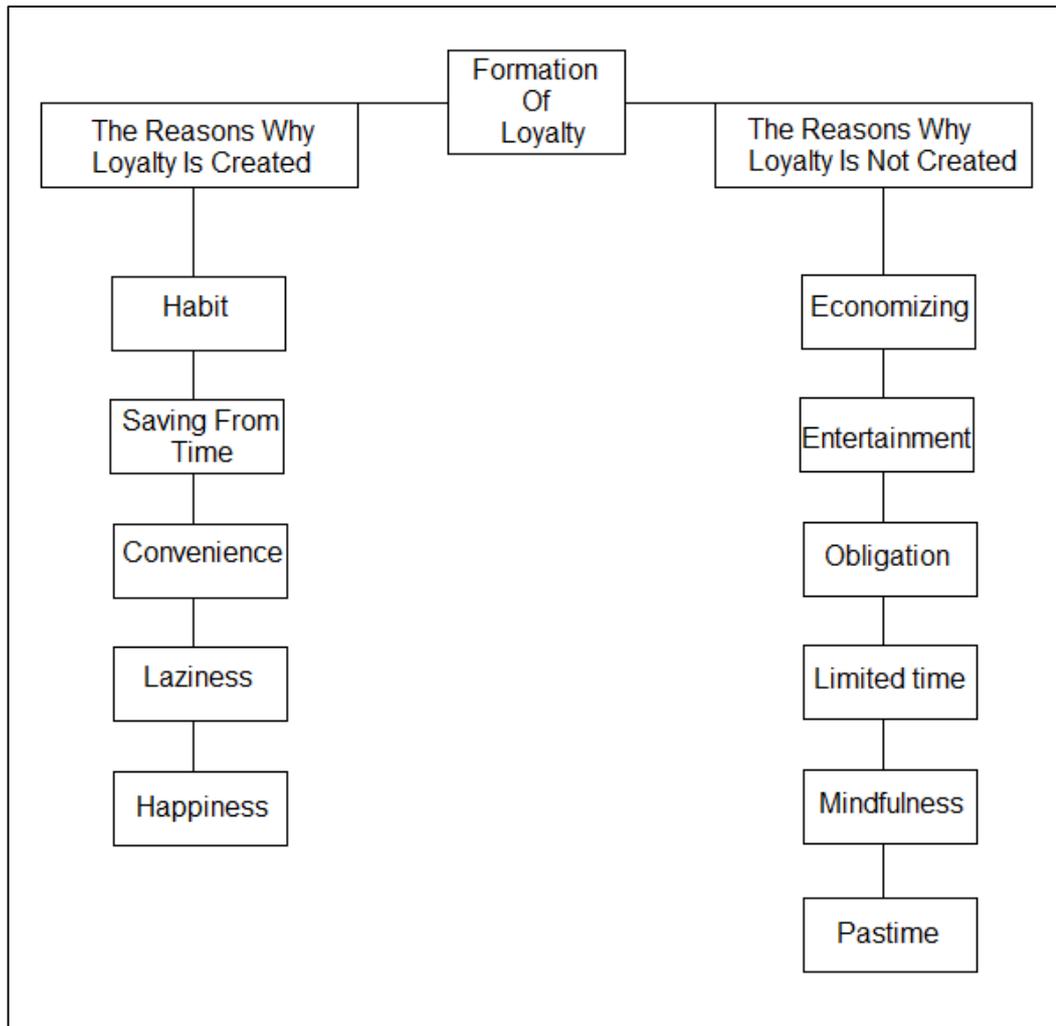


Figure 4.8: Adapted from Goldrick and Andre model

Loyalty model of Keiningham et al.:

Keiningham et al. have classified brand loyalty under three main approaches, namely, behavioral approach, sensual approach and an approach blending the conditions related with customer specifications and the purchase circumstances.

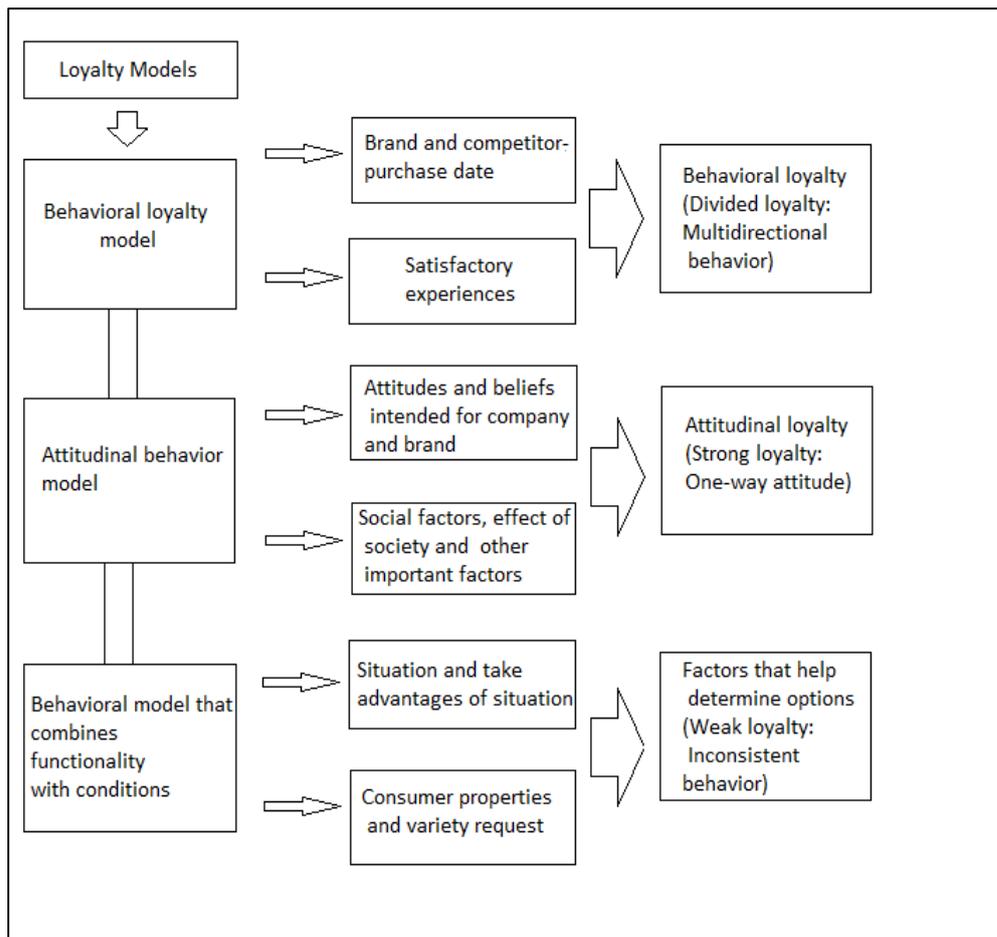


Figure 4.9: Loyalty model of Keiningham et al.

Behavioral Loyalty Model: Involves a customer's repurchase or real purchase behaviors. The important point here is the repeated purchasing action.

Sensual Loyalty Model: Represents the sensual attitude of a customer who has developed a feeling for the business as a result of the experience occurred from a product or service he/she has purchased. Here, satisfaction is realized yet the result may not always be the creation of brand loyalty.

Loyalty model which blends specifications and conditions: However, the customer has a sensual attitude towards a brand he/she may not prefer the business due to existing conditions (time, budget, need, etc.) (Keiningham et al., 2007).

4.2.3 Loyalty from the perspectives of the customer and the business

Brand loyalty must be addressed separately from the perspectives of the customer and the business. Literature shows that brand loyalty is advantageous for both sides.

4.2.3.1 Assessment of Loyalty with Regards to the Customer

From the customer's perspective, the most outstanding advantage of brand loyalty is that the customer does not have to choose from the alternatives (Rundle et al. 2001). As loyal customers are satisfied with the product and/or service they have purchased before and therefore trust was built between the parties, they do not lose time looking for other businesses to purchase what they need and they do not suffer from being undecided in the face of options. According to Keiningham, brand loyalty provides several advantages not only for the business but also for the customer. Customers are able to take advantage eliminating the risks:

- Psychological risk: The concerns about products and/or services are reduced.
- Social risk: The risk regarding product or service acceptance of a customer's circle.
- Security risk: The risks involving a product or service being harmful are reduced and the benefits of a product or service are assured.
- Performance risk: The risk involving the difference between customer expectation and product and/or service performance is reduced.
- Timing risk: The time required to find a product and/or service which complies with a customer's demand is eliminated.
- Monetary risk: The risk about a product and/or service being uneconomic is reduced (Keiningham et al., 2006).

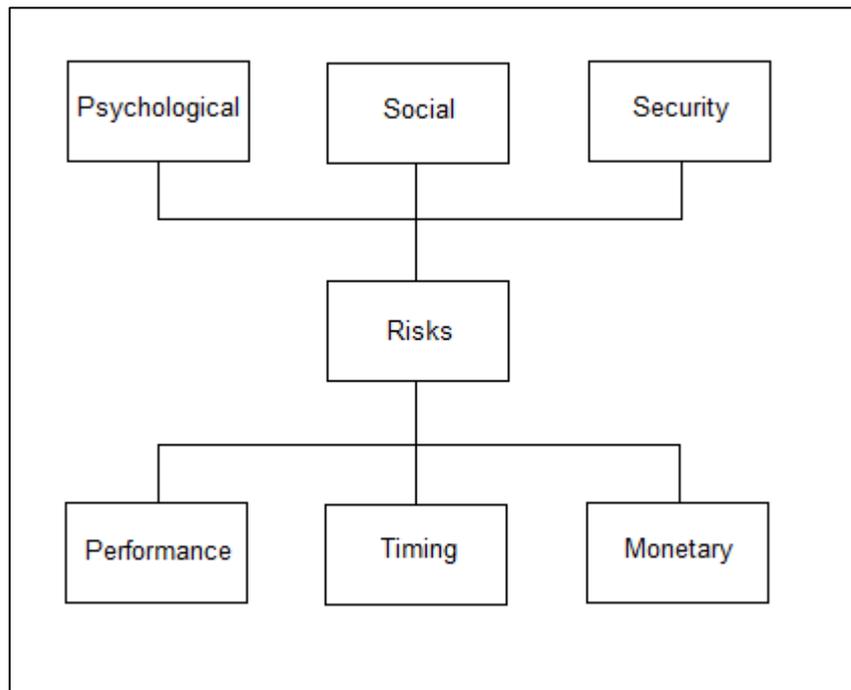


Figure 4.10: Adapted from Keiningham et al. Model

4.2.3.2 Assessment of Loyalty with Regards to the Business

From the perspective of the business, brand loyalty is both a tool for publicity and an important financial factor. Zeithalm suggested that loyal customers act different than other customers, they visit the business more often and therefore they increase the yield for the business financially. Accordingly, loyal customers are less sensitive to financial factors such as increase in prices. They also make it possible for the business to win new customers with the recommendations they make to their circle (Zeithaml et al., 1996). Nevertheless, Spiteri and Dion reported that brand loyalty plays an important role in defining the performance of a business (Spiteri et al. 2004). In this context, a business is able to evaluate the level of performance based on its loyal customers. That is because loyal customers are connected to the business based on satisfaction and the perceived value and higher levels of brand loyalty is an indicator of the business being able to deliver such perception and satisfaction. According to Kotler, customers who had long-term relations with a business are profitable for the business for the reasons below:

- The cost of existing customer for a company is less than the cost of a new customer. The relationship built between the business and the customer saves money and time for the company.
- Existing customers recommend the company to their circles.

- Customers who feel connected to the business increase their purchasing tendency.
- Long-term customers are less sensitive to increases in prices (Kotler, 2000).

4.3 Brand loyalty programs

According to David Aaker, brand loyalty may be seen as a measurement method indicating the level of connection between the customers and the business (1991). Companies are investing in several research and making innovations in order to increase the brand loyalty. Companies are trying different methods of brand loyalty programs, a way to create brand loyalty. According to Uncles et al., brand loyalty programs support the relationship between the customer and the business awarding the customer for his/her loyalty while increasing the profit for the company encouraging the brand loyalty (Uncles et al., 2002). Brand loyalty programs aim to retain customers, strengthening the connection between the customer and the business adopting the reciprocal gain as a policy. Brand loyalty programs are advantageous in many ways. They trigger the customer satisfaction while creating a perceived value for the customer and making it possible for the company to be different from its competitors. As the customer enjoys the benefits of long-term connection with the business in exchange of the loyalty a customer shows, he/she keeps being loyal therefore existing customers do not look for products or services offered by a company's competitors. These programs should not be addressed only from the perspective of the existing customers. They create attractive opportunities for potential customers and this is another purpose of loyalty programs.

Butscher suggested five items in his model noting that brand loyalty programs aim to increase the market share of a business, in other words, to increase the profits and returns (Butscher, 2002).

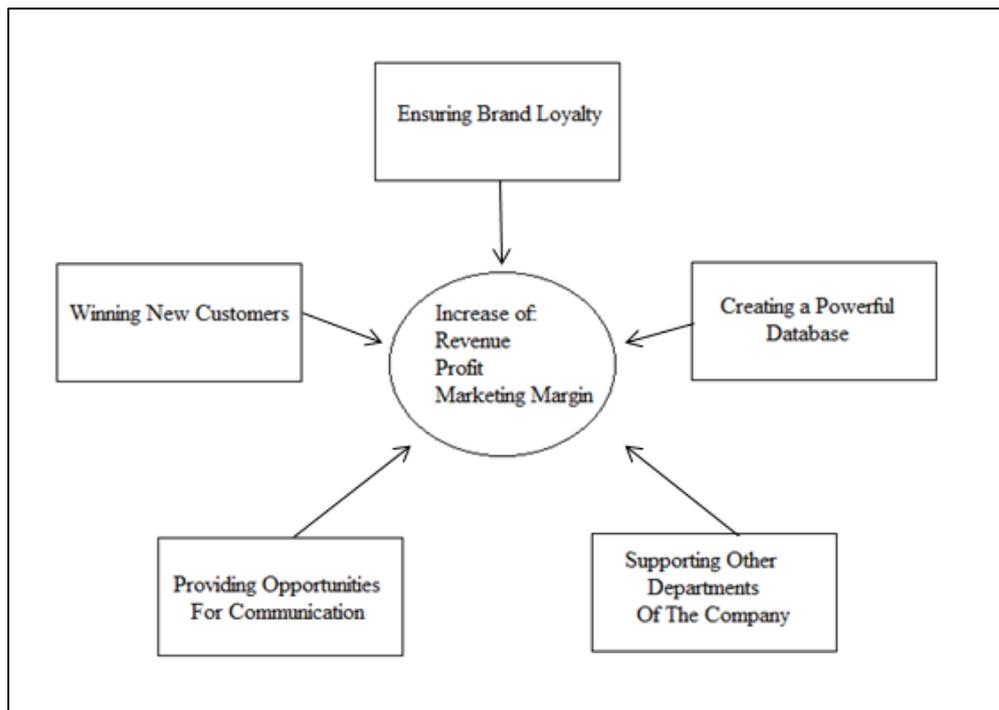


Figure 4.11: Adapted from Butscher model

- Ensuring brand loyalty: Awarding the customer for his/her loyalty, encouraging the customer to further this behavior, briefly, making brand loyalty possible.
- Winning new customers: Winning new customers through recommendations of existing customers or attractive brand loyalty programs.
- Creating a powerful database: Familiarizing with the customer, taking steps with their demands and expectations in mind, and offering fast solutions thanks to the databases which use a business' previous experiences.
- Providing opportunities for communication: Making business easily accessible for the customer, offering communication channels such as phone, online, etc.
- Supporting other departments of the company: Ensuring coordination among departments in order to offer customer-oriented services.

As similar products and many brand loyalty programs are developed with the increasing competition, it is important to differentiate and innovate. Therefore, brand loyalty programs must be developed rapidly and customers should be offered with awards, be it monetary or privilege, in order to attract the attention of the customer.

A recent example of this approach is the yellow box program introduced by Turkcell (Turkcell.com.tr). This program offers customers of Turkcell with a certain amount of credits for each day they have been using Turkcell as their service provider. Customers are able to receive gifts in exchange of these credits they have accumulated on the website of Turkcell. Some of these gifts are technology products, while others include service usage such as SMS, 3G packages, etc. It is also possible for the customers to receive a gift with higher credit requirements with a promise to keep using Turkcell as their service provider for a certain period of time. Thus, it will eliminate the sudden decision of the customer to start using another service provider. Turkcell is showing its appreciation for its long-term customers while creating the perception of winning each day with Turkcell for its customers encouraging them to keep using Turkcel services. Nevertheless, customers who sign in in order to check their credits are exposed to other campaigns and advertisements of Turkcell.

Conceptual Framework

After reveiewig the extensive literature on the subject matter, follwoing conceptual framework is developed.

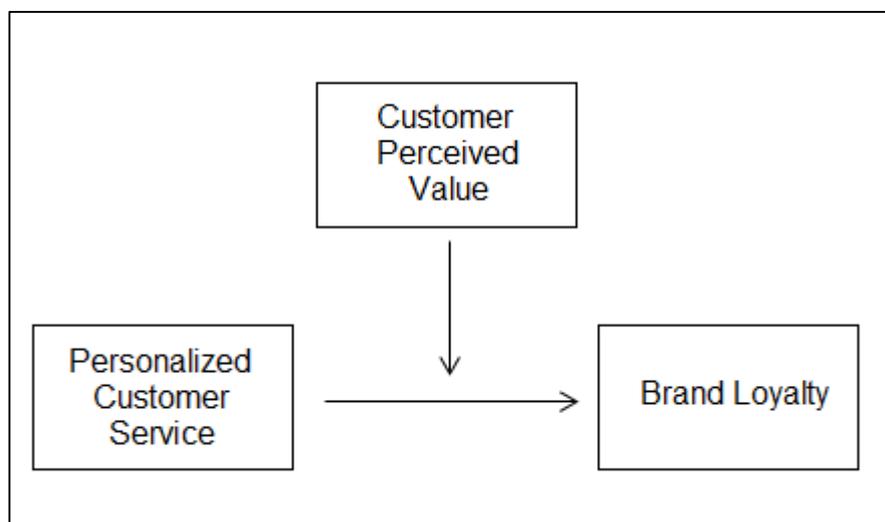


Figure 4.12: Relationship between personalized customer service, customer perceived value and brand loyalty.

5 RESEARCH METHODOLOGY AND FINDINGS

5.1 Research Method

An effective research methodology is needed in order to conduct any research in systematic way. Basically there are two types of research approaches, known as qualitative research and quantitative research. Qualitative research involves theoretical analysis of any subject matter while quantitative analysis is supported by numeric figure. In this research strategy quantitative research approach is used to conduct analysis and prove research hypothesis.

A structured questionnaire was developed to gather data from respondents. The sample of research study was different students from university. A survey method was used to collect data from the respondents by using printed questionnaire. Main aim was the survey to conduct enough material on subject matter to support our hypothesis.

5.2 Survey Analysis

The hypotheses are tested using the SPSS 19 software. The demographics analysis of the survey shows that there are total 97 entries in the survey. Table 1 shows the mean values of demographic variables which are codified into numerical data. Mean value of age demographic is 2.05, which means average respondent's age lies between intervals 18-25. Mean value of marital status states that average respondents were single and approximately 58% of total respondents were male.

Table 5.1: Statistical Frequency Distribution of Demographic Variables

		Age	Marital Status	Income Level	Gender	Educational Level	Employment Status
N	Valid	97	97	97	97	97	97
	Missing	0	0	0	0	0	0
Mean		2.0515	1.0412	2.7010	.588	5.8660	3.3402
Mode		2.00	1.00	3.00	1.0	6.00	4.00
Minimum		2.00	1.00	1.00	.0	2.00	1.00
Maximum		3.00	2.00	5.00	1.0	7.00	4.00
Sum		199.00	101.00	262.00	57.0	569.00	324.00

5.2.1 Demographic Analysis

Demographic analysis is done by using SPSS 19 software. Demographic characteristic of respondents are quantified by using numeric codes and frequency distribution is obtained through software and then analyzed through graphic representation.

- **Age**

The figure 1 shows the graphical representation of demographic characteristic 'age'. It is clearly seen from the histogram graph that most of the respondents lie under age interval of 18 to 25 years. There are 3 respondents out of total are under interval 26-35. It shows that the respondents are mostly youth.

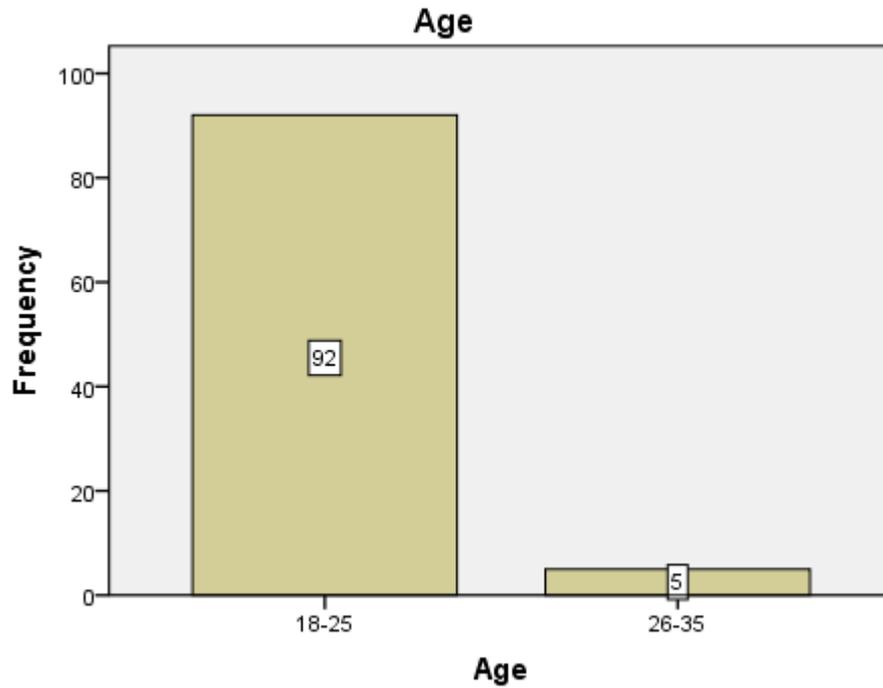


Figure 5.1: Age

- **Marital Status**

The demographic characteristic of 'marital status' shows that 93 respondents out of 97 are single whereas only 4 respondents are married. It can also be clearly seen in the figure 2 that most of people who participated in survey are single.

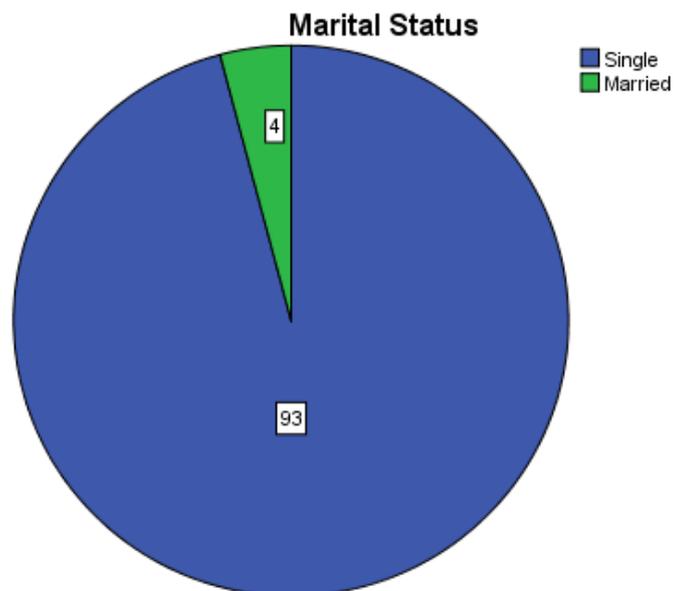


Figure 5.2: Marital Status

- **Income Level**

Figure 3 shows the graphical representation of the responses in the form of histogram based on frequency distribution. It shows that 14 respondents have low income, 20 respondents have fair income level, 50 respondents are earning good, 7 respondents have very good income level, and 6 respondents are earning excellent.

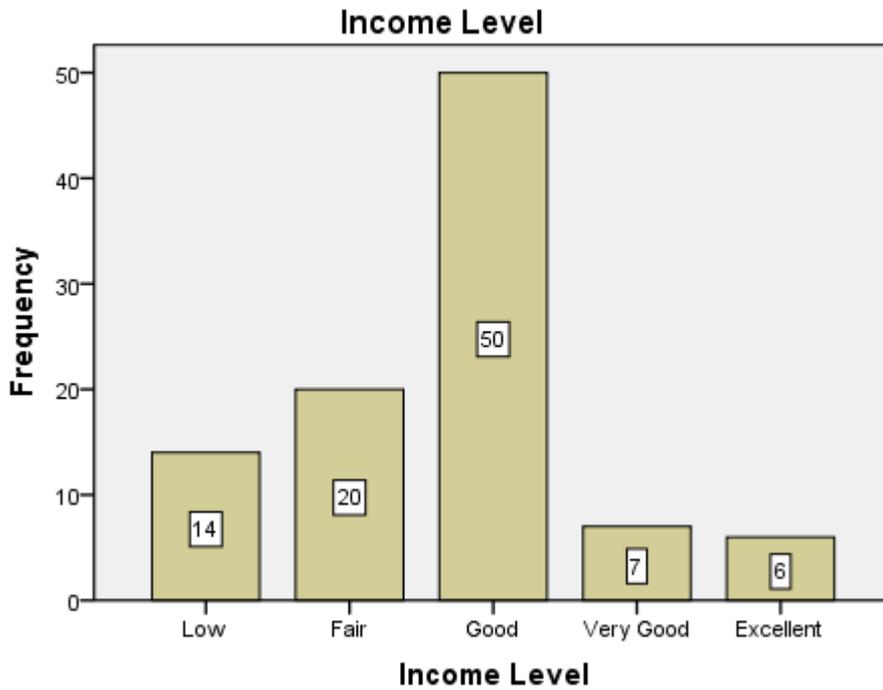


Figure 5.3: Income Level

- **Gender**

Figure 4 shows that ratio of male members is greater in the respondents as out of total respondents, 40 respondents are female and 57 are male.

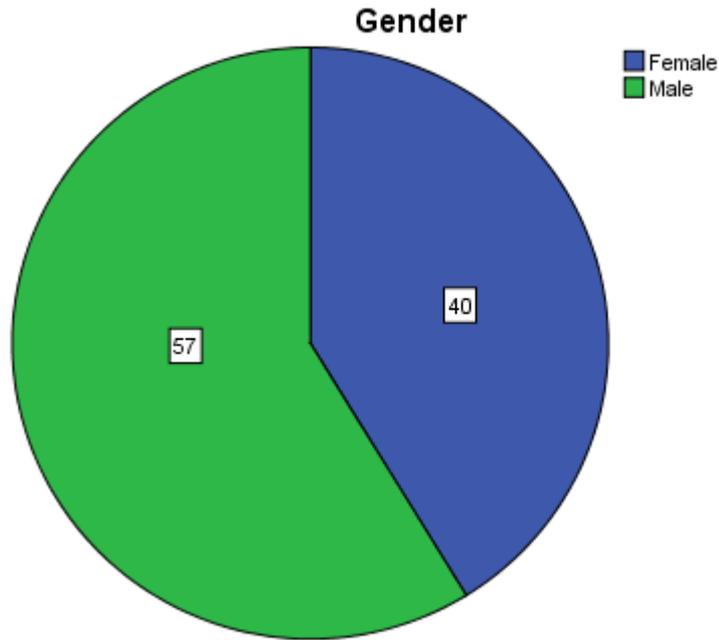


Figure 5.4: Gender

- **Educational Level**

Figure 5 shows that most of the respondents are highly educated. There are 2 respondents' with educational level of secondary school, 6 respondents passed high school, 5 respondents have associate degree, 76 respondents have undergraduate degree, and 10 respondents have graduate degree.

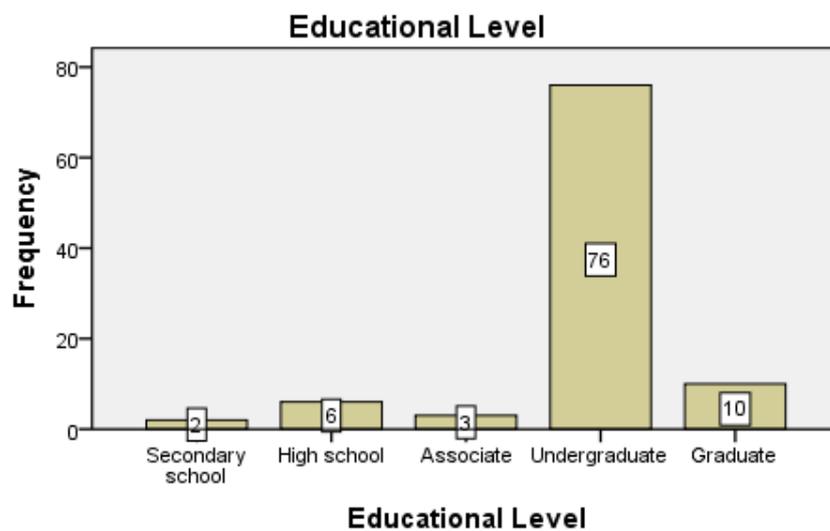


Figure 5.5: Educational Level

- **Employment Status**

Figure 6 shows that most of the respondents are unemployed. As shown below, 7 respondents are full time employed, 20 respondents are part time employed, 3 respondents work from home, and 67 respondents are unemployed.



Figure 5.6: Employment Status

5.2.2 Descriptive statistics

The basic tool for assessing the normality of data is descriptive statistics. Table 2 shows the descriptive statistical distribution of variables and states that the mean and standard deviation value is not very large which means there are no extreme values and data of survey is normal and similarly the value of skewness and kurtosis lies between the ranges.

Table 5.2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
PV	97	1.00	4.73	1.8950	.58554	1.402	.245	4.669	.485
BL	97	1.00	4.27	2.0084	.52553	1.008	.245	2.566	.485
MOD	97	1.00	4.40	1.9216	.53526	.996	.245	3.525	.485
Valid N	97								

5.2.3 Regression Analysis

- **Personalized Customer Service And Customer Perceived Value:**

H1: There is a positive relationship between personalized customer services and customer perceived value.

It is a statistical technique that is used to measure the relationship among variables. It measures the impact of one variable over the other. Table 3 shows the regression model summary of relationship between personalized customer service (represented in the model as 'PV') and customer perceived value (represented in the model as 'MOD'). The value of R square represents that 46.1% variation in the model is caused by the independent variable; personalized customer service.

Table 5.3: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.679 ^a	.461	.455	.39518	1.813

a. Predictors: (Constant), PV

b. Dependent Variable: MOD

Anova model is used in regression analysis when there is only one dependent variable and regression is linear. It is used to assess the fitness of model. Table 4

shows the f-statistics value of 81.126 which is significant at 0.000 level of significance so the model is considered fit.

Table 5.4: Anova Model for Regression Analysis

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	12.669	1	12.669	81.126	.000 ^a
Residual	14.836	95	.156		
Total	27.505	96			

a. Predictors: (Constant), PV

b. Dependent Variable: MOD

Table 5 shows that the beta value among dependent and independent variable is 0.679, which means 1 unit change in personalized customer service shows 0.68 change in customer perceived value. It is a high value and shows a strong relationship among the variables. T-statistics value is 9.007 for independent variable and it is significant at 0.000 level of significance. On the basis of significant results of regression analysis, the H1 hypothesis is accepted which means there is a positive relationship between personalized customer value and customer perceived value. These results are in accordance with the finding of Liang et al. (2009) and Coelho & Henseler (2012). It means the customer perceived value of the business is greater when the customers are satisfied by the service and they are getting their preferred goods and services.

Table 5.5: Coefficients of Model for Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.746	.137		5.463	.000
	PV	.620	.069	.679	9.007	.000

a. Dependent Variable: MOD

- **Personalized Customer Service and Brand Loyalty**

H2: There is a positive relationship between personalised customer services and brand loyalty.

It is a statistical technique that is used to measure the relationship among variables. It measures the impact of one variable over the other. Table 6 shows the regression model summary of relationship between personalized customer service (represented in the model as 'PV') and brand loyalty (represented in the model as 'BL'). The value of R square represents that 52.6% variation in the model is caused by the independent variable; personalized customer service.

Table 5.6: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.725 ^a	.526	.521	.36372	1.623

a. Predictors: (Constant), PV

b. Dependent Variable: BL

Anova model is used in regression analysis when there is only one dependent variable and regression is linear. It is used to assess the fitness of model. Table 7 shows the f-statistics value of 105.413 which is significant at 0.000 level of significance so the model is considered fit.

Table 5.7: Anova Model for Regression Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.946	1	13.946	105.413	.000 ^a
	Residual	12.568	95	.132		
	Total	26.514	96			

a. Predictors: (Constant), PV

b. Dependent Variable: BL

Table 8 shows that the beta value among dependent and independent variable is 0.725, which means 1 unit change in personalized customer service shows 0.73 change in customer perceived value. It is a high value and shows a strong relationship among the variables. T-statistics value is 10.267 for independent variable and it is significant at 0.000 level of significance. On the basis of significant results of regression analysis, the H2 hypothesis is accepted which means there is a positive relationship between personalized customer value and brand loyalty. These results are in accordance with the finding of Gesenhues (2013) and Coelho & Henseler (2012). It means personalized customer service is important to increase brand loyalty of customers as they mostly choose that organizations which are offering option of personalized customer experience.

Table 5.8: Coefficients of Model for Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.775	.126		6.165	.000
	PV	.651	.063	.725	10.267	.000

a. Dependent Variable: BL

- **Customer Perceived Value as a Moderator between Personalized Customer Service and Brand Loyalty**

H3: Customer perceived value moderates the relationship of personalized customer services and brand loyalty.

It is a statistical technique that is used to measure the relationship among variables. It measures the impact of one variable over the other. Table 9 shows the regression model summary of customer perceived value as a moderating variable among personalized customer service and brand loyalty using the standardized value. The change in R square is 7.4% which is calculated by subtracting R^2_1 from R^2_2 . It means the moderating variable customer perceived value is bringing 7.4% change in the model.

Table 5.9: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725 ^a	.526	.521	.69210536
2	.781 ^b	.610	.602	.63077250

a. Predictors: (Constant), Zscore(PV)

b. Predictors: (Constant), Zscore(PV), Zscore(MOD)

Anova model is used in regression analysis when there is only one dependent variable and regression is linear. It is used to assess the fitness of model. Table 10 shows the f-statistics value of 105.413 for model 1 which is significant at 0.000 level of significance so the model is considered fit. F-statistics value of 73.641 for model 2 which is significant at 0.000 level of significance so the model is considered fit.

Table 5.10: Anova Model for Regression Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.494	1	50.494	105.413	.000 ^a
	Residual	45.506	95	.479		
	Total	96.000	96			
2	Regression	58.600	2	29.300	73.641	.000 ^b
	Residual	37.400	94	.398		
	Total	96.000	96			

a. Predictors: (Constant), Zscore(PV)

b. Predictors: (Constant), Zscore(PV), Zscore(MOD)

c. Dependent Variable: Zscore(BL)

Table 11 shows that the beta value among dependent and independent variable is 0.725, which means 1 unit change in personalized customer service shows 0.73 change in customer perceived value. It is a high value and shows a strong relationship among the variables. T-statistics value is 10.267 for independent variable and it is significant at 0.000 level of significance. The beta value among dependent and independent variable when moderator moderates the relationship among them is 0.725, which means 1 unit change in personalized customer service shows 0.73 change in customer perceived value. It is a high value and shows a strong relationship among the variables. T-statistics value is 10.267 for independent variable and it is significant at 0.000 level of significance. The beta value among dependent and independent variable when moderator moderates the relationship among them is 0.457, which means 1 unit change in personalized customer service shows 0.46 change in brand loyalty when there is effect of moderator in the model. It is a high value and shows a strong relationship among the variables. T-statistics value is 5.210 for independent variable and it is significant at 0.000 level of significance. The beta value among moderating and independent variable is 0.396, which means 1 unit change in customer perceived value shows 0.40 change in brand loyalty. It is a high value and shows a strong relationship among the variables. T-

statistics value is 4.514 for independent variable and it is significant at 0.000 level of significance.

On the basis of significant results of regression analysis, the H3 hypothesis is accepted which means customer perceived value moderates the relationship among personalized customer service and brand loyalty. These results are in accordance with the finding of Mackevičiūtė and Škudienė, (2013). It means personalized customer service is important to increase brand loyalty of customers as considering the perceived value of customer as they mostly choose that organizations which are offering option of personalized customer experience.

Table 5.11: Coefficients of Model for Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.512E-16	.070		.000	1.000
	Zscore(PV)	.725	.071	.725	10.267	.000
2	(Constant)	-1.497E-16	.064		.000	1.000
	Zscore(PV)	.457	.088	.457	5.210	.000
	Zscore(MOD)	.396	.088	.396	4.514	.000

a. Dependent Variable: Zscore(BL)

5.2.4 Correlation Analysis

The linear association between variable is called correlation. Correlation measure the effect of variables on each other in the sense that positive or negative moment in one variable causes positive or negative moments in other variable. The table 12 shows that there is a strong correlation among personalized customer service, brand loyalty and customer perceived value. The value are significant at 1% level of significance.

Table 5.12: Correlation Analysis

		PV	BL	MOD
PV	Pearson Correlation	1	.725**	.679**
	Sig. (2-tailed)		.000	.000
	N	97	97	97
BL	Pearson Correlation	.725**	1	.706**
	Sig. (2-tailed)	.000		.000
	N	97	97	97
MOD	Pearson Correlation	.679**	.706**	1
	Sig. (2-tailed)	.000	.000	
	N	97	97	97

** . Correlation is significant at the 0.01 level (2-tailed).

6 CONCLUSION

In advanced business world, personalized customer service are important for the success of any organization as it bonds the company with the customer and affects the brand loyalty positively. The main objective of the research was to conduct a comprehensive research study and develop a research model to test the effect of personalized customer service on customer perceived value and brand loyalty. A detailed literature review was done to discuss the major variables of the study and at the end a conceptual frame work was developed. The research hypothesis are also established according to that conceptual framework based on the existing literature.

A quantitative research approach was developed to test these hypothesis and questionnaire was used as research instrument to collect data. In order to get responses, a small survey in university was gathered. The collected data was analyzed by using SPSS. Different statistical analysis were done to discuss the research findings such as descriptive statistics, demographic analysis, correlation matrix and regression analysis. The findings of the research study indicates that there is a moderating impact of customer perceived value on the relationship of personalized customer services and brand loyalty as all three hypotheses are accepted.

According to Liang et al, the brands which have more personal interaction with their customers are performing well. Customer service is always more effective when humanity is involved while personalization is all about adding choice to customer value by providing them best human interaction (Liang et al., 2009). Humanized and personalized connection are always preferred by customers because they want an actual person talk which can understand their perspective. Customer perceived value about business is higher when the customers are satisfied and they are getting what they want (Coelho & Henseler, 2012). The objective of first hypothesis is to measure the emotional effect of personalized customer services on the perceived value of customer.

According to Gesenhues the customer decisions have less reliance on brand loyalty and more reliance on personalized customer service (Gesenhues, 2013). So, personalized customer service is important to increase brand loyalty of customers as they mostly choose that organizations which are offering option of personalized customer experience. It is important to deliver personalized services according to customer requirement. The knowledge of customer expectation is extremely important to deliver personalized services which can increase the Brand loyalty (Coelho & Henseler, 2012). The purpose of second hypothesis to examine the association between personalized customer service and brand loyalty.

Recent studies on personalized customer services and customer loyalty show that customer perceived value has a moderating impact on their relationship. Therefore, organization are determined to provide more than just core products and services in order to enhance customer perceived value and brand loyalty (Mackevičiūtė & Škudienė, 2013). In competitive marketplace, the main task of every organization is to deliver superior value to its customers by increasing the perceived value about specific brand they are offering. Higher perceived value can be achieved by offering personalized customer services which may lead towards higher brand loyalty. The purpose to third hypothesis is to analyze the moderation role of customer perceived value in identification of relationship between personalized customer service and brand loyalty

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APPENDIX

Age	Marital Status	Income Level	Gender	Education Level	Employment Status
Under 18 () 18-25 () 26-35 () 36-50 () Older than 50()	Single () Married () Single with children () Divorced ()	Low () Fair () Good () Very good() Excellent ()	Female () Male ()	Primary school () Secondary school () Elementary education () High school () Associate () Undergraduate () Graduate ()	Full time employed () Part time employed () Work from home () Unemployed ()

	1-Strongly Agree	2-Agree	3- No Idea	4- Disagree	5- Strongly Disagree
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1	If a company satisfies me I go there much more.					
2	I don't change the company that I satisfied if I can find my needs there.					
3	I would offer the company to my friends if I have a good experience there.					
4	Service quality effects on my opinion about a company / brand.					
5	The attitude of the staff effects on my opinion about a company / brand.					
6	When a staff deal specifically with me, I feel valuable.					
7	Personalized loyalty programs (gifts, cards ..) makes me happy					

	about the company.					
8	If there is a little difference about price, I would choose the one which have personalized service.					
9	I would spend much more time where the service is custimized and better.					
10	When a company makes me feel valuable I bacome loyal to that company.					
11	When I know a service is custimized for me I feel more valuable as a costumer.					
12	Personalized customer services are important for me.					

1 3	When I have customized services from a company, next time I will go there again.					
1 4	I would go to the company that offers me customized service before, to find my needs.					
1 5	When my problem solved in a short time by company I feel valuable.					
1 6	After sell services are important in the selection of a company.					
1 7	Individual services and one to one communication makes me feel valuable.					
1 8	Good personal services via internet effect on my loyalty.					
1 9	A good customer service makes me think better about the brand and go there again.					
2 0	Customer service of a company changes my mind about purchasing from there.					

2 1	Attantion and good attutide of staff make a bond between me and company.					
2 2	I offer the company to my friends if I feel valuable there.					
2 3	Good experiances about a company effect on my imotional status to that company.					
2 4	Personalized products and gifts make me happy and loyal to a company.					

2 5	Personalized offers effects on my opinion about a company / brand.						
2 6	I would like the company have information about me and my personal needs.						
2 7	I feel valuable when a company offers me a custimized service or product.						
2 8	The company which has information about me (like my name) makes me feel valuable and get loyal.						
2 9	If company remmember my special days like birthday, I would be happy and much more loyal.						
3 0	Personalized services have a positive effect on my opinion about the brand.						
3 1	If I recieve e-mails and sms from a company which has custimized service for me, I wouldd get loyal to that brand.						

3	I would like the staff give me					
2	information about companies like gifts, cards and exc. and will try that company.					

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T.C.
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Sosyal Bilimler Enstitüsü Müdürlüğü

Sayı : 88083623-044-1856
Konu : Fargol ETEZADI Etik Kurul Onay

02/04/2016

Sayın Fargol ETEZADI

Enstitümüz Y1312.130071 numaralı İşletme Ana Bilim Dalı İşletme Yönetimi (İngilizce) tezli yüksek lisans programı öğrencilerinden Fargol ETEZADI' nın "THE EFFECT OF PERSONALIZED CUSTOMER SERVICES ON CUSTOMER PERCEIVED VALUE AND BRAND LOYALTY" adlı tez çalışması gereği "CUSTOMER SERVICE LOYALTY AND PERCEIVED VALUE SERVEY" ile ilgili anketi 21.03.2015 tarih ve 2016/05 İstanbul Aydın Üniversitesi Etik Komisyon Kararı ile etik olarak uygun olduğuna karar verilmiştir. Bilgilerinize rica ederim.

Yrd. Doç. Dr. Çiğdem ÖZARİ
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RESUME



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