CUSTOMER RETENTION DYNAMICS OF ORGANIZED READY-TO-WEAR TEXTILES RETAILERS IN REAL AND VIRTUAL MARKETS

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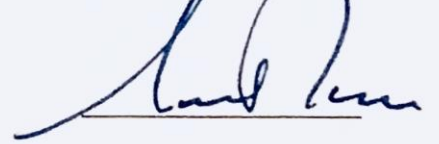
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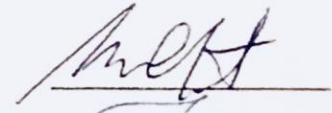(Thesis Supervisor)

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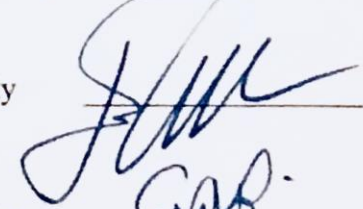
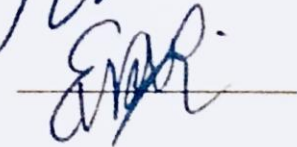Assoc. Prof. Mısra Çağla Gül   Işık University

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CUSTOMER RETENTION DYNAMICS OF ORGANIZED READY-TO-WEAR TEXTILES RETAILERS IN REAL AND VIRTUAL MARKETS

Abstract

Customer retention dynamics have been receiving attention of the academic researchers especially for the last two decades. The challenging conditions of the swiftly increasing global competition have increased the importance of the customer retention concept in order to be able to foresee and react to the changes both in the competitive off-line and on-line business environment. This dissertation focuses on the customer retention strategy formulation among the marketing top level executives and senior management of the related companies. This study is an attempt to define the creation of customer retention intensions through explaining the proposed relationships between these dimensions based on the applications and ideas of the managers working at the leading organized ready-to-wear retailers of Turkey.

A model is developed and related hypotheses are constructed based on the relevant academic literature and then tested through measuring attitudes of top management executives and marketing managers of leading organized ready-to-wear retailers in Turkey, who are members of United Brands Association and both active in off-line and online channels. The survey that has been conducted within this study employs an interval scale questionnaire, which has been applied online by sending an e-mail to each respondent including the website link of the survey and a scanned signed cover letter. The research findings provide useful implications to be considered on the way to sustain customer retention. The study is an attempt to reveal the attitudes of business professionals towards formulating inter-organizational customer retention strategies within the context of the proposed model in the dissertation.

KEYWORDS: customer retention, customer satisfaction, customer relationship management (CRM), trust, corporate image, service quality, product quality, information quality, price, online channel, offline channel, customer loyalty, ready-to-wear sector, retail, retailing, organized retailers, Turkey.

REEL VE SANAL PAZARLARDA ORGANİZE TEKSTİL HAZIR GİYİM PERAKENDECİLERİNİN MÜŞTERİ ELDE TUTMA DİNAMİKLERİ

Özet

Müşteri elde tutma dinamikleri, özellikle son yirmi yıldır akademik araştırmacıların ilgisini çekmektedir. Hızla artan küresel rekabetin zorlu koşulları, rekabetçi off-line / on-line iş ortamında değişiklikleri öngörebilmek ve tepki verebilmek için müşteri elde tutma konseptinin gittikçe daha fazla önem kazanmasını sağlamıştır. Yapılan saha araştırması, ilgili şirketlerin idareci ve üst düzey pazarlama yöneticilerinin müşteri elde tutma stratejilerini nasıl formüle ettiklerine odaklanmaktadır. Bu çalışmada, Türkiye'nin önde gelen hazır giyim perakendecilerinde çalışan yöneticilerin uygulamaları ve fikirleri temel alınarak; bu değişkenler arasında önerilen ilişkilerin açıklanmasıyla müşteri elde tutma faaliyetlerinin nasıl şekillendirildiğini tanımlama amacını taşıyan bir girişimdir.

Geliştirilen araştırma modeli ve ilgili hipotezler ilgili akademik literatüre dayalı olarak oluşturulmuştur. Araştırma modeli ile, Birleşmiş Markalar Derneği üyesi olan, aynı zamanda off-line ve on-line kanallarda aktif faaliyet gösteren Türkiye'deki önde gelen hazır giyim perakendecilerinin idareci ve üst düzey yöneticilerinin tutumları ölçülerek test edilmiştir. Yürütülen anket çalışmasında, katılımcılara on-line anket metodu kullanılmıştır. Araştırmanın analiz sonuçları, müşterilerin elde tutulmasında kullanılacak yönlendirici bulgular sağlamaktadır. Tez çalışmasında önerilen model, iş dünyası profesyonellerinin organizasyon içi müşteri elde tutma stratejilerini formüle etme yöntem ve uygulamalarını ortaya koyma girişimidir.

ANAHTAR SÖZCÜKLER: müşteri elde tutma, müşteri mennuniyeti, müşteri ilişkileri yönetimi, güven, kurumsal şirket imajı, servis kalitesi, ürün kalitesi, bilgi kalitesi, fiyat, online kanal, offline kanal, müşteri sadakati, hazır giyim sektörü, perakende, organize perakende, Türkiye.

To My Parents,

Grateful For Their Faith…

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It would be unfair, if I don't thank to and mention the contributions of the respondents of my survey, who provided insights and information right from the core of the sector. I also thank to my friends who had helped me to reach some of respondents from my target population.

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CHAPTER 1

1. INTRODUCTION

1.1. The Context and the Aim of the Dissertation

Customer retention (CR) is the set of activities an organization undertakes in order to reduce customer defections. A company's overall competence to attract and retain new customers is not only related to its product or services, but also strongly related to the way it services its existing, and potential customers. The reputation of the company and its management across the marketspace are also important set of complementary activities which are advised to be in harmony with retention tasks.

According to Jao (2014), marketers now see customer retention as a priority instead of a secondary strategy to acquisition efforts. The key to effective customer retention lies in understanding and anticipating the needs of customers and structuring their campaigns accordingly. "The primary objective of Retention Marketing – to keep customers engaged and interested in your products and services – has not changed, but the way companies approach customer retention has. Thanks to constantly-evolving technology and customer expectations, Retention Marketing is currently in the midst of a major shift towards customer-centric engagement and personalization".

Rust & Zahorik (1993), Reichheld (1996), and McIlroy and Barnett (2000, p. 347) have highlighted that the financial implications of attracting new customers may be five times as costly as keeping existing customers. Customer retention has a direct impact on profitability and past research has claimed that it can be five times more

expensive to obtain a new customer than to retain one Haywood (1989, cited in McIlroy and Barnett, 2000, p. 347).

Customer retention is thought to improve profitability, principally by reducing costs incurred in acquiring new customers; the prime objective being "zero defections of profitable customers" (Reichheld, 1996). Statistically, customer retention is typically expressed as a percentage of long term clients, and they are important to a business since satisfied and loyal customer tend to spend more, cost less and make valuable references to potential customers thus creating positive word of mouth for the firm (Johnson, Herrmann, and Huber, 2006).

"Retaining customers is vastly more efficient than acquiring them. Retaining customers becomes even more vital in a challenging economic environment. Today, it is imperative that customers' needs drive the direction of a company's business to achieve customer retention and loyalty" (Pulse Systems, 2003, pp.1-4).

Dawkins and Reichheld (1990) define customer retention as the number of customers doing business with a firm at the end of a financial year, expressed as percentage of those who were active customers at the beginning of the year. This definition highlights the tangibility, by which an objective and a more concrete time frame based evaluation can be constructed. However, monitoring whether a customer is retained or not is advised to be a shorter than one year period; thinking the seasonality of the ready-to-wear sector, as there are more than one collection annually.

Reichheld and Sasser (1990, p. 110) highlight measurability: "Many business leaders have been frustrated by their inability to follow through on their public commitment to service quality. Since defection rates are measurable, they are manageable. Managers can establish meaningful targets and monitor progress. But like any important change, managing for zero defections must have supporters at all organizational levels. Management must develop that support by training the work force and using defections as a primary performance measure".

Gan, Cohen, Clemes, and Chong (2006, p. 84) mention that "Stum and Thiry (1991) argue that, retained customers do demonstrate immunity to competitive pull. This is also supported by Strandvik and Liljander (1994) in their exploratory study of customer relationship strength in retail banking in Finland. For example, consumers appear to perceive so little differentiation between financial providers. They may be motivated by convenience or inertia. After people become customers of a bank, many consumers associate high switching costs in terms of the potential sacrifice and effort involved with changing banks".

O'Malley (1998, p. 47) pinpoints the recognition and importance of customer retention as: "It has always been important, although traditionally it has been viewed rather simply as an outcome of successful marketing. This is embodied in the description of marketing as "selling products that do not come back to customers that do"! Because retention was seen as a by-product of marketing, organizations focused on customer acquisition with the explicit aim of increasing market share. This, in turn, was assumed to increase both the organization's power and profitability. As long as market share continued to grow, it was accepted that marketers had got it right.

"Businessdirectory.com" (Anon, n.d.) defines customer retention as, "an assessment of the product or service quality provided by a business that measures how loyal its customers are. Customer retention statistics are typically expressed as a percentage of long term clients, and they are important to a business since satisfied retained customers tend to spend more, cost less and make valuable references to new potential customers". Customer retention highly depends on attrition and silent attrition rates. Customer retention does not make sure that the customer is loyal; for example, a customer can intend to buy again but does not necessarily talk positive about the service or the product".

Structural changes has occurred in the Turkish ready-to-wear sector during the last decades and those structural changes facilitated an atmosphere to welcome global marketing trends and marketing management philosophies in a rapid way. The population of Turkey combined with the so called dynamic and growing

demographical structure still charm market-entry of global brands to not only to Turkish retail and services markets, but also to the ready-to-wear sector. Turkish retail market still appeals foreign direct investments. Remarkable share of those investments are concentrated on the organized side of the sector and helps the retail economy to grow on the registered and organized side.

Customer retention is a strategic process to keep or retain the existing customers, and not letting them to diverge or defect to other suppliers or organizations for business, and this is only possible when there is a quality relationship between customer and supplier (MSG, n.d.). Customer retention is the process where customers continue to buy products and services within a determined time of period.

Customer retention studies mainly focus on the creation switching barriers for the customers, current focus is on satisfying the customer with the concentration on services marketing. Furthermore, majority of previous studies focus on customers' perspective, this study's originality comes from being the pioneer attempt to bring out an effective model to formulate customer retention strategies in ready-to-wear sector in Turkey.

1.2. Research Objectives and Design

The title of the study is "Customer Retention Dynamics of Organized Ready-to-Wear Retailers in Real & Virtual Markets". The Turkish translation of the study is "Organize Hazır Giyim Perakendecilerinin Reel ve Sanal Pazarda Müşteri Elde Tutma Dinamikleri".

The proposed model in the dissertation is designed to explore the factors that are capable of defining the dimensions in the hypotheses constructed and determine the relationship between the extracted factors and the ways they interact with each other. The research attempts to obtain tangible conclusions that will help in understand how the links between the dimensions are formed.

The field research is conducted by using questionnaire consisting 57 items, 43 items of whose uses a summated rating questionnaire (Likert Scale). This research tool is designed to enable the researcher to measure the attitude of top management executives and marketing managers of the leading organized ready-to-wear retailers of Turkey, regarding the related propositions proposed by the model.

The theoretical grounds for used in the research model have been depicted after a through a comprehensive review of the relevant literature on customer relationship marketing and marketing theory. For the field study/research, the sample is selected as ready-to-wear organized retailers who are the members of United Brands Association (BMD)[1] of Turkey (as of year 2016).

The aim of the research is to have a better understanding about the marketing related factors influencing customer retention used by organized ready-to-wear retailers. The research question is:

- What are the marketing related factors used by the organized ready-to-wear retailers having a significant influence on customer retention strategies?

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[1] Birleşmiş Markalar Derneği (BMD)

CHAPTER 2

2. BACKGROUND INFORMATION

2.1. The Ready-to-Wear Retail Industry in Turkey

Increased competition level and attractiveness of the organized ready-to-wear retail industry for foreign investment are main reasons to conduct the study at organized ready-to-wear retail industry. Additionally, seasonality is a key influencer on profit as sales periods are quite fixed to a planned schedule, so that timely customer retention is more critical when compared to business to business (B2B) or other retail sectors.

Regarding the economic significance of the target sector, related facts and figures that are published at Turkish Statistical Institute's website are as follows: calendar adjusted retail turnover with current prices increased by 8.1% in December 2014 compared with the same month of the previous year. In the same month, food, drinks and tobacco sales increased by 15.0%, non-food (except automotive fuel) sales increased by 9.5% and automotive fuel sales decreased by 3.3%.

Table 2.1 below, gives a comparison of retail turnover index with the VAT excluded current prices which are indexed to annual average figures of 2010. Via mail and internet trade is the highest indexed subsector of retail trade with 252.9 annual average for 2015, and textiles, clothing and footwear follows with 218.4 and the proximate subsector is food, drinks and tobacco with 184.8. Ready-to-wear sector is showing continuous and significant growth which makes the study area more attractive.

Table 2.1 Retail turnover index (current prices, VAT exc., 2010=100), 2010-15

Perakende ciro endeksi (cari fiyatlarla, KDV hariç) (2010=100), 2010-2015		
Retail turnover index (current prices, VAT excluded) (2010=100), 2010-2015		
Ekonomik faaliyet / Economic activity	**Yıl**	**Yıllık ortalama**
(NACE Rev.2)	Year	Annual avg.
Perakende ticaret	**2010**	**100**
Retail trade	**2011**	**118,1**
	2012	**133,7**
	2013	**146,6**
	2014	**162**
	2015	**172,9**
Gıda, içecek ve tütün	2010	100
Food, drinks and tobacco	2011	108
	2012	121,6
	2013	139,5
	2014	161,5
	2015	184,8
Gıda dışı (otomotiv yakıtı hariç)	2010	100
Non-food (except automotive fuel)	2011	119,7
	2012	134,7
	2013	147,4
	2014	162,5
	2015	172,8
Bilgisayar, bilgisayar donanım ve yazılımları, kitap, iletişim aygıtları v.b.	2010	100
Computers, peripheral units and software, books, telecommunications equipment, etc.	2011	119,1
	2012	135,4
	2013	140
	2014	151,8
	2015	160,1
Ses ve görüntü cihazları, hırdavat, boya ve cam, elektrikli ev aletleri, mobilya v.b.	2010	100
Audio and video equipment, hardware, paints and glass, electrical household appliances,	2011	128
furniture, etc.	2012	144,4
	2013	157,5
	2014	164,7
	2015	172,4
Tekstil, giyim ve ayakkabı	2010	100
Textiles, clothing and footwear	2011	127
	2012	148
	2013	172,5
	2014	201,6
	2015	218,4
Eczacılık ürünleri, tıbbi ve ortopedik ürünler, kozmetik ve kişisel bakım malz.	2010	100
Pharmaceutical goods, medical and orthopedic goods, cosmetic and toilet articles	2011	98,6
	2012	96,9
	2013	108,1
	2014	125,2
	2015	136,2
Posta yoluyla veya internet üzerinden	2010	100
Via mail orders and internet	2011	129,8
	2012	167,1
	2013	189,3
	2014	212,9
	2015	252,9
Otomotiv yakıtı	2010	100
Automotive fuel	2011	126,8
	2012	145,5
	2013	153,2
	2014	161,7
	2015	159,7
TÜİK, Perakende Satış Hacim Endeksi		
TurkStat, Retail Sales Volume Index		

Source: http://www.turkstat.gov.tr/PreTablo.do?alt_id=1098

2.2. Target Population

Target population, is the population for a study is that group about whom we want to draw conclusions (Babbie & Mouton, 2009). Selected United Brands Association (Birleşmiş Markalar Derneği – BMD in Turkish) members who are organized ready-to-wear retailers operating both in virtual and real markets (with their own website) form the target population of the field research of this thesis. BMD lists her members openly and the association has 153 members. 83 (54.25%) of them operate in organized ready-to-wear sector as summarized at Table 2.2.

Table 2.2 Basic Figures about BMD Members

Sector	# of Firms	Owns an Off-line Store		Owns an On-line Store		Owns Both	
		Yes	Share of Yes	Yes	Share of Yes	Yes	Share of Yes
Others	48	44	91.7%	29	60.4%	28	58.3%
Shoe wear	22	22	100.0%	18	81.8%	18	81.8%
Ready-to-wear	83	80	96.4%	57	68.7%	54	65.1%
Total	**153**	**146**	**95.4%**	**104**	**71.2%**	**100**	**68.5%**

Considering the target population criteria to sell both at the online and offline channel, the matching number of firms declines to 54 which are 65.1% of the ready-to-wear retailers. Therefore, the sample is chosen as the target population (based on BMD's current data as of February 2016). The list of firms will be given at the related section.

As organized ready-to-wear sector, is the research area of this thesis; both product and service quality are to be discussed. Product quality is to be detailed separate from service quality as we are talking about an end product that we want to sell to a customer. The way companies treat the customer is to be focused with service quality.

2.3. The Development of Textile and Ready-to-Wear Sectors in Turkey and the World

The textile and apparel sector is one of the world's oldest industries. This sector has played an important role in the economic development process of developing countries. The textile sector, which has various sub-sectors within, has played an important role in realizing the industrial revolution of many developed countries, especially England.

The following two paragraphs are adapted from Şahin (2015, p. 2) to give a summary of the global status: the trend of globalization accelerating since the 1980s has accelerated the flow of trade in textiles and ready-to-wear industry, and in the past 30 years nearly half of the total capacity of the industry has shifted towards developing countries. For this reason, this sector is known to be one of the most "globalized industries" today (Aydoğdu, 2012, p.4). The fact that textile and ready-to-wear products are easily transportable, allowed these industrial goods to spread to the world faster, and this diffusion enabled some of the developed countries to transfer part of their production activities to developing countries (Dilber, 2004: 86). When the development process in the world is considered, the share of the textile industry in the manufacturing industry is continuously decreasing in the developed countries, while the share of the industry in manufacturing industry production is continuously increasing in developing countries (Özçalık and Okur, 2013, p.212).

Today, the textile and ready-to-wear sector, which is shaped by labour costs, constitutes a significant part of the economies of developing countries more and more around the world. Countries with very low labour costs such as China, Bangladesh, India, Hong Kong and Indonesia are at the top of the manufacturing sector. The fact that the textile and ready-to-wear industry constitutes the main product of consumption in all countries and the entry of small entrepreneurs into this market with new entrepreneurs has caused these sectors to have an important place in world trade in every period of the industrialization period.

Anatolia, the cradle of civilization, is one of the most important geographical areas where textile production was born. Textile production also has an important place in the history of the Republic of Turkey's industry. Textile production in the 16th and 17th centuries became widespread throughout the country in the form of small workshops, especially since cotton, wool and silk production could be widespread during the Ottoman Empire. The first factory to be established in the Ottoman era was Feshane-i Amire, founded in Eyüp in Istanbul in 1835 and the third and fourth cotton factories.

PGlobal's (Yülek, 2015) report gives a good summary about the evaluation of the textile and ready-to-wear sector in the history of the Republic of Turkey (adapted):

"Shortly after the establishment of the Republic of Turkey, efforts to industrialize began. In 1926, the first factories of the Republican era, Alpulu and Uşak Sugar Factory, were established. The other 6 textile factories, which were taken over from the Ottoman Empire, were given to the management of the Industrial Maadin Company. However, in the industrialization of the private sector, which lacked sufficient knowledge, experience and capital accumulation, these textile factories were transferred to Sümerbank, which aimed to form institutions in basic industrial branches, within the framework of state industrial development plans. Sümerbank did not only leading the industrialization of the country's economy by establishing leather, paint, chemistry, carpet, porcelain, paper, iron and steel and cement factories in the textile industry. She played very important role in the training and development of technical staff and administrators in the establishment and development of textile industry, especially with the students she got educated in domestic and abroad universities.

The fact that the most basic raw material cotton is grown in Turkey in significant quantities has served to further develop the textile sector in the country in the following years. Until 1972, with the first planned development experiment, the sector expanded considerably. The process up to 1989 has been the years of outward opening of the industry".

Installed capacity and production for textile products are built intensively in Istanbul, Izmir, Denizli, Bursa, Kahramanmaraş and Gaziantep. The machinery park of the textile sector is generally equipped with the highest technology and since the textile

finishing industry is very developed in Turkey, high value added products are easily produced and marketed (Şahin, 2015).

World Trade Organization (WTO) issues an annual report, detailing global trade statistics summaries (World Statistical Review). Figures from the 2016 report are given in the following two paragraphs by adding comments to highlight specific position of the Turkish market.

China, the European Union and India remained the top three exporters of textiles in 2015 (see Figure 2.1). Altogether, they accounted for almost two-thirds of world exports. The top ten exporters all experienced a decline in the value of their exports in 2015, with the highest declines seen in the European Union (-14 per cent) and Turkey (-13 per cent). The smallest decline was recorded in China (-2 per cent) (WTO, 2016). Although each of the top exporter show decline in export volumes; Turkey and her biggest export – European Union markets show the biggest declines this is also a result of indigenous supply strategies which can be carried out with respectively small investment requirements as also stated in Şahin's study in 2015.
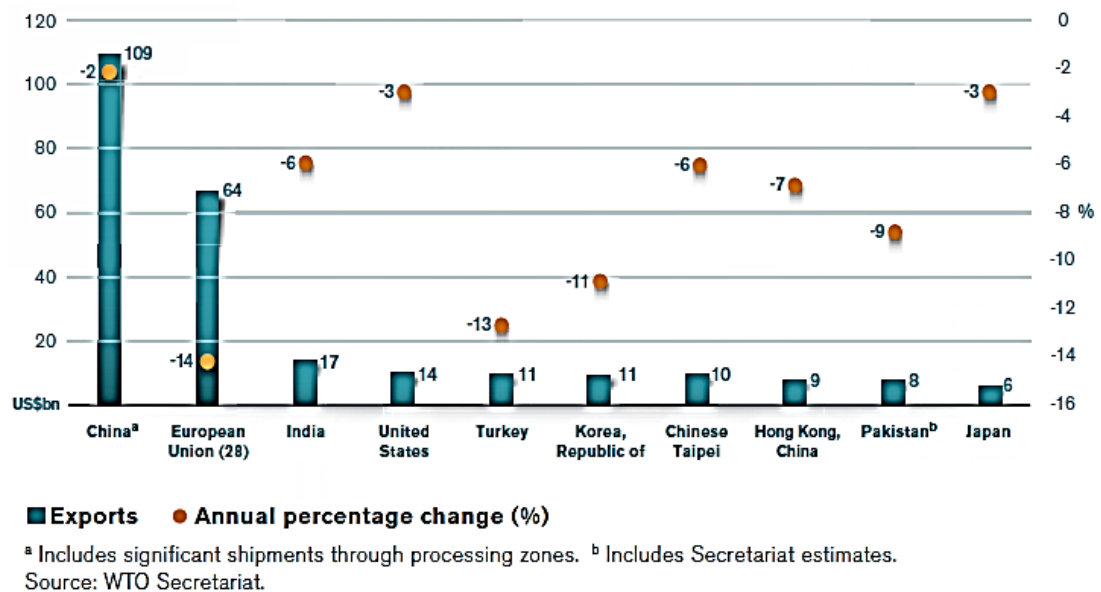
Figure 2.1 Top Ten Exporters of Textiles, 2015

Among the top ten exporters of clothing (see Figure 2.2), increases in export values were recorded by Viet Nam (+10 percent), Cambodia (+8 percent), Bangladesh (+6

percent) and India (+2 percent). The other major exporters saw stagnation in their export values (USA) or recorded a decline (all other top ten economies). In 2015, the top ten accounted for 87 per cent of world exports of clothing (WTO, 2016).
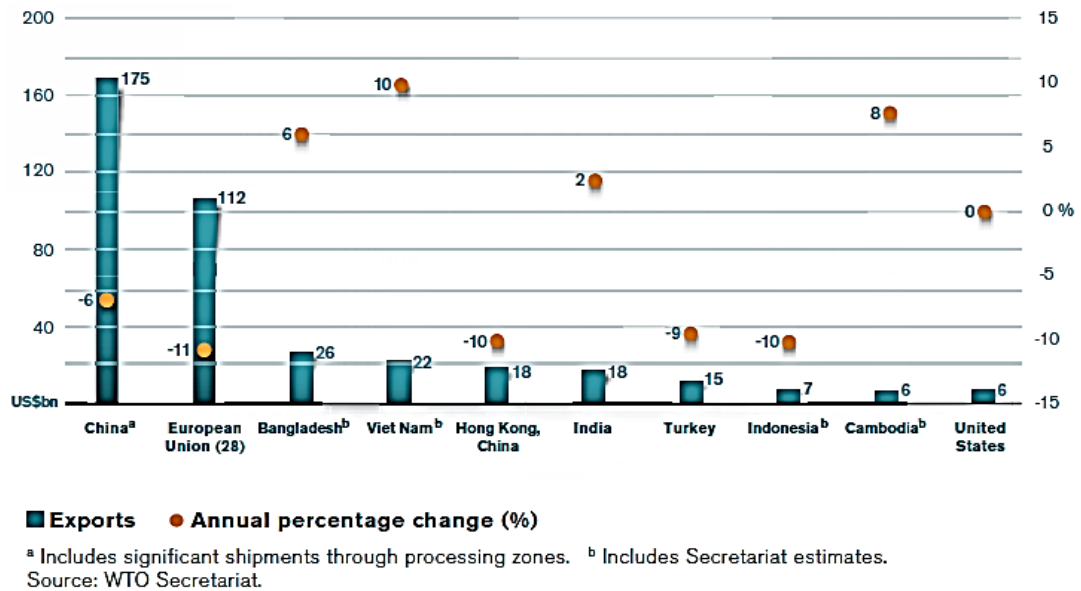
Figure 2.2 Top Ten Exporters of Clothing (Ready-to-Wear), 2015

Turkey is among the biggest 3 declining markets in top ten exporters of clothing data, which is sign of the need to regain competitiveness against markets like Vietnam, Cambodia and Bangladesh. With regards to textiles industry (in general), national participation in many international fairs and to fairs held in Turkey are organized. Turkish Government institutions are giving incentives to participating companies to encourage participation, and Turkey is introduced to the whole world with the potential of this subject and as a country to be discovered.

In the current world conjuncture, the industry's highest priority goal is to produce high quality, original products that are worth adding and to market reasonable prices. On the other hand, in parallel with the trends all over the world, significant distances are being recorded in the production of technical textiles by emphasizing the research and development studies by university-industry and institutional cooperation (İTKİB[2], Anon).

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[2] İstanbul Tesktil ve Konfeksiyon İhracatçı Birlikleri Genel Sekreterliği; in English: İstanbul Textile and Apparel Exporters General Secretariat

97% of the total 53 companies that produce textile and ready-to-wear in Turkey are small and medium enterprises (SMEs). These businesses are spread throughout Turkey and therefore the textile and ready-to-wear sector is a widespread industrial entrepreneurship. Thus, in our country many SMEs play a very important entrepreneurship role in the development and the diversification of the industry. On the other hand, textile and ready-to-wear businesses, which are integrated with the international market and supply chains due to their export volumes, have international business and production norms and high qualifications. These qualities enable the THG sector to spread productivity-enhancing competencies to other industrial and non-industrial sectors. Nevertheless, this sector plays a leading role in the industrialization and development of a country from the UK to Japan and the country, and today it plays a similar role in some new nations, and contributes to the formation of industrial cultures, industrial entrepreneurship and labour in such countries (Yülek, 2015, p. 14-17).

A.T. Kearney Included publishes a report about the global retail development index; highlights about the latest one serves as a good summary:

A.T. Kearney's Global Retail Development Index™ (GRDI) has guided global retailers with their strategic investments since 2002, a period in which the retail environment in developing markets has undergone massive transformation. Since the first edition, we have seen retailers entering smaller, prosperous markets as well as large ones, and a game that was once dominated by big-box retailers has now opened up to a great variety of specialty retailers. International retailers are also now more adept at tackling the individual challenges of each market, which require different strategies for success. Retailers' increased understanding of developing countries is more important today than ever before, as these markets struggle with shifting economic and political trends—sometimes in an extremely short timeframe.

Overall, retailers over the past year took a longer-term view of developing markets, staying put in turbulent regions while making targeted investments in areas of growth. In the Middle East and Latin America, for example, retailers took a more

cautious approach to international expansion, but at the same time few made significant market exits. Russia is an exception (A.T. Kearney, 2015, p. 1).

The GRDI ranks the top 30 developing countries for retail investment. Using more than 20 macroeconomic and retail-specific dimensions, it is used to identify not only the markets that are most successful today, but also those that offer future potential.

Top 13 countries form the 2015 Global Retail Development Index™ report of A.T.Kearney is given in Figure 2.3 to pinpoint the competitiveness level of Turkish retail market. Although this data is not only limited to ready-to-wear sector, it is an indication or a benchmark tool for foreign investors taking part in investment decisions.

2015 rank	Country	Market attractive-ness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Change in rank compared to 2014	Population (million)	GDP per capita, PPP (thousand)
1	China	66.7	55.7	42.3	96.6	65.3	+1	1,364	13
2	Uruguay	93.3	60.4	68.0	38.9	65.1	+1	3	20
3	Chile	98.2	100.0	13.0	37.9	62.3	−2	18	23
4	Qatar	100.0	89.4	34.3	12.8	59.1	N/A	2	144
5	Mongolia	22.4	19.9	93.1	100.0	58.8	N/A	3	10
6	Georgia	36.5	39.1	78.8	79.2	58.4	+1	5	8
7	United Arab Emirates	97.6	84.0	16.5	33.9	58.0	−3	9	65
8	Brazil	98.0	60.4	45.2	28.0	57.9	−3	203	15
9	Malaysia	75.6	68.8	29.3	52.7	56.6	—	30	25
10	Armenia	35.4	37.1	82.1	66.3	55.2	−4	3	7
11	Turkey	83.1	48.1	40.2	44.8	54.1	—	77	20
12	Indonesia	50.6	35.5	55.1	65.9	51.8	+3	251	10
13	Kazakhstan	49.6	34.2	72.5	50.7	51.8	−3	17	24

| 0 = low attractiveness | 100 = high attractive-ness | 0 = high risk 100 = low risk | 0 = saturated 100 = not saturated | 0 = no time pressure 100 = urgency to enter |

Figure 2.3 2015 Global Retail Development Index[TM]

Turkey is reported as a maturing market in the same report, so that attractiveness of the market can be a subject for other studies.

CHAPTER 3

3. THEORY AND CONCEPTS

3.1. Literature Review

Previous work concentration is mainly on business to business (B2B) transactions. Different from B2B or e-tailing to the final consumer; dropping an unprofitable customer is not a preferred option under fierce competition; the idea will be to up/cross sell to such customers and to bring the timing of the purchasing closer to the initial sales price.

In general, there are two main ways to strengthen customer retention; first one is to erect high switching barriers. Customers are less inclined to switch to another supplier when this would involve high capital costs, high search costs, or the loss of loyal-customer discounts. The latter and the more strategic approach is to deliver high customer satisfaction, which makes it harder for competitors to offer lower prices or better inducements to switch.

Some companies think they are getting a sense of customer satisfaction by tallying complaints, but according to literature review, 96 percent of unsatisfied customers don't complain; they just stop buying. The best thing a company can do is to make it easy for the customer to complain. Suggestion forms, toll-free numbers, web sites, and e-mail addresses allow for quick, two-way communication (Kotler and Keller, 2006, p.155).[3]

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[3] Kotler, P. and Keller, K.L. 2006, *Marketing Management,* 11th ed., Upper Saddle River, NJ: Prentice Hall, 2006, p. 155

The main channels that companies can listen to their customers are; surveys, company websites, advisory boards, blogs, call center social media communications, and discussion forums. Quick and two-way communication opportunities are to be preferred for swift actions.

Alex Lawrence (2012) reminds the motto by Ben Franklin's age-old idiom that "a bird in the hand is worth two in the bush", and he advises tips at his article "Five Customer Retention Tips for Entrepreneurs" which is published at Forbes website, that the following should be under our focus:

- ✓ Never Underestimate the Value of Retention
- ✓ Implement an Effective Customer Retention Program
- ✓ Avoid Misreading Your Customers
- ✓ Engage Customers Through Social Media
- ✓ Run Relevant Promotions

Being viral is another current important tool for customer retention especially when we consider the online marketspace. Following five media are the most common catalysers of creating a buzz, word of mouth or continually being at minds of customers:

- ✓ Social media
- ✓ Email
- ✓ Mail (declined usage)
- ✓ Phone
- ✓ Face-to-face

3.2. Theoretical Orientation

Customer loyalty has been the focus of extensive research. Due to the changing economic conditions companies are shifting to customer retention strategies rather than new customer acquisitions and traditional customer loyalty programs. O'Malley (1998) argues that; it was not until the early 1990s that there was widespread recognition that customer defection represented a serious flaw in marketing.

Reichheld and Sasser (1990, p.105) calculated the impact of customer retention on profitability: "As a customer's relationship with the company lengthens, profits rise. And not just a little. Companies can boost profits by almost 100 percent by retaining just 5 percent more of their customers".

O'Malley and Tynan (2000, p.797) discuss "Whether relations marketing in consumers market is a rhetoric or reality?" in the co-authored paper and highlight the following summary by referring to the literature: "Relationship marketing (RM) was initially conceived as an approach to marketing in inter-organizational and service situations on the basis that, contextually and structurally, these sectors required an alternative paradigm to that which was dominant in mass consumer goods markets (Berry, 1983; Ford 1997; Hakansson, 1982)".

Copulsky and Wolf (1990) indicate that Relationship Marketing (RM) is concerned with relationship endurance while direct marketing is concerned with achieving immediate sales. Kotler (2003, p.13) also supports the idea; he highlights building mutually satisfying long-term relations with key parties − customers, suppliers, distributors − in order to earn and retain their business, relationship marketing builds strong economic, technical, and social ties among the parties in the relationship. RM is distinct from loyalty marketing because learning is a key objective (Christy et al., 1996, p.185).

Adding Kotler's (2003) indications to the so called tangible manifestations of Rowe and Barnes (1998) in consumer markets, the below stated list makes a good summary about the aim of Relationship Marketing:

(1) Locking in customers (cf. Barnes, 1994; Turnbull and Wilson, 1989; Palmer, 1995),

(2) Customer retention (cf. Berry, 1983),

(3) Database marketing (Copulsky and Wolf, 1990; Treacy and Wiersema, 1993),

(4) Close personal relationships (cf. Barnes, 1994; 1995), and

(5) Mutually beneficial relationships and capabilities to serve (Kotler, 2003).

3.3. Customer Relationship Management (CRM)

According to Gummesson (1994) relationships have been in the centre of business activity since time immemorial, although they have not been offered any prominent place in general marketing theory. The term relationship marketing was first stated by Berry in 1983 in his paper entitled "Relationship Marketing". Berry defined relationship marketing as "attracting, maintaining and - in multi-service organization - enhancing customer relationship". Berry also stated that developing close relationships with customers and turning them into loyal ones are important aspects of marketing (Berry, 1983).

The relationship between customer loyalty and satisfaction, profitability and customer retention is described within the framework of relationship marketing (McIlroy and Barnett, 2000, p.p. 347). The new concept of relationship marketing suggests that instead of the narrow, transactional, one-sale-at-a-time view of marketing, marketing should more strongly emphasize relationships. Franklin (2000, p. 354) suggests there has been a noticeable shift away from traditional notions of marketing, such as economic exchange, transactions marketing and the marketing mix, towards a concern for the development of meaningful (human), long term relationships and a shift in emphasis from economics to psychology and sociology, namely the behavioural sciences.

In contemporary marketing practice Customer Relationship Management (CRM) is seen as an excellent marketing discipline with the mission of establishing a long-term relationship between the company and customers through which both sides win better value (Pepić and Duman, 2015, p.225). The key to the successful adoption of relationship marketing lies in the building of client loyalty in dynamic business environments (Morris et al., 1999, p. S660).

According to Kotler (2003), Customer Relationship Marketing (CRM) enables companies to provide excellent real-time customer service by developing a

relationship with each valued customer through the effective use of individual account information.

Kotler et al. (2003) clearly highlights that winning companies are more productive in acquiring, keeping, and growing customers. These companies improve the value of their customer base by excelling at the following customer strategies:

- Reducing the rate of customer defection.
- Increasing the longevity of the customer relationship
- Enhancing the growth potential of each customer through "share-of-wallet", cross-selling, and upselling.
- Making low-profit customers more profitable or terminating them.
- Focusing disproportionate effort on high value customers.

As seen above the first strategy Kotler mentions is about customer retention. In today's competitive marketplace, customer retention offers increased profitability and sustainable protection against competitors. Senior management must take a solid commitment to the customer retention process for long term effectiveness. They should also direct the company focus on the customer needs, expectations, and competitive choices.

Payne and Frow's (2005, p.168) definition of CRM is regarded as a comprehensive one and used as a framing definition in their works:

> "CRM is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT [information technology] to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications".

According to Vargo and Lusch (2004, p.1-17) CRM principles and tools help organizations to focus on the co-creation of value: the creation of value for shareholders and the creation of value or utility for customers. Hennig-Thurau and

Klee (1997, p.758) highlight the quality perspective which is complementary to this view: "Relationship quality has been introduced as a three-dimensional variable that incorporates the customer's product-or service-related quality perception, the customer's trust, and his or her relationship commitment".

Berry (1983) indicates that CRM is defined as marketing activities that attract, maintain, and enhance customer relationships and has its roots from development of relationship marketing. Gummesson (1994, p.5) contributes that, although the terms "CRM" and "relationship marketing" are relatively new, the phenomenon is not. Grönroos (1990, p.138) proposes a definition for marketing, namely, that marketing is to establish, maintain and enhance relationships with consumers and other partners, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.

Bolton and Tarasi (2007, p.5) summarize the fundamentals of relationship marketing as: "Marketers have always been preoccupied with defensive strategies aimed at increasing customer retention, thereby increasing revenues and profitability (Fornell and Wernerfelt, 1987). For example, writing in the Harvard Business Review, Grant and Schlesinger (1995 p. 61) argue that the gap between organization's current and full-potential profitability is enormous, and suggest that managers ask themselves: "How long on average do your customers remain with the company? [and] What if they remained customers for life?" During the same time period, a growing literature has focused on the "service profit chain" linking employee satisfaction, customer satisfaction, loyalty, and profitability (e.g., Heskett, Sasser, and Schlesinger, 1997; Reichheld, 1993; Liljander, 2000)".

Dawkins and Reichheld (1990) indicate that a high retention rate shows a greater net present value of consumers and greater growth potential of a brand. The hierarchical structure that, Ziethalm and Bitner (2000, p. 140) describe between acquiring, satisfying, retaining and enhancing customers (see Figure 3.1) has been used as the main distinction in this study.
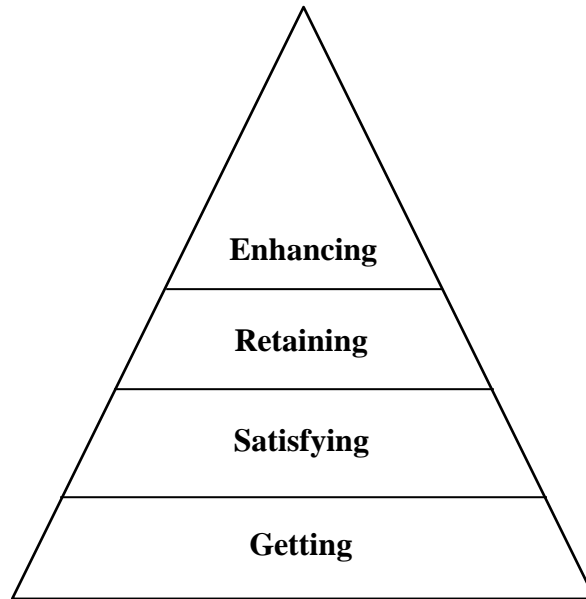
Source: Zeithaml, V. A. and Bitner, M. J. 2000. *Services Marketing: Integrating Customer Focus across the Firm*. 2nd ed. U.S.A.: McGraw-Hill. p.140.

Figure 3.1 Customer Goal of Relationship Marketing

Bolton and Tarasi (2007, p.8) discuss CRM in terms of five interrelated organizational processes which are given in Table 3.1; making strategic choices that foster organizational learning, creating value for customers and the firm, managing sources of value (acquisition, retention, etc.), investing resources across functions, organizational units, and channels, and globally optimizing product and customer portfolios. Their interdisciplinary concept is depicted in Figure 3.2.
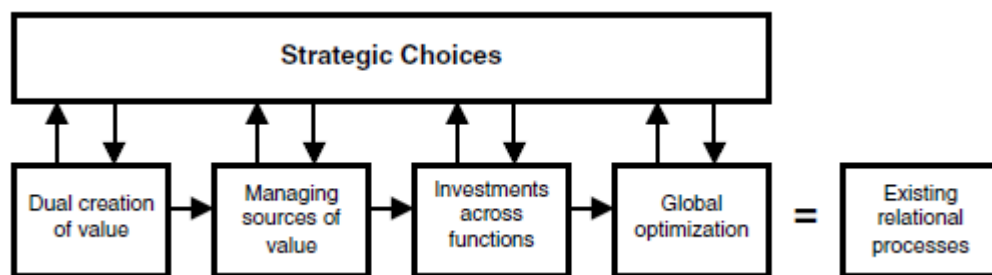
Source: Bolton, R.N. and Tarasi, C.O., 2007. Managing Customer Relationships. In: Naresh K. Malhotra, *Review of Marketing Research.* Vol. 3, Emerald Group Publishing Limited, Ch.1, p.9.

Figure 3.2 Customer Relationship Management Processes

Table 3.1 Customer Relationship Management Processes

Processes	Challenges
Strategic choices	• Organizational information processes • Organizational learning
Dual creation of value	• Creating value for customers • Valuing customers
Customer portfolio management	• Acquisition • Retention • Increased margins from relationship expansion activities (e.g., product usage, cross-selling) • Divestment
Allocation of resources across functions, channels, and organizational units	• Employee selection and training • Service quality • Customer management effort • Managing customer contacts • Customer equity models
Global optimization models	• Segmentation • Matching product portfolio and customer portfolio • Risk/return management

Source: Bolton, R.N. and Tarasi, C.O. 2007. Managing Customer Relationships. In: Naresh K. Malhotra, *Review of Marketing Research.* Vol. 3, Emerald Group Publishing Limited, Ch.1, p.9.

Customer relationship management (CRM) has been called an inevitable - literally irresistible - movement because it represents the way customers want to be served, and offers a more effective and efficient way of conducting business by treating different customers differently (Peppers and Rogers 2004, p.6).

Yim, F.H., Anderson, R.E., and Swaminathan (2004, p.264) talk about developability of relationships in an organization and gather a summary of literature about it: "By better customizing of product and service offerings for individual customers (Stefanou, Sarmaniotis, and Stafyla 2003), customer retention (Parasuraman and Grewal 2000; Srinivasan, Anderson, and Ponnavolu 2002), and profitability (Oliver 1999; Ryals and Knox 2001; Sheth and Sisodia 2001) can be increased".

Hewett, Money, and Sharma (2002, pp.235-236) depict a significant relationship between buyer perceptions of industrial buyer-seller relationship quality and their repurchase intentions. Managing customer relationships (CRM) is a fundamental

concern in the marketing field, largely focusing on customer classification, and associated metrics, such as customer lifetime value (CLV) (Bolton and Tarasi, 2007).

The role of CRM is to assist firms in leveraging "the information and experience in acquisition, development and retention of a profitable customer portfolio" which Wayland and Cole (1997, p.32) call customer knowledge management. The core customer portfolio management processes are customer acquisition, customer retention and customer development. Together, they make up the customer lifecycle. This research will focus on customer retention (CR).

Relationships conducted via online channel tools are also under focus; major concepts will be detailed at related sections of this study.

Communities are used as a switching barrier and companies try to encourage customers for more relationship. Online community is an e-group where members receive the message or e-mails posted and replied by other members. By this customers can generate relations with the company and with other customers with whom they share something in common. Communities can be non-commercial and can provide solutions, benefit and advice for other customer such as Apple and Harley Davidson customers do.

Developing a viable cross-channel capability is within the reach of traditional retailers, if they make the right moves in five areas; changing the structures of their organizations, improving their logistics, creating a common technology backbone, using business intelligence more skilfully, and reinventing their cultures (Heckmann et al., 2012, p.1).

Increasingly, retailers are integrating their offline and online channels to reduce costs or to improve the value proposition they make to their customers. Buy online - pick up at store (BOPS) and research online - purchase offline (ROPO) options given to consumers are from the popular channel integration methods of retail sector. In order to achieve such seamless transactions to customer, firms have to invest in technology to share inventory information across online-offline channels in real time, avoid

inventory record inaccuracy, and make arrangements for the execution part at the store. Intensive studies are conducted by firms to extend those integration activities as the figures show increased traffic at stores and an increase at the sales. Bell, Gallino and Moreno (2014, p.45) highlight omni-channel (both online and offline) strategies - that balance the customer's need for quality information and timely fulfilment - are the key to brand building and retail success. The idea is to create a winning omni-channel world.

Virtual communities are a platform to share information between members or customers. Customers, who have used the product or the service, can use blogs, company sites, or other online platforms to share useful information. Those platforms are also a source for companies to collect customer feedback and market their brands, products and services.

3.3.1. Customer Loyalty

McIlroy and Barnett (2000, p.348) define customer loyalty as "a customer's commitment to do business with a particular organization, purchasing their goods and services repeatedly, and recommending the services and products to friends and associates". They also emphasize that there is always risk that a customer will defect when a competitor offers better value or a wider range of value added options. Kuusik (2007, p.21) state that: satisfaction, trustworthiness, image and importance of relationship affecting customer loyalty which play different role on the different levels of customer loyalty.

Retention is about keeping your customers and making sure that they don't run away. Loyalty, on the other hand, is about ensuring that your customers will come back to you when they have to choose between you and your competitors (Peeters, 2014). Bolton and Tarasi (2007, p.4) state that: "Loyal customers are more responsive to marketing actions and cross-selling (Verhoef, 2003). Loyalty has been defined in numerous different ways (Jacoby and Chestnut 1978; Kunöe 1993) but in the

marketing model building tradition loyalty is defined as observed purchase behaviour".

Loyal customers are less expensive to service, they purchase more and especially premium-priced products, and their referrals and good word of mouth bring in new customers (Tatikonda, 2013, p.43).

Hennig-Thurau and Klee (1997, p.755) respectively equate the concepts of customer retention and loyalty functionally. Although controversy exists regarding the nature of the relationship quality/loyalty relationship, the traditional, linear model of the association between these concepts has received widespread support in the literature.

Loyalty indicates a strong preference for a service provider over another that results in repeat purchase and often a willingness attitude to pay a premium price (Fornell, 1992; Zeithaml, Berry, & Parasuraman, 1996). Jones and Sasser (1995, p.94) contributes to the idea by defining customer loyalty as a feeling of attachment to or affection for a company's people, products, or services.

Researchers at The Center for Retail Management at Northwestern University assessed that 12% to 15% of a business's most loyal customers comprise 55% to 70% of the company's total sales (Boubelik, 2013).

McIlroy and Barnett (2000, p.347) state that loyalty programmes need to develop ``loyalists'', customers who have high satisfaction, high loyalty and who will stay and be supportive of the company in order to succeed. According to Duboff and Gilligan (2012, p.19), "True loyalty means an inclination to buy, even when there are rational reasons to buy from someone else. True loyalty includes an emotional attachment, such that the customer feels connected in some way to the business, the brand, the product or service beyond the utility of using it. The goal is to have customers want to enjoy the experience of using the brand".

Nikhashemi et al. (2013) define usability and satisfaction as the most important factors to explain the building of internet loyalty. They conclude that: "internet

technology does not only improve the customer service, but more importantly, it can deliver value to the customers through which retention rate and customer loyalty will be enhanced. Moreover, customer satisfaction has strong relationship with customer retention, but poor relationship with customer loyalty. On the other hand, customer retention has significant relationship with customer loyalty. The obtained results indicate that customer satisfaction strongly influences customer retention, whereas customer retention can affect customer loyalty".

3.3.2. Perceived Service Quality

According to Grönroos (2007, p.9), a service is also an economic activity that creates value and provides benefits for customers at specific times and places by bringing about a desired change in or on behalf of the recipient of the services.

Brady and Cronin (2001, p.34) while pinpointing multiple dimensionalities, they have also gathered major concerns of the previous studies:

> "In the literature, there has been considerable progress as to how service quality perceptions should be measured (e.g., Babakus and Boiler 1992; Brown, Churchill, and Peter 1993; Cronin and Taylor 1992; Parasuraman, Zeithaml, and Berry 1985, 1988, 1991, 1994; Teas 1993) but little advance as to what should be measured. Researchers generally have adopted one of two conceptualizations. The first is the "Nordic" perspective (Grönroos 1982, 1984), which defines the dimensions of service quality in global terms as consisting of functional and technical quality. The second, the "American" perspective (Parasuraman, Zeithaml, and Berry 1988), uses terms that describe service encounter characteristics (i.e., reliability, responsiveness, empathy, assurances, and tangibles). Although the latter conceptualization dominates the literature, a consensus has not evolved as to which, if either, is the more appropriate approach. Moreover, no attempt has been made to consider how the differing conceptualizations may be related".

Potter-Brotman (1994, p.54) gives a brief description of RATER model developed by researchers of Texas A&M University: this model compares customer's expectations of service quality with their actual experiences to identify five important dimensions of service quality:

"(1) Reliability – the ability to provide what was promised, dependably and accurately.

(2) Assurance – the knowledge and courtesy of employees, and their ability to convey trust and confidence.

(3) Tangibles – the physical facilities and equipment, and the appearance of personnel.

(4) Empathy – the degree of caring and individual attention provided to customers.

(5) Responsiveness – the willingness to help customers and provide prompt service".

Shahin (n.d., p.2) writes contributors of service quality descriptions; "Service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al., 1996; Wisniewski and Donnelly, 1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990)".

Arshi and Jassim (2013, p.11) state that "Service quality has been linked with customer satisfaction within the banking industry in studies of Avrakin (1994), Lassar, Monalis and Winsor (2000) and Le Blanc and Nguyen (1988)". Daughtrey, Vowles, and Black (2013, p.294) also support that service quality based satisfaction results in loyalty. Furthermore it was found that service organization employees form particularly close relationships with customers because employees and customers often work together in the creation of many services, where services are produced by employees and consumed by customers simultaneously (Lovelock, 1981; Berry, 1980, cited in Gan et al., 2006, p.88). Thus, employees actually become a part of the service.

Earlier studies indicate that there is strong relationship between service quality and customer satisfaction dimensions; findings of Rust and Zahorik (1993), Snow, Bartel and Cullen (1996), Parasuraman, Zeithaml, and Malhotra (1998), and Arshi and Jassim (2013, p.12) support this relationship.

Aflaki and Popescu (2013, p.2) focus on managing service, as they evaluate it as a more effective driver of customer retention than prices, which are often fixed for a variety of reasons; and they refer to supportive findings of Liu et al. (2007), and Pfeifer and Ovchinnikov (2011).

Potter-Brotman (1994, pp.55-56) lists the actions organizations can take to deliver quality service as promoting teamwork, creating a combined institutional memory, increasing organizational flexibility, learning what customers truly value, examining management practices to make sure they foster a customer-driven culture and training everyone in your organization to be customer competent. She concludes that "everyone who interacts with customers must become an active agent for customer retention."

Retention concerns services offered according to customers' demands or expectations, intending to establish permanent relations or create and deliver additional value to them Hillebrand, Nijholt and Nijssen (2011, cited in Milan et al. 2015, p.109).

The service quality research tends to focus on the operational aspects of customer satisfaction as well as the evaluation of what actually motivated customers to be satisfied with the service they received at different establishments (Ashi and Jassim, 2013, p.10).

A conceptual model concerning perceived service quality was proposed by Parasuraman et al. (1985). One of the featured developments related to service quality is the efforts of measuring service quality, and the development of a measurement tool, SERVQUAL developed by Parasuraman et al. (1988) has been the starting point of the discussion in this area. Lee, Lee and Yoo (2000) pinpoint numerous marketing research studies detailing and trying to measure service quality concept (e.g. Bolton and Drew, 1991b; Brown and Swartz, 1989; Carman, 1990; Cronin and Taylor, 1992, 1994; Parasuraman et al.,1988, 1994; Teas, 1993, 1994; Zeithaml et al., 1996).

Parasuraman et al. (1985) proposed that ten dimensions determine service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customers, and tangibles. Thus, they proposed that the differences between perceived performance and expected performance of these ten dimensions determine overall perceived service quality.

Talking about online/internet service quality there measures to talk about such as security, ease of use, online community comes to focus. Thomas, Glaessner and MCNevin (2002 cited Nikhashemi et al., 2013, p.80) stated that, electronic security is any kind of electronic tool, technique, or process which has been designed to protect a system's information assets, or is a risk management, or risk-mitigation tool.

Suh and Han (2003) indicate that, the concept of website security should be sustained successfully, and it is considered as one of the significant factors for online channels customer and is seen as facilitator for the enhancement of e-commerce. Suh and Han (2003) also highlight the importance of ease-of-use/effort free usage and usefulness in e-commerce. They also state that priority should be shown to trust issues as well as ease-of-use parameters.

Internet information quality considers the amount of accuracy and the form of information about the products and services which is going to be offered at a website. The performance of the services itself relates to how good the services are provided to the customer. Jana, Trocchia and Gwinner (2002 cited in Nikhashemi et al., 2013, p.81) include transaction efficiency and delivery fulfilment as components of the performance dimension. Speedy transmission that reduces time and cost will obviously contribute to customer satisfaction.

Sands (2003) describe online community as an e-group where the members can receive messages or e-mails posted and replied by other members in the same group. By this community, customers are able to make relationships with the company and other customers who are in touch with the company, therefore having their online chat friends. According to Winer (2001 cited in Nikhashemi et al., 2013, p.82),

online community can build an environment that makes it more difficult to leave their online chat buddies or so called "family".

A direct positive link between perceived service quality and customer repurchasing intentions had been supported by many studies such as Reichheld 1996a; Zeithalm & Bitner, 2000; Ranaweera & Neely, 2003. Ranaweera and Neely (2003) make a parallel definition that service quality is a consumer's appraisal of a service's overall excellence or superiority. The authors further conclude that service customers might place a greater importance on the quality of the service rather than on the cost of acquiring that service.

Perceived service quality is the result of comparisons between expected and experienced levels of service. Two dimensions of service quality were identified by Grönroos in 2000, namely functional and technical quality. Functional quality reflects the "how of the service" and technical quality refers to the "what" of the service. The model known as the Nordic Model refers to "what" customers perceive they get out of a service, but more importantly they evaluate "how" they receive the service. An important limitation of the Nordic model is the difficulty to adequately define the technical quality of the service (Korda and Snoj, 2010, pp.189-190).

The SERVQUAL model of service quality was developed by Parasuraman, Berry, and Zeithalm in 1988. It argues that the service quality is a judgement about overall excellence and depicts service quality as a comparison of customer expectations and experience throughout the entire process. The SERVQUAL model concentrates to identify gaps between customer expectation of the service rendered and their perception of actual performance. Reliability, responsiveness, empathy, assurances and tangibles are the five dimensions evaluated in this model.

Brady and Cronin (2001, pp.34-49) has gathered remarkable previous studies on perceived service quality in the co-joint article. The conceptualizations are given in the below figure:

A: The Nordic Model
(Grönroos 1984)

B: THE SERVQUAL Model
(Parasuraman, Zeithaml, and Berry 1988)

C: The Three-Component Model
(Rust and Oliver 1994)

D: The Multilevel Model
(Dabholkar, Thorpe, and Rentz 1996)
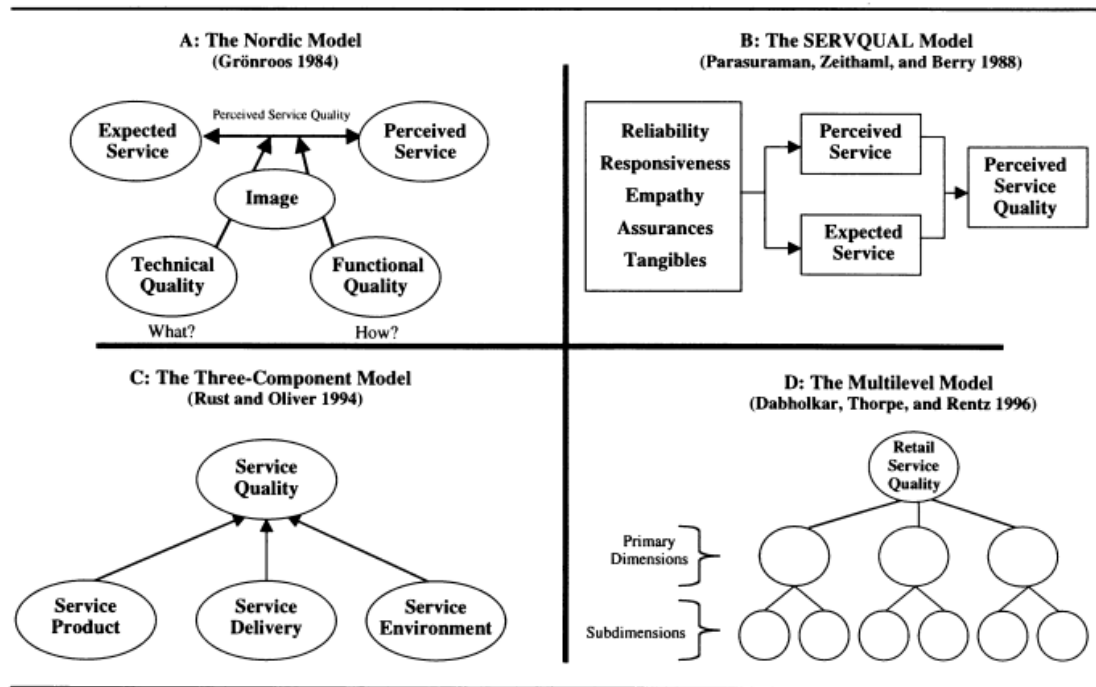
Source: Brady, M.K., Cronin, Jr.J.J., 2001. Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach. *The Journal of Marketing*, Vol. 65, No. 3, p.35

Figure 3.3 Conceptualizations Advanced in Literature

According to Rust (1993 and 2001), Trubik and Smith (2000), high levels of customer satisfaction lead to customer retention. Sureshchandar, Rajendran and Kamalanabhan's (2002) survey in Indian financial sector demonstrates high relationship between service quality and customer satisfaction (Arshi and Jassim, 2013, p.11).

From computer industry Dell gives us a good example which is worth to mention as an industry best practice. Dell's service quality measures can be summarized as given below:
- Order fulfilment: on time, in full, no error.
- Product performance (frequency of problems).
- After sales (percentage of problems fixed first time by technician.

Dell had remarkable success by following "on time in full mentality". It is necessary to talk about capabilities of human being when speaking about service; empathy and responsiveness, human are key aspects to be considered when we consider service quality.

Because services are intangible, simultaneously consumed, and often require the customer to be present during the process, the surrounding environment and physical facility can have a significant influence on perceptions of the overall quality of the service encounter (Bitner 1992). Research from interrelated disciplines such as marketing, environmental psychology, and sociology has been integrated into the study of the service environment, or what Bitner (1992) literally terms the "servicescape." Having a negative customer service experience is named as bad service in this study; which occurs with the dissatisfaction of the customer and might include unhelpful and impolite staffs, poor after sales service, poorly trained staff members lacking knowledge and skills to perform tasks and services.

Bitner (1992, p.57) summarizes findings of the previous studies as follows: "The ability of the physical environment to influence behaviours and to create an image is particularly apparent for service businesses such as hotels, restaurants, professional offices, banks, retail stores, and hospitals (Baker 1987; Bitner 1986; Booms and Bitner 1982; Kotler 1973; Shostack 1977; Upah and Fulton 1985; Zeithaml, Parasuraman, and Berry 1985)".

Jeon and Jeong (2009, p.1) has gathered most of the definitions of "servicespace" and used them to formulate their e-service definition:

> Bitner (1992) asserted that human behaviour is influenced by the physical setting and the organization's physical setting influences customer and employee behaviours. Customers seek evidence of the ultimate quality of the intangible service by observing the tangible elements (physical surroundings), called servicescape (Berry & Parasuraman, 1991). Bitner (1992) defined servicescape as the built environment, which has artificial physical surroundings as opposed to the natural or social environment. Namasivayam and Lin (2008) described servicescape as the physical environment of an organization encompassing several different elements, such as overall layout, design, and décor of a store. The servicescape also includes aspects of atmospherics, such as temperature, lighting, colors, music, and scent (Bitner, 1992; Namasivayam & Lin, 2008). The servicescape is important, since it influences not only consumers' cognitive, emotional, and physiological states but

also their behaviors (Bitner, 1992; Namasivayam & Lin, 2008). Therefore, it is important for service organizations, including hospitality entities, to manipulate the servicescape effectively to enhance customer satisfaction and increase repeat business (Namasivayam & Lin, 2008).

According Jeon and Jeong (2009); ambient conditions (color, quality photos, virtual tour, music/sound effects, animation effects), design aspects (overall structure/layout, use of space), search aids and slogans (keywords, slogans, meta-tag) and functional aspects (interaction with website, saved time, information adequacy and convenience) form the environmental dimension of e-servicespace which have effect on perceived service quality based on cognitive, emotional or physiological reactions to those major dimension.

Arshi and Jassim (2013, p.11), in their study of the banking sector in Oman in 2013 stated that; "As service quality improves, the probability of customer satisfaction increases. Increased customer satisfaction leads to behavioral outcomes such as commitment, intent to stay (customer retention), creation of a mutually rewarding relationship (bond) between the service provider and the user; increased customer tolerance for service failures and positive word-of-mouth advertising about the organization".

On the other hand, the internet offers an organized way to manage the relations with the customers. One-on-one marketing and relationships can be executed. Customer service can continuously be improved and long lasting relationships can be ensured. Internet technology offers new ways of service; prominently faster response is enabled to consumer needs. Additionally, if adequate information is supplied, online customers have the option to help themselves by using online data. Order tracking systems, personalized web pages, automatic smart offerings to the customer based on his previous purchase or surfing which is based on IP tracking are new tools of communication that are offered to the customer.

Remarkable number of studies have highlighted the importance of understanding the design of e-commerce and e-service systems and they indicate that those concepts have significant effects on customer reactions (Cao & Zhao, 2004; Iqbal, Verma, &

Baran 2003, Mummalaneni 2005; Santos, 2003; Vilnai-Yavets & Rafaeli, 2006; Jeon and Jeong 2009).

On-time delivery, prompt resolution of conflicts, and clear, correct, and timely billings are focal points of service performance (Tatikonda, 2013, p.35). Delivery performance can ruin all the previous valuable actions and beliefs about a company. Although, perceived product quality of a product is superior if it can't be delivered on time the transaction loses its value and customer complaint handling process has to be carried out.

The customer does not have to care about the reason of poor delivery performance so that; online channel transaction should reassure that the offered goods or services can be delivered with the announced conditions and schedule.

3.3.3. Perceived Product Quality

Matzler, Hinterhuber (1998) and Buttle (2008) highlight Kano's (1984) product quality model that distinguishes between three forms of quality. Basic qualities are those that the customer routinely expects in the product. These expectations are often unexpressed until the product fails. For example, a car's engine should start first time every time and the sunroof should not leak. The second form is linear quality. These are attributes of which the customer wants more or less; for example, more comfort, better fuel economy and reduced noise levels. Marketing research can usually identify these requirements. Better performance on these attributes generates better customer satisfaction. The third form is attractive quality. These are attributes that surprise, delight and excite customers. They are answers to latent, unarticulated needs and are often difficult to identify in marketing research. Kano's analysis given in Figure 3.4, suggests that customers can be delighted in two ways: by enhancing linear qualities beyond expectations and by creating innovative attractive qualities.

According to Kano (1984) there are three types of different product requirements which influence customer-perceived value: 1) the must-be requirements are basic customer criteria of the product, if not fulfilled, the customer will not buy the product

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or will be dissatisfied; 2) one dimensional requirements where the value is proportional to level of fulfilment and 3) attractive requirements if fulfilled higher perceived value is provided. With the help of Kano's model quality attributes influencing most on customer satisfaction can be identified. These attributes can be utilized in product or service development and improvement (Matzler and Hinterhuber, 1998).

Comparison of major customer satisfaction drivers are listed in Table 3.2.
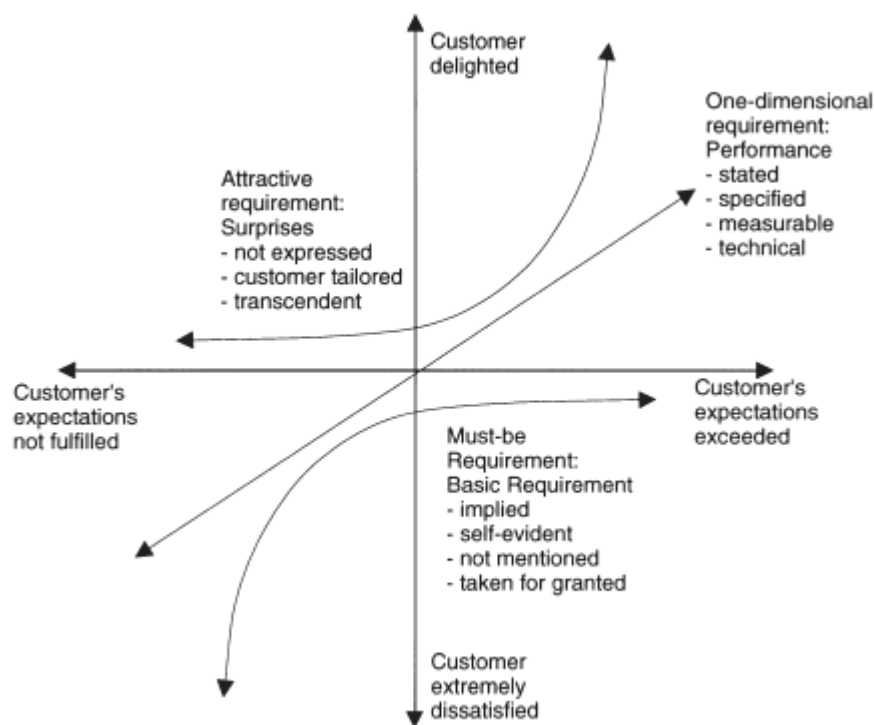
Figure 3.4 Kano's Model of Satisfaction through Product Satisfaction

Further studies developed Kano's model (1984) developed into 5 types of different product requirements: "(1) Attractive quality, (2) One-dimensional quality, (3) Must-be quality, (4) Indifferent quality: respondent's saying is "I can live with it that way"

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in others words has no difference, (5) Reverse quality: respondent's saying is "I dislike it that way" (Wu, Tang and Shyu, 2010).

Table 3.2 Satisfaction Drivers Terminology

Satisfaction drivers terminology[2]

Author(s)	Driver type 1	Driver type 2	Driver type 3	Driver type 4
Herzberg et al. (1959)[3]	Hygiene	Motivator		
Kano (1984)[4]	Must-be	Attractive	One-dimensional	Indifferent
Cadotte and Turgeon (1988)[5]	Dissatisfier	Satisfier	Critical	Neutral
Brandt (1988)[6]	Minimum requirement	Value enhancing	Hybrid	Unimportant as determinant
Venkitaraman and Jaworski (1993)[7]	Flat	Value-added	Key	Low
Brandt and Scharioth (1998)[8]	Basic	Attractive	One-dimensional	Low impact
Llosa (1997,[9] 1999[10])	Basic	Plus	Key	Secondary

Source: https://en.wikipedia.org/wiki/Kano_model

The perceived product quality also has various dimensions such as performance, features, conformance, reliability, durability, serviceability, and "fit and finish".

As Zeithaml (1988 cited in Vantamay, 2007, p.2) stated perceived quality is "the consumer's judgement about a product's overall excellence or superiority." Zeithaml (1988) emphasized that perceived quality is:

- ✓ different from objective or actual quality,
- ✓ a higher level abstraction rather that a specific attribute of a product,
- ✓ a global assessment that in some cases resembles attitude, and
- ✓ a judgement usually made within a consumer's evoked set.

The definition of perceived quality by Aaker (1991) is "the customer's perception of the overall quality or superiority of the product or service with respect to its intended purpose, relative to alternatives." Aaker depicts the determinants of perceived quality as given in Figure 3.5. Gummesson (2002) argues that it is the value of the customers' experiences with the product/service that is important to consider when developing products and services.

Source: Aaker, D. A. (1991). *Managing brand equity: Capitalizing on the value of a brand name.* New York: Free Press, p. 86.

Figure 3.5 The Value of Perceived Quality

Perceived product quality is the consumer's perception of overall components of product; both tangible and intangible characteristics. It may also include performance, features, reliability, conformance, durability, serviceability, and aesthetics etc. Above all, it is different from the actual quality of products (Vantamay, 2007, p.2). Quality improvements that are not recognized by the customer are questionable investments. Accordingly, the most meaningful measurement of quality is how it affects customer satisfaction (Fornell, 1992, p.18).

As actual quality of the product is subject to slight changes according to the manufacturer in most of the cases in ready to wear sector, perceived product quality is still a strategic tool to make a difference from competitors. This issue is a decision point to from the dimensions of a firm's differentiation strategy; the underlying question is "How of the difference will come from product quality?"

3.3.4. Price Fairness

In business markets, value "is the worth in monetary terms of the technical, economic, service, and social benefits a customer company receives in exchange for the price it pays for a market offering" (Anderson and Narus, 1998, p.54).

Consumers are inclined to believe that the selling price of a good or service is substantially higher than its fair price. Consumers appear sensitive to several reference points - including past prices, competitor prices, and cost of goods sold - but underestimate the effects of inflation, over attribute price differences to profit, and fail to take into account the full range of vendor costs (Bolton, Warlop, and Alba, 2013, p.474).

The clearer the pricing policy is, the higher the price receptiveness; a difficult task for manufacturers given the sensitiveness of customers and the current strong competition (Preikschas, Cabanelas, Rüdiger, and Lampón, 2017, p.415). Price perceptions and perceived vulnerability has an effect on the price fairness. There is close relationship with the quality received and the price paid and mutually with the price paid and the quality received. People naturally try to justify the price with the total customer value which a combination of service, product, image, quality and price.

Ranaweera and Neely (2003) support the hypothesis that the better the perceived price, the greater is the level of repurchase intentions. They state a direct relation between price perceptions and customer behavioural intentions. Furthermore they showed that where perceived service quality could be improved, and price perceptions are poor, increasing service quality will strengthen customer retention. However, where negative price perceptions are associated with high service quality perceptions, service quality alone will be inadequate to retain customers.

3.3.5. Customer Satisfaction

Customer satisfaction in summary is the extent to which customers are happy with the products and services provided by a business. Oliver (1981, p.27) compares prior feelings and consumption experience in his following definition: "summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience".

Gustafsson, Johnson and Roos (2005, p.210) define customer satisfaction as: a customer's overall evaluation of the performance of an offering to date (referring to Johnson and Fornell, 1991). The customer needs time to evaluate the offering and typically satisfaction is found to be affected by product quality, service quality, and price or payment equity on loyalty (Bolton and Lemon 1999; Fornell et al. 1996).

Hansemark and Albinsson (2004) argue that, satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what is expected and received while fulfilling a need, goal or desire.

As Danesh, Nasab, and Ling (2012, p.142) stated in their Malaysian hypermarkets study:

> The literature review recognized customer satisfaction has traditionally been regarded as a most important characteristic of long-term customer behavior (Oliver, 1980; Yi, 1990). The more satisfied customers are, the greater is their customer retention (Anderson and Sullivan, 1993; Fornell, 1992; Lee et al., 2001; Ranaweera and Prabhu, 2003). In a study by Cronin and Taylor (1992) and Patterson et al. (1997), it is recognized that customer satisfaction has a meaningful and positive effect on the repurchasing of a customer in a special classification of services. It is expressed by a team of researchers that customer satisfaction is an indisputable manner in determining the degree of customer retention for the current buyers in the professional services (Day et al., 1988). It is also reiterated by Day et al. (1988) and Kotler (1994) that the customer satisfaction is a significant factor to customer retention.

Szymanski and Hise (2000 cited in Isbrucker, 2015) state that satisfaction can best be described as the difference between expected and received value resulting from a given transaction. Hill and Alexander (2006) also make a similar definition "customer satisfaction is a measure of how an organization's total product performs in relation to set of customer's expectations". Supporting this idea perceived customer satisfaction may be assessed on the basis of the contact person, the product, the overall service experience, the delivery and the organization's image. Armstrong and Kotler (2003) do pinpoint relativity of the expectations and reflect this with the term "perceived": customer satisfaction depends on the product's perceived performance relative to a buyer's expectations.

According to Daughtrey, Vowles, and Black (2013, p.294): "Satisfaction directly impacts the future revenues of an organization, particularly those in a competitive market (Fornell, 1992). Much of the extant literature implies a positive link between satisfaction and repurchase (de Ruyter & Bloemer, 1999). Additionally, customer longevity, or retention, leads to increased profitability (Reichheld & Sasser, 1990) and retention is earned through customer satisfaction".

Customer satisfaction is conceptualized by the authors as the evaluation of an emotion and proclaims that the higher is the satisfaction, the higher is the level of retention (Ranaweera & Prabhu, 2003). Several studies indicated that the more satisfied a firm's customers are, the more they remain loyal to the firm (Fornell, 1992). Hence, firms have devoted lots of efforts on managing and increasing customer satisfaction (Ranaweera & Prabhu, 2003).

Tatikonda (2013, p.36) state that "Satisfied customers buy more products and persuade others to buy the same brands, while dissatisfied customers switch brands and tell others about their negative experiences. TARP (Technical Assistance Research Program) Worldwide, a consulting firm, has found the following facts regarding customer satisfaction":

- The average business never hears from 96% of its unhappy customers.
- For every complaint received, the average company has 26 customers with problems—six of which are "serious."
- Complainers are more likely than noncomplainers to do business again with the company that upset them even if the problem is not resolved satisfactorily.
- 54%-70% of customers who register a complaint will do business again with the organization if the complaint is resolved. That figure goes up to a staggering 95% if the customer feels that the complaint was resolved quickly.
- A satisfied customer tells eight people, whereas a dissatisfied customer tells 22.

Investing in customer satisfaction is like taking out an insurance policy. If some hardship temporarily befalls the firm, customers will be more likely to remain loyal (Anderson & Sullivan, 1993, p.140).

Satisfaction is described as the difference between an individual's pre-purchase expectations and post-purchase performance of the product or service. Richards (1996, p.48) argues that even though they are satisfied some customers will leave the firm while others who are dissatisfied will remain, so that customer commitment matters.

In their business to customer (B2C) transactions research Thirumalai and Sinha (2005, p.295) highlight that "According to Zeithaml et al (2002), customer's predictive expectations – beliefs about performance at some time in the future (Spreng et al., 1996) – play a direct role in satisfaction assessments. Further, they identify a number of factors – explicit service promises, implicit service promises, word-of-mouth communications and past experience – that influence the predicted service expectations of customers. These factors cause the individual customer expectations of the same service to vary from one customer to another".

Balaji (2009, p.53) defines customer satisfaction as a post consumption evaluation that is used to evaluate business performance. Satisfaction is the consumer's fulfilment response. ln general, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. If the performance falls short of expectations the customer is dissatisfied (Kotler, 2003, p.61). Satisfaction reflects the degree to which a customer believes that the possession and/or use of a service evoke positive feelings (Hoq, Amin, and Rumki, 2010, p.76).

Customers are most likely to appreciate the goods and services that they buy if they are made to feel special. This occurs when they feel that the goods and services that they buy have been specially produced for them or for people like them. Kotler and Keller (2006), suggested that customer satisfaction can be built through the quality of goods/services, customer service and value.

Customer satisfaction has centrality in marketing literature because of its importance as a key component of business strategy and an aim for business activities. As

internet usage has spread largely quality of the online services are very critical for customer satisfaction.

The online environment offers more opportunities for interactive and personalized marketing which may affect customer satisfaction. Some internet technologies that contribute in enhancing CRM are mostly communication tools which is using in providing customer service, which includes intelligent email system, voice through Internet Protocol (VoIP), voice recognition equipped interactive voice response (IVR), IP-based call centers and other web capabilities like web chat, web call-back and video conferencing and some other tools which are coming day by day. There are also other non-communication tools like order tracking system, personalized web pages and web forms that gives to the customer good experience (Nikhashemi et al. 2013, p.80).

Reichheld (1993) reports that, 65-85 percent of recently defected customers claimed to be satisfied with their previous suppliers. On the basis of this overview, customer satisfaction is expected to have a significant influence on customer retention. Considering timelessness of e-commerce and limitless reach of information e-satisfaction should also be considered.

Regarding e-satisfaction determinants: Szymanski and Hise (2000, p.309) state that convenience, site design, and financial security are the dominant factors in consumer assessments of e-satisfaction. Akshay (2007, p.704) developed an e-satisfaction model, which consists of five major contexts; under these five contexts there are eighteen factors that influence e-satisfaction. These five contexts are convenience, merchandising, site design, security and serviceability. The model is given below at Figure 3.6. Considering updated information term in this model; information quality concept will be used. Information quality is the amount of accuracy and the form of information about the products or services which is offered on a web site. Adequate and correct information is vital to avoid customer complaints and returns, as such actions of the customer which are mainly based on misinformation have the potential to create dissatisfied customers.
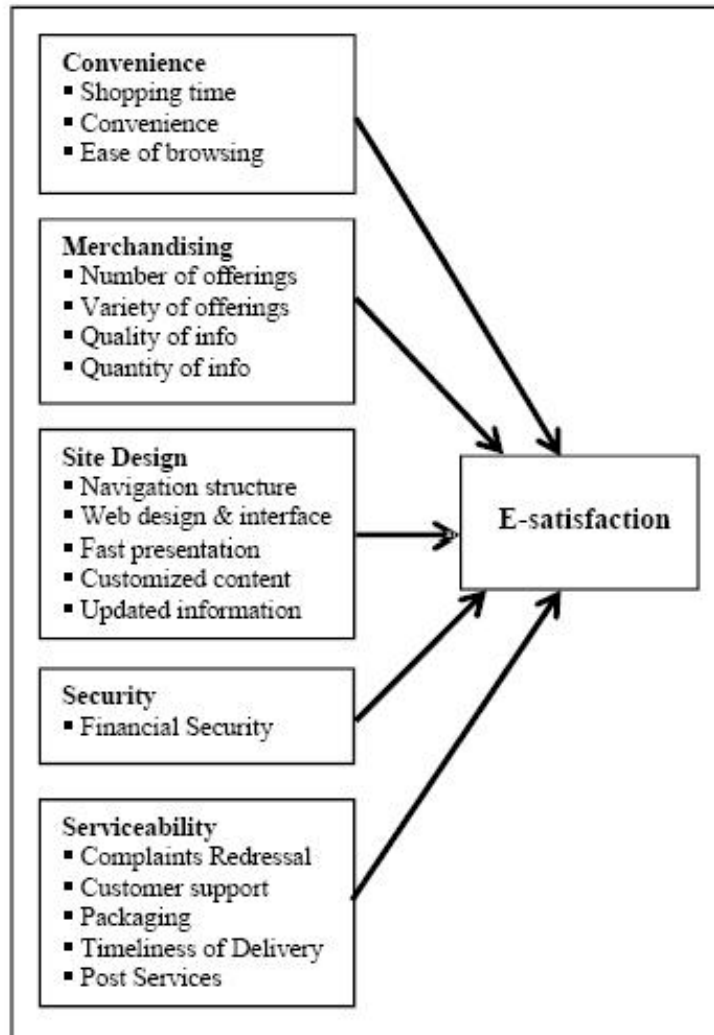
Source: Akshay, A. 2007. E-Satisfaction – A Comprehensive Framework. *International Marketing Conference on Marketing & Society*, 8-10 April, pp.703-710.

Figure 3.6 Akshay's E-Satisfaction Model

In 1994 by University of Michigan and American Society for Quality introduced an index to measure customer satisfaction at a national level (www.theacsi.org). There are similar indexes which have been developed by other countries' institutions. ACSI model is detailed in Figure 3.7.

Figure 3.7 ACSI Model

Researches have shown that 60–80% of customers who defect to a competitor said they were satisfied or very satisfied on the survey just prior to their defection (Reichheld *et al.* 2000, cited in Kuusik, 2007, p.9). This is taken as an indication to check other factors effect on customer retention.

Madjid (2013, p.49) makes a comprehensive but a compact summary addressing different perspectives of literature studies showing the link between customer satisfaction, customer trust and customer loyalty:

> "Theoretically Kotler and Keller (2006) stated that the impact on customer satisfaction with the latest on customer loyalty. High customer satisfaction can generate customer loyalty. But it turns out empirically the relationship between customer satisfaction and customer loyalty is very diverse, which is the researchers proved that satisfaction has positive and significant impact on customer loyalty Tianxiang and Liu (2010); Li-Wei (2011); Hsin Chang and Hsin-Wei, (2011); Thomas Brunner (2008). On the other hand, there are findings that overall customer satisfaction and satisfaction are positive and significant technique to loyalty by Thomas Brunner (2008); Abu-ELSamen et al. (2011). On the other hand, there are findings that satisfaction and no significant negative effect on customer loyalty Aihie (2012). The results Abu-ELSamen et al. (2011) find satisfaction variables are not functionally significant effect on customer loyalty. Other studies prove that customer satisfaction does not directly influence customer loyalty, but customer trust mediated Norizan and Nor Asiah (2010); Norizan and Salaheldin (2009); Roland and Werner (2010); Dev Jani and Heesup (2011). Then the role of customer trust directly has a positive and significant impact on customer loyalty Roland and Werner (2010); Ki-Han Chung and Shin, (2010). While the research findings Sunil & Keyoor (2008);

> Irene Gil-Saura et al. (2009); Dev Jani and Heesup (2011) proved that the trust had no significant effect on customer loyalty. Deliberate the findings of Tracey and Timothy (2010) occurred because of the trust should be built on the basis of long-term relations with customers so that customers trust the new no significant effect on customer loyalty".

Signh (2006, p.5) states that customer satisfaction does not guarantee repurchase on the part of the customers but still it plays a very important part in ensuring customer loyalty and retention.

3.3.6. Trust

As Lenf and Zhang (2013, p.4) stated that: "the German sociologist Georg Simmel (1908) firstly discussed the trust issue in his book Sociology: Investigations on the Forms of Sociation, building a theoretical framework for analysing trust. He believes that trust is very important for society. Apart from generalized trust among people, the society will become a mess. If trust is not as strong as rational evidence or personal experiences or even stronger, relationships are very difficult to continue".

Trust is significant factor in daily relationships, by nature it is carried over to business and consumer transactions. Today, consumer is more sceptical and more careful than ever before. Consumers ask a lot of questions and demand more accountability from the companies they do business with. Supporting the idea, Francis Fukuyama (1995) defines mutual trust as a kind of social capital.

Mayer, Davis and Schoorman (1995, cited in Danesh, Nasab and Ling, 2012, p.142) highlight the willingness, and define trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party". A shorter version is; trust is willingness to take the risk of being vulnerable or worse to another person in the hope of future gains (Barbalet, 2009, p.368).

Trust plays an important role in behavioural variables, mainly in customers' propensity to keep and expand relationships with the same service provider, empowering retention (Morgan & Hunt, 1994; Singh & Sirdeshmukh, 2000). It has been highlighted that trust is crucial for service providers that adopt customer retention strategies (Dagger, David, & Ng, 2011). Concerning trust, Leeman and Reynolds (2012) and Hutt and Speh (2012) underlined that it is vital for success in business to business (B2B) business because it offers, for companies involved in the relationship, potential advantages that will be useful in relationship development and maintenance based on positive expectations of intentions or the behaviour of both parties (Milan, Eberle and Bebber, 2015, p.111).

Akbar (2013, p.43) gathered definitions of trust as follows: "Anderson and Narus (1990) mentioned when a party believes that the actions of the other party will bring positive outcomes, trust can be developed. Doney and Cannon (1997) also said that the trusted party must have the ability to meet its obligations towards the other party and continue to do so in the future". Combining the idea of meeting ability of obligations with the willingness puts the idea further: Liang and Wang (2008) added that trusted party should be willing to make sacrifices to satisfy the customers' needs in the relationship. According to Lau and Lee (1999), trust engenders positive behavioural intentions between exchange partners. Sharma and Patterson (1999) also said that trust motivates the customers to continue their relationships with the service provider. Rotter (1967) defines trust as the level of reliability ensured by one party to another within a given exchange relationship.

The development of trust is considered an important result of investing in a dyadic and affective relationship between the parties in the relationship. Increased trust is cited as critical for relationship success between the customer and the business (Huang & Chiu, 2006, p.157).

Yuen (2007) studied the relationship between trust and loyalty; Lau and Lee (1999) suggested that, there is a direct and positive relationship between trust and loyalty in consumer markets. Although there is some debate in the literature regarding satisfaction's effect on loyalty and repurchase intentions; many have found a direct

link (e.g. Bearden and Teel, 1983; Cronin and Taylor, 1992; Oliver et al., 1997; Selnes, 1998), while others suggest that trust is the dominant antecedent of repurchase intentions (e.g. Doney and Cannon, 1997). On the other hand, Ranaweera and Prabhu (2003) found that, both trust and satisfaction to have strong positive effects on customer retention. In addition, Garbarino and Johnson (1999) found satisfaction to be a key for occasional customers, while trust was more important for consistent customers. In this paper, trust will be adopted as the antecedence of repurchase intent because trust has the concept of intention to continue the relationship while satisfaction does not have.

Trust in e-commerce is as complex and multi-faceted as it is in traditional brick and mortar retail. In e-commerce, it has been shown that a 'window shopper's intentions are affected by the trustworthiness they perceive the site exhibits and that this level of trust subsequently affects purchase decisions. Trust is seen to be essential in forming strong and lasting relationships, both from the social sense and on how it applies to on-line retail transactions. It is also likely that trust is the strongest relationship management (RM) construct available to an organization (Berry, 1996).

Trust is conceptualized as existing when one party has confidence in the other party's reliability and integrity. The authors argue in the article that several studies have recognized that even though firms manage to properly satisfy their customers, they may be unable to retain them. Hence, satisfaction alone is inadequate to ensure long-term customer commitment to a single provider. Due to costs related to the termination of the relationship decreases (Ranaweera and Prabhu, 2003).

Gounaris (2003) argues that trust is vital element in any type of relationship. The more a customer trusts a supplier, the higher is the perceived value of the relationship (Walter et al. 2002 cited in Gounaris, 2003, p.127). Consequently, the greater the chances that the customer remains in the relationship will be. Trust is an important factor in the perceived quality of services, especially in business to business services (Turnbull and Moustakatos, 1996 cited in Gounaris, 2003). Trust is developed successively as a result of gradual dependence on the relationship resulting from mutual adaptation to the other party's needs (Högberg, 2002 cited in Gounaris 2003).

Studies (cited in Nguyen et al., 2013, pp.96-109) show that: consumers have a tendency to trust a firm that has an established reputation (Moorman, Zaltman and Deshpande, 1992; Mitchell, Roast and Lynch, 1998). A strong reputation can restore consumers' trust in a crisis situation (Greyser, 2009). Zhou and Tian (2010, p.161) detail corporate image as a variable on customer trust in e-commerce: "Overall, perceived corporate image, perceived security, and perceived reference power are influential precursors of trusting beliefs, for these variables positively influence all three aspects of trusting beliefs (except the effect of perceived security on ability and the effect of perceived reference power on benevolence)".

Considering online business, technical competence of the system is one of the critical issues. Personal data is secured by security hardware and software, and people give credit if the company they work with promises to not to share their personnel data with other companies.

Trust has both an emotional and a technical side. As the technical side concerning the online business seems as a must to accomplish, strict security policies and procedures are sustained by many companies.

In a marketing context, trust is usually linked to consumer expectations concerning the firm's capacity to assume its obligations and keep its promises thus, stretching or manipulating the truth is not an option to keep a good reputation. Regarding this perspective trust and corporate image is also mutually related.

Definitions of trust gathered from different studies of academicians are given in Table 3.3 below:

Table 3.3 Definitions of Trust [4]

Authors	Year	Definition
Deutsch	1958	The expectation of the parties in a transaction and the risks associated with assuming and acting on such expectations
Zucker (*)	1986	A set of expectations shared by all those involved in an exchange.
Anderson and Narus (*)	1990	A firm's belief that another company will perform actions that will result positive outcomes for the firm, as well as not taking unexpected actions that would result in negative outcomes for the firm.
Boon and Holmes	1991	A state involving confident positive expectation about another's motives with respect to oneself in risky situations
Moorman, et.al. (*)	1993	Willingness to rely on exchange partner with whom one has confidence. Also trust has been viewed as (1) a belief, sentiment or expectation, (2) a behavioural intention that reflects reliance on trading partners and involves vulnerability and uncertainty on part of the trustor.
Morgan and Hunt	1994	Trust is existing when one party has confidence in an exchange partner's reliability and integrity
Ganesan (*)	1994	Willingness to rely on exchange partner with confidence.
Mayer, R.C.; Davis, J.H.; and Schoorman, F.D.	1995	Trust is closely related to the concept of perceived risk
Mayer, et.al. (*)	1995	The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.
Mishra (*)	1996	A party's willingness to be vulnerable to another party based on the belief that the latter party is a) competent, b) open, c) concerned and d) reliable.
Bhattacharya, et.al. (*)	1998	Trust is an expectancy of positive (or nonnegative) outcomes that one can receive based on the expected action of another party in an interaction characterized by uncertainty.
Lewicki, et.al. (*)	1998	Confident positive expectations regarding another's conduct.
Dyer and Chu (*)	2000	One party's confidence that the other party in the exchange relationship will not exploit vulnerabilities.

Morgan and Hunt (1994) assert that the target of the firms is to develop customer trust beyond customer satisfaction to retain their customers in a long term period. In

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[4] (*) As cited in Yüksel (2007).

other words, customer trust is likely to be a strong driver of customer retention (Ranaweera and Prabhu, 2003).

Table 3.4 Literature linking commitment, trust, and satisfaction to outcomes

Verhoef et al. (2002)	Trust→ Referrals (word of mouth) Commitment → Referrals (word of mouth) Satisfaction→Referrals(word of mouth) Commitment →Number of services purchased(behavioural loyalty)
Doney and Cannon (1997)	Trust→Anticipated future interaction(attitudinal loyalty)
Cooil et al. (2007)	Satisfaction→Share of wallet(behavioural loyalty)
Keiningham et al. (2003)	Satisfaction→Share of wallet(behavioural loyalty)
Ball et al. (2004)	Satisfaction→Attitudinal loyalty(behavioural loyalty) Trust→Attitudinal loyalty
Brown et al. (2005)	Satisfaction→Word of Mouth Satisfaction→Commitment Commitment →Word of Mouth
Caceres and Paparoidamis (2007)	Satisfaction→Trust Satisfaction→Commitment Satisfaction→Attitudinal loyalty Commitment →Attitudinal loyalty
Chiou and Droge (2006)	Trust→Attitudinal loyalty Trust→Satisfaction Satisfaction→Attitudinal loyalty Attitudinal loyalty→Behavioural loyalty
Doney et al. (2007)	Trust→Attitudinal loyalty Trust→Share of purchase(behavioral loyalty)
Evanschitzky et al. (2006)	Commitment →Attitudinal loyalty Commitment →Behavioral loyalty
Gounaris (2005)	Trust→Commitment Commitment →Maintain relationship(attitudinal loyalty)
Rosenbaum et al. (2006)	Satisfaction→Future intentions(attitudinal loyalty) Commitment →Future intentions(attitudinal loyalty)
Ulaga and Eggert (2006)	Satisfaction→Trust Trust→Commitment Satisfaction→Expansion/leave business(attitudinal loyalty) Commitment →Expansion/leave business(attitudinal loyalty)

Ulaga and Eggert (2006)	Satisfaction→Trust Trust→Commitment Satisfaction→Expansion/leave business(attitudinal loyalty) Commitment →Expansion/leave business(attitudinal loyalty)
Garbarino and Johnson(1999)	Trust→Commitment Commitment →Future intentions(attitudinal loyalty) Trust→Future intentions(attitudinal loyalty)
Liang and Wang (2007)	Satisfaction→Trust Trust→Commitment Commitment →Attitudinal loyalty
Odekerken-Schröder et al. (2003)	Satisfaction→Trust Trust→Commitment Commitment →Buying behaviour(behavioural loyalty)
Lam et al. (2004)	Satisfaction→Attitudinal loyalty
Wong and Sohal (2002)	Trust→Commitment

3.3.7. Corporate Image

According to Barich and Kotler (1991), the corporate image describes how the public views the company's goodwill toward society, employees, customers, and other stakeholders. They also introduced and the concept of "marketing image" and described a system of image management. They define marketing image as the way people view the quality of the company's overall marketing offer and marketing mix.

Swartz, Bowen and Brown (1995) bring a holistic approach in their services marketing study: the holistic perception of a service provider that filters performance evaluations and can in itself constitute a comparison standard. It is also the attitudinal component of commitment in a relationship. All types of bonds can affect the image positively or negatively. Image itself is more likely to affect and strengthen the psychological bonds.

Grönroos (1990) defines "(corporate) image" as a filter which influences the perception of the operation of the company. He also indicates that a favorable image

of a firm should be considered an asset and it may influence customers' perception of quality and satisfaction.

Corporate image is similar to a firm's reputation; it is the public perception of the firm rather than a reflection of its actual state or position. Unlike corporate identity, it is fluid and can change overnight from positive to negative or to neutral. Although corporate image is subjective we have faced an overnight change in many companies' corporate images within two weeks.

Corporate image is considered a sum of beliefs, ideas, and impressions that the customer has of a firm; which can be the result of experiences with purchasing and consuming goods or of information consumers extracted from their surroundings without necessarily having had any concrete experiences with the firm itself (Nguyen, Leclerc, and LeBlanc, 2013, p.98).

According to Kotler (2003, p.206), "The consumer develops a set beliefs about where a set of beliefs about where each brand stands on each attribute. The set of beliefs about a brand make up the brand image. The consumer's brand image will vary with his or her experiences as filtered by the effects of selective perception, selective distortion and selective retention". A person's image of a certain brand also contributes to its corporate image.

Barich and Kotler (1991) propose that a company will have a strong image if customers believe that they are getting high value when they make a purchase. Accordingly, a number of factors such as quality products, quality services and reasonable prices are deemed to influence value judgement (Gan et al., 2006, p.86). Their holistic framework for marketing image management is given in the below figure:
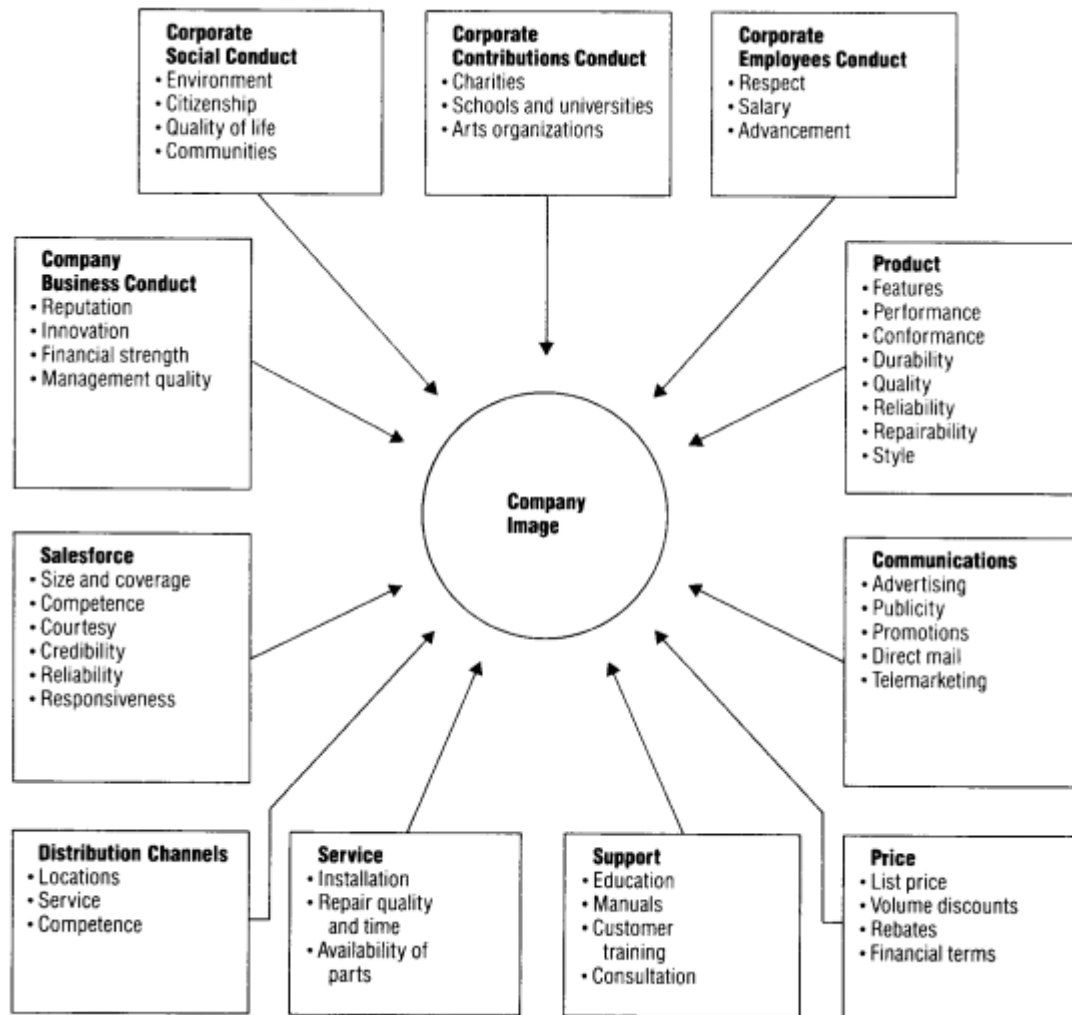
Source: Barich, H. and Kotler, P., 1991. A Framework for Marketing Image Management. *Sloan Management Review*, Cambridge, Mass. Vol. 32, Issue 2, pp. 94-104.

Figure 3.8 Image Factors and Their Attributes

Gan et al. (2006, p.87) state that "Grönroos (1984) argues that corporate image is built mainly by technical quality, i.e. what the customer receives from the service experience, the functional quality, and the manner in which the service is delivered. Bitner (1990) proposes that cues from the physical environment are instrumental in communicating the firm's purpose and image. Baker (1993) contends that a positive ambiance has considerable influence on employee motivation and the quality of the service encounter".

The concept of supplier image is relevant to services marketing as it refers to customers' dominant perception of the brand and its associations (O'Loughlin, 2004, p.219). A customer tries to connect to a provider which matches his image. It is therefore important for the service provider to create an image which will be acceptable to the customer, and to reflect that his interactions with the business support this image has been created. Fully-bonded loyalty requires that the consumable must be part of the consumer's self-identity and his or her social-identity. There should be a match between brand personality and the goals and values of the supplier, and these elements affect the image of the supplier (Kuusik, 2007).

According to Mazursky and Jacoby (1986, pp.145-165), corporate image is composed of two realities: an "objective" reality defined by a set of business traits, such as its logo and its distinctive character, and a "subjective" reality made up of the impressions consumers draw from the main characteristics they remember.

This can be interpreted in other words as; corporate image has two components, which are tangible and intangible. Intangibles are related with psychological associations regarding the values or concepts being conveyed by the firm. Reputation, social responsibility and caring about the environment are sub-factors being open to customers' observation which mainly shape a firm's corporate image from the consumer perspective. The most observable part of tangibles is mainly the facilities and equipment of the firm due to their physical characteristics.

The concept of reputation has also been studied by researchers. In this study trust and corporate reputation is taken as interpenetrating issues due to ready-to-wear retail sector's structural characteristics.

In economics, reputation is related to a product's price and quality (Shapiro, 1983; Wilson, 1985). From marketing view, a firm's is reputation is the direct result of its decisions and past actions. Reputation is perceived as a manifestation of the firm's history, an asset particularly when the firm's name is also its brand name. Reputation also informs the firm's various target groups of the performance of its products and

services compared to those offered by its competitors (Yoon, Guffey and Kijewski, 1993, as cited in Nguyen, Leclerc and LeBlanc, 2013, p.98).

Porter (1998, cited in Nguyen, Leclerc and LeBlanc, 2013, p.103) suggests that a good reputation enables a firm that is breaking new ground in its field of activity to build an innovative image in the opinion of its customers and competitors. Allen's (1984) study also favours reputation concept, that corporate reputation is the overall result of the corporate image building process. In this study reputation is taken as a component of image.

Kapferer (2004), terms "increased self-image" concept, as the forth level of brand attachment (out of six levels) in his Brand Loyalty Model. Kapferer says that from increased self-image level onwards the brand plays and increasingly important role in the creation of a bond. Consumers at this level stay loyal to a brand because they have started to identity with the brand in question. Consumer may at this stage even think using the brand in question actually makes them feel better, which means a great boost to their self-confidence and self-image.

Corporate image should draw the company's attention to the way in which it is perceived in the market. The market - as mentioned -contains the company itself. Of course, the companies are chiefly interested in what image their most important audience have of them. No matter how much or how well the company seeks to influence this, its image on the market usually never corresponds with the ideal as the managers wants it to be and as the employees perceive it (Bouchet, n.d., p.2).

Corporate identity is also to be mentioned as a complementary issue to the subject. Nguyen, Leclerc and LeBlanc (2013, p.103) differentiate it from corporate image as: "While corporate identity, which is essentially composed of physical and behavioral indicators, is used to specify a firm as a distinct entity, usually in relation to others in the same industry, corporate image represents its portrait, which is the overall impression left on a customer's mind".

Large firms use various corporate advertising techniques to enhance their image in order to improve their desirability as a supplier, employer, customer, borrower, etc. "The image of Apple computer, for example, as a successful business has dimmed and brightened several times in the last 30 years. But its identity (conveyed by its name and multi-coloured bitten-off-apple logo) as an innovative and path breaking firm has survived almost intact during the same period" (BusinessDirectory, n.d.). Corporate image can also be viewed as an important publicity tool that is likely to strengthen the customer's trust Xie and Peng (2009, cited in Nguyen et al., 2013, p.103).

Zhou and Tian (2010, p.161) state that factors such as perceived corporate image may substantially dilute effects of perceived website quality since when a consumers perceive a very good image of an online vendor they generally overlook the website quality no matter whether it is enjoyable or not, especially when a good image is accompanied with a perception of high security.

3.3.8. Customer Retention

Research confirms that consumers with higher satisfaction levels and better price perceptions have longer relationships with firms (Bolton and Tarasi, 2007, p.17). As Danesh, Nasab, and Ling (2012) pinpoint from previous literature review that: customer satisfaction has traditionally been regarded as a fundamental determinant of long-term customer behaviour (Oliver, 1980; Yi, 1990). Products and services that provide high customer satisfaction are less vulnerable to competition. They have a higher proportion of repeat business and higher gross margins (Fornell, 1992, p.17). The more satisfied customers are, the greater is their customer retention (Anderson and Sullivan, 1993; Fornell, 1992; Lee et al., 2001; Ranaweera and Prabhu, 2003).

Retention seeks to maximize revenue (or profit) streams from the current customer base. For each firm in the marketplace, the size of the current customer base is defined by the total number of customers in the market and the firm's share of the market (Voss and Voss, 2008, p.4).

Ranaweera and Parabhu's (2003) definition highlighting "future propensity of a customer to stay with the service" are in line with Zeithalm's (1996) "future behavioral intentions", the target is to sustain future customer portfolio. Cronin and Taylor (1992) and Patterson et al. (1997) indicate that customer satisfaction has a significant positive effect on repurchase intention in a range of services. Customer trust, customer satisfaction and switching barriers are the prominent factors which contribute to customer retention (Ranaweera and Prabhu, 2003).

Common metrics used to measure success of retention efforts are; customer satisfaction, attrition rate, revenue targets, up or cross-sell leads, number of customer saves, number of programs completed. Kotler forefronts satisfaction and concludes that "the key to customer satisfaction is customer satisfaction" Kotler (1994, cited in Hollebeek, 2011, p.801).

Healy (1999 cited in Malik et al., 2013) states that the long term customer trends to buy more, they provide positive influence on the world of mouth and they take less time of the company, also they are less sensitive to price.

Reichheld and Kenny (1990) and Hurey (2004) also indicate in their research, it is more cost efficient to keep existing customer than to acquire the new ones. According to the data to require a new customer cost five times than to retain an existing customer (Feihau, 2011, p.10). Customer retention is a primary concern in mature markets, where it delivers substantially higher returns on investment than acquisition (Bolton and Tarasi 2006).

In order to enhance and foster customer retention, it is essential that the full extent of the relationship that customers have with a company is completely understood, not just their satisfaction. It is the most productive to sustain a monitoring system to provide early warning of any problems before they become critical.

Customer's overall satisfaction, future intentions, advocacy, perceived value for money and overall satisfaction is usually combined with brand strength and customer

retention is tried to be measured. The below table gives an outlook of the factors, that are influencing customer retention.

Table 3.6 Key Elements of the Factors Influencing Customer Retention

Key Elements of factors affecting CR	Connected Authors
Customer satisfaction	Oliver (1981), Johnson & Fornell (1991), Fornell (1992), Fornell (1992/1996), Kotler (1994), Patterson (1997), Oliver (1999), Bolton & Lemon (1999), Eggert and Ulaga (2002), Ranaweera & Prabhu (2003)
Customer trust	Sharma & Patterson (1999), Gounaris (2003), Ranaweera & Prabhu (2003),
Level of involvement	Richards (1996)
Relationship Between Lifetime and Profitability	Reichheld (1996)
Attractiveness of alternatives & switching barriers	Richards (1996), Sharma & Patterson (2000), Ranaweera & Prabhu (2003)
Price	Lichtenstein (1993), Ranaweera & Neely (2003)
Communication effectiveness	Sharma & Patterson (1999)
Relationship commitment	Moorman & Zaltman (1993), Morgan & Hunt (1994), Bendapudi and Berry (1997)
Quality	Teas (1993), Henning-Thurau & Klee (1997)
Switching barriers	Ranaweera & Prabhu (2003)
Image	Brown (1995), Swartz et al. (1995)

Customer retention is a set of tools/activities used to avoid consumers from purchasing/receiving services from competitors. Customer retention is a complex element that is influenced directly or indirectly impacted by other tools such as customer satisfaction, corporate image, and customer loyalty. As suggested by various researchers (previous sections), customer retention delivers more profitability than acquiring consumers.

Gathering the information; there are five key ways to help you with customer retention: social media, e-mail, mail, phone, and face-to-face. It is essential for a firm to implement an annual/semi-annual plan to be continually in the minds of her customers. In other words, this is to implement a communication plan and record

notes and feedback received from each communication carried out with her customers.

When we talk about customer retention, we should also mention customer defection which is just the opposite of retention. Customer defection is the rate at which customers defect or stop the usage of products or services of a company. Customer defection does not have to be the total loss of a customer but rather the loss of any portion of what a customer is buying. At this point, defection rate or churn rate definition comes to the focus, which can be described as the percentage of customers of a company that discontinue their purchase of goods or services in a given time period.

Galetto (2016) defines customer retention as the activities and actions companies and organizations take to reduce the number of customer defections. The goal of customer retention programs is to help companies retain as many customers as possible, often through customer loyalty and brand loyalty initiatives. It is important to remember that customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship.

Defection rate is also named as churn rate. Another description of churn rate is the amount of customers who cut ties with your company or service during a given time period. Churn rate can be calculated as number of lost customers, value of lost recurring business transactions or percentage of lost recurring value.

Attrition rate compliments retention rate. For example (adapted from Galetto, 2016), if a company has a 20% attrition rate, it has an 80% retention rate. Companies' attrition rates can be defined by the percentage of customers the company has lost over a given period. Specifically, companies can determine retention rate by using a simple customer retention rate formula:

Retention rate = ((CE-CN)/CS))x100.

CE = number of customers at end of period,

CN = number of new customers acquired during period, and

CS = number of customers at start of period.

At first glance, the formula may look complicated, but it's not too difficult once you start using it. For example, if you start the given period with 200 customers and lose 20 customers but gained 40 customers, at the end of the period you have 220 customers. 220-40 = 180. 180/200 = 0.9, and 0.9 x 100 = 90. The retention rate for the given period was 90%. It is beneficial to track retention rates so companies can put their customer retention metrics into perspective and measure results over time.

Every lost customer is not the same with each other when we consider the prices, products or goods they buy, at which price they buy (at discount or from the first price), profit they generate, and etc.. In order to clarify retention in a correct way, the following three measures are considered (Buttle, 2008):

- **Raw customer retention rate:** the number of customers doing business with a company at the end of a trading period expressed as percentage of those who are active customers at the beginning of the same period.
- **Sales-adjusted retention rate:** the value of sales achieved from the retained customers expressed as a percentage of the sales achieved from all customers who were active at the beginning of the same period.
- **Profit-adjusted retention rate:** the profit earned from the retained customers expressed as a percentage of the profit earned from all customers who were active at the beginning of the same period.

The period changes according to the sector the firm is operating. For every sector there are accepted time frames, for example in insurance business policies are renewed annually, for swimsuits talking about a single market the period can be regarded as one year. For ready to wear retail industry it can be considered as six months based on collections, this is minimum fall-winter and spring-summer. Many ready-to-wear retailers carry more collections to offer something new, at each visit of the customer to their offline or online marketplaces. When considering capsule collections periods can be up to ten annually.

According to Reichheld (1996), a high raw customer retention rate does not always signal an excellent customer retention program. This is because customer defection rates vary across cohorts of customers. Defection rates tend to be much higher for newer customers than for longer tenure customers. Over time, as seller and buyer demonstrate commitment, trust grows and it becomes progressively more difficult to break the relationship.

Keeping customers can be challenging, but as markets mature, successful retention strategies are becoming an increasingly essential element of competitive advantage for many different industries. Those strategies hinge, crucially, on really understanding what motivates different customers to churn - a capability dependent on sophisticated analytics. They also require the support of senior leadership, strong governance and the commitment to build a whole new set of capabilities that accelerate speed to market, maximize campaign return while minimizing risk and ensure the right experience for the right customer (Accenture, 2011, p.58).

Jeng and Bailey (2012, p.1572) summarized: "the construct of customer retention it focuses on repeat patronage, and it is different from, while closely related to, purchasing behaviour and brand loyalty, in that in retention the marketer is seen as having the more active role in the customer-firm relationship (Hennig-Thurau and Klee, 1997). A number of factors may drive customer retention, such as satisfaction, quality, switching costs (Seo et al., 2008), CRM (Verhoef, 2003), marketing strategies (Larry and John, 1993), and customer acquisition (Thomas, 2001)".

Totally satisfied customers are more likely to be loyal customers. Verhoef (2003, p.41) also supports the idea by claiming that affective commitment and loyalty programs that provide economic incentives positively affect not only customer retention, but also customer share development. However, higher levels of customer satisfaction do not necessarily lead to customer loyalty (Gan et al., 2006, p.96). However the relationship between customer satisfaction and loyalty varies greatly across industries across industries and competitive situations (Armstrong and Kotler, 2003, p.23). Customer satisfaction is not the only required variable to retain

customers with the firms, and alone it cannot insure customer support for long time (Jones and Sasser, 1995).

Customer satisfaction and customer retention are often studied simultaneously because of the complex relationship between the two constructs (Hennig-Thurau and Klee, 1997). Customer satisfaction refers to a consumer's assessment of all the interactions they have with the products and services from a provider, which is compared relative to her expectations. A highly satisfied customer is regarded to be a retained one, which is not necessarily always the case, and satisfied customers still have a propensity to defect, while dissatisfied ones should be handled with the opportunity that they can still be retained. Customer retention refers to a customer engaging in a contract, either formal or informal way, which is meant to include repeated transactions over a period of time. Therefore, there should be additional factors beyond customer satisfaction that motivate retention, and this study aims to uncover these factors (Hennig-Thurau and Klee, 1997).

Aflaki and Popescu (2013, p.2) in their study detailing managing retention in service relationships in different markets stated that evidence from a variety of industries has shown that service effort can be used to influence retention. Bolton et al. (2006) find that the sequence of service experiences - as measured by average engineer work-minutes per contract - is a managerially actionable service operations measure that can predict renewal rates of support service contracts. DeVine and Gilson (2010) describe how an insurance provider managed a schedule of targeted phone calls from nurses to individual patients to improve client satisfaction and retention (Aflaki and Popescu, 2013, p.2).

Gengeswari, Padmashantini and Sharmeela-Banu (2013, p.69) have summarized necessities of customer retention strategies in their study which they have framed customer retention's impact on firm performance levels by framing customer retention with four dimensions as word-of-mouth, price insensitivity, repeat purchase and non-complaining behaviour which are moderated with demographic profiles:

> Saturated markets and high levels of competition within industries have necessitated the practice of customer retention strategies among firms (Singh, 2006; Honts and

Hanson, 2011). In addition, it has been discovered that recruiting new customers is essentially a costly affair as compared to retaining the existing customers (Woo and Fock, 2004; Trasorras et al., 2009; Ghavami and Olyaei, 2006). Accordingly, the practice is believed to enable the firms to sustain in the said intense competition besides enjoying significant savings from retaining existing customers. This is supported with past studies, which ascertained a significant relationship between improvement in firm performance and customer retention practice (Ryals and Knox, 2005; Singh, 2006; Trasorras et al., 2009; Stengel, 2003). For instance, firms can increase profits by 25 to 95 percent with a mere increase of 5 percent in customer retention rates. Thus, it is wise to conclude that a small increase in customer retention rate will further accelerate firm's profits (Ryals and Knox, 2005; Reichheld and Schefter, 2000).

Liu et al. (2007) study the allocation of a limited resource (sales-force effort) over a fixed customer lifetime when immediate satisfaction relative to prior service experiences affects short-term profit but not retention. Supporting the idea, Adelman and Mersereau (2013) use approximation techniques to allocate adequate amount of capacity among clients whose stochastic demands depend on goodwill derived from past fill rates and experience. Retention considerations are absent from these models, as customers never defect (Aflaki and Popescu, 2013, p.4).

Customer improvement programs that focus on customer retention lead to benefits such as better success in attracting new customers, better understanding of customer needs and timely responses, increased sales, and reduced costs (Tatikonda, 2013, p.43). On the contrary, Aflaki and Popescu (2013) also pinpoint that, the endogenous effect of service quality on customer retention explains why higher-margin customers are not always more valuable, and need not receive better service, because they are more likely to defect.

CHAPTER 4

4. RESEARCH METHODOLOGY

4.1. Aim and Importance of the Study

The study aims to measure the respondents' (top managers) attitudes towards customer satisfaction and customer retention. Depending on the literature survey conducted the effects of perceived product quality, perceived service quality and perceived price fairness on customer satisfaction is examined. Due to the importance of customer retention for the companies, in the next step the effects of customer satisfaction, trust and corporate image on customer retention are analysed. In other words, the study aimed to draw a picture of the factors that affect customer satisfaction and finally customer retention. In this regard, it is proposed that the findings of the study will shed light on marketing managers' customer satisfaction and retention strategies by revealing the factors that lead customer satisfaction and customer retention.

4.2. Source of Data

The study population is selected members of the United Brands Association (BMD[5]), who are organized ready-to-wear retailers operating both in real and virtual markets (with their own website). They form the target population of the field research of this thesis. In order to have more similar archetype and formulation of firm strategies, footwear only retail sector is excluded from the target population as footwear sector has epigenetic characteristics.

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[5] The translation of UBA into Turkish is "Birleşmiş Markalar Derneği" (BMD).

UBA of Turkey, founded in September 2001, is a leading association in retail sector in Turkey. UBA describe herself as follows:

> 500 brands from ready-to-wear, shoes, communication, home appliances, cosmetic, accessories, home decoration and furniture sectors and department stores, are operating on 3.500.000 sq. m. selling space on 60.000 selling points. Members of BMD are employing more than 375.000 people. The 2013 turnover of BMD member companies is 38 billion USD.

The study used the list of members according to the published data at UBA corporate website as of January 2016. Out of 153 members, 83 (54.25%) of them operate in organized ready-to-wear sector as summarized at Table 4.1 and shown in Figure 4.1.

Table 4.1 Fundamental Figures about BMD Members - 2016

Sector	Number of Companies	Offline Store		Online Store		Online & Offline Stores	
		Owning	Share	Owning	Share	Owning	Share
Other	48	44	91,7%	29	60,4%	28	58,3%
Footwear	22	22	100,0%	18	81,8%	18	81,8%
Ready-to-wear	83	80	96,4%	56	67,5%	54	65,1%
Total	**153**	**146**	**95,4%**	**103**	**67,3%**	**99**	**64,7%**
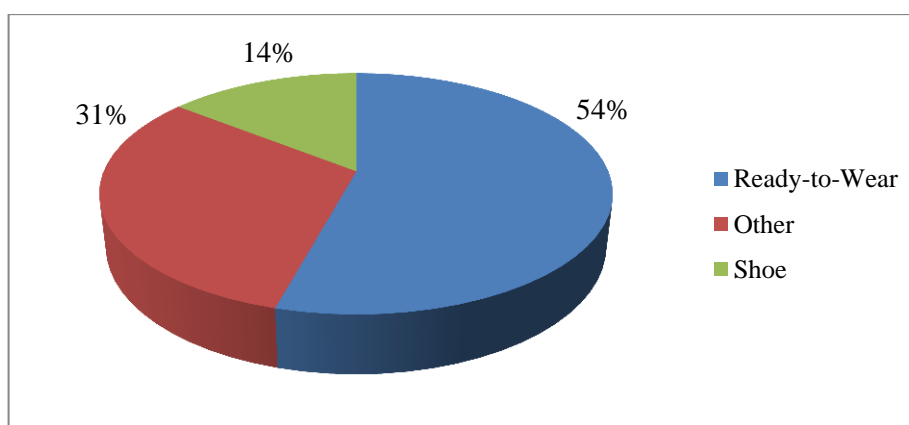
Figure 4.1 Sectoral Distributions of UBA Members

Target population, is the population for a study is that group about whom we want to draw conclusions (Babbie & Mouton, 2009). UBA members who are active in footwear are not taken in the study population in order to have a more focused group of companies whose concerns are more similar to each other. The target population criteria is to sell both at the online and offline channel; according to the data disseminated by its website BMD[6] the matching number of firms declines to 54 which is 65.1% who are ready-to-wear retailers. Therefore, the sample is chosen as the target population (based on BMD's member data as of January 2016). The list of firms will be given at the related section.

> UBA's vision is to get Turkey moved to the leading position of the region's and world's fashion by 2023 and to promote Istanbul in order to make it the center of brands. To this vision, UBA's mission is to ensure the transformation of Turkey into the brand's economy by increasing the strength of our brands and skills of Turkish retail.
>
> In the context of this vision and mission, UBA established the strategy of "the transformation of Turkey into the brand's economy". This strategy is based on the "export of our brands" and its aim is to support Turkey to become one of the biggest 10 economies in the world.
>
> UBA is also working for the international enlargement and competitiveness of their brands as another factor of the brand's economy. The target of UBA for Turkish brands is to have 20.000 stores in the world by 2023, the centenary of the Republic of Turkey.
>
> As a social responsibility project, UBA members produced more than two million products including shoes, shirts, and coats for 365.000 primary school students in all over Turkey in 2010 and 2011. This project will continue until there is no child without any coat and shoes. [7]

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[6] http://birlesmismarkalar.org.tr/markalar

[7] As is at http://birlesmismarkalar.org.tr/page/tarihce

4.3. Data Collection Method

After defining the population the data collection is started. The research is descriptive by nature, and as the ideas of the selected firms' top managers' ideas are to be gathered by using the questionnaire.

A descriptive study is research study that describes the variables in a situation of interest to the researcher (Sekaran, 2003, p.416), and tries to discover answers to the questions who, what, when, and where, sometimes how. The researcher attempts to describe or define a subject, often by creating a profile of a group of problems, people or events (Cooper and Schindler, 2003, p.10). Descriptive studies that present data in a meaningful form thus help to (1) understand the characteristics of a group in a given situation, (2) think systematically about aspects in a given situation, (3) offer ideas for further probe and research, and/or (4) help make certain simple decisions (Sekaran, 2003, p.121-122).

Hypothesis testing is used to provide an understanding of the relationships that exist between the dimensions.

4.3.1. Selection of Respondents and Sampling Method

Since the survey attempts to gain a better understanding of how ready-to-wear retailers retain their customers; top managers in the fields of marketing and sales (including administrators like shareholders, CEOs, GMs), who have critical roles by nature or have the opportunity to formulate and change their companies' retention policies, are considered as the most appropriate respondents to provide sufficient data for the research purposes.

Non-probability sampling is utilized in the study. For each firm a single respondent is to be considered. Visiting all companies included in the target population is infeasible, due to the cost and time-based limitations. Therefore on-line survey

method is utilized in conducting the survey and data collection. The firms included in this study are selected members of BMD as detailed at Table 4.2.

As the selected firms are members of BMD, their management are regarded capable of following contemporary marketing issues, since they face fierce competition in conducting their daily business activities, in which continuous development and attention to detail is a necessary requirement for the management level. The study aims to attain homogeneity with the characteristics of the respondents. .

Table 4.2 BMD Members Who Operate Both in Online and Offline Channel

Order Number	Name of The Firm	Category
1	ACCORT	Women's Ready-to-Wear
2	ADİL IŞIK	Women's Ready-to-Wear
3	AKER	Women's Ready-to-Wear
4	ARMİNE	Women's Ready-to-Wear
5	AVVA	Women's & Men's Ready-to-Wear
6	AYMARKA	Men's Ready-to-Wear
7	AYDINLI GRUP	Women's & Men's Ready-to-Wear
8	BANANA REPUBLİC	Women's & Men's & Kids
9	BATİK	Women's Ready-to-Wear
10	BEYMEN	Women's & Men's Ready-to-Wear
11	BOYNER	Department Store
12	COLİN'S	Sportswear
13	COLLOZIONE	Sportswear
14	ÇİFT GEYİK KARACA	Women's & Men's Ready-to-Wear
15	DAMAT	Men's Ready-to-Wear
16	DEFACTO	Sportswear
17	DERİMOD	Leather & Shore, Women's & Men's
18	DESA	Leather & Shore, Women's & Men's
19	DUFY	Men's Ready-to-Wear
20	E-BEBEK	Kids and Toys
21	EFOR	Men's Ready-to-Wear
22	FAİK SÖNMEZ	Women's Ready-to-Wear
23	FENERIUM	Sportswear
24	GAP/ BANANA REPUBLIC	Women's & Men's & Kids
25	GUSTO	Women's Ready-to-Wear
26	HATEMOĞLU	Men's Ready-to-Wear
27	HERRY	Women's Ready-to-Wear
28	İNTERSPORT	Sportswear
29	İPEKYOL	Women's Ready-to-Wear

Order Number	Name of The Firm	Category
30	JOKER	Babies' & Kids & Toys
31	JOURNEY	Women's Ready-to-Wear
32	KİĞILI	Men's Ready-to-Wear
33	LC WAIKIKI	Sportswear
34	LEKE JEANS	Sportswear
35	LESCON	Sportswear
36	LITTLE BIG	Sportswear
37	MAVİ	Women's & Men's Ready-to-Wear
38	MUDO	Department Store
39	PANÇO	Kid's Ready-to-Wear
40	PENTİ	Lingerie
41	PERSPECTİVE	Women's Ready-to-Wear
42	RAMSEY	Men's Ready-to-Wear
43	ROMAN	Women's Ready-to-Wear
44	SARBRİ ÖZEL	Women's & Men's Ready-to-Wear
45	SARAR	Women's & Men's Ready-to-Wear
46	SILK & CASHMERE	Women's & Men's Ready-to-Wear
47	SUWEN	Lingerie
48	TIFFANY	Sportswear
49	TUDORS	Men's Ready-to-Wear
50	TÜZÜN	Women's Ready-to-Wear
51	VAKKO	Women's & Men's Ready-to-Wear
52	VEKEM	Women's Ready-to-Wear
53	YKM	Department Store
54	ZEYLAND	Kid's Ready-to-Wear

The retail sector is an explicit business ground in which any firm's applications and tools are highly open to the competitors, so that good practices can be deployed to many firms rapidly. This characteristic of the sector in combination with the consumers' seamless reach to product and service information, especially with the help of the online channel also brings the difficulty to be the sole practitioner of any consumer appealing campaign.

4.3.2. Data Collection Process

For the data collection process an online survey had been used, which has been applied by sending an e-mail to each respondent including the website link of the

survey and a signed cover letter. That method has been favoured considering the monetary and time-based restrictions on reaching every respondent's diversified geographical location. Non-probability sampling is utilized for the selected criteria.

Compared to qualitative methods, survey methods allow the collection of significant amounts of data in an economic and efficient manner, and they typically involve large sample sizes. Five advantages for using survey methods have been identified (Burns and Bush, 2006):

- Surveys provide for standardization,
- Surveys are easier to administer,
- Surveys get "beneath the surface",
- Surveys are easy to analyse, and,
- Surveys reveal subgroup differences.

The first phase of the data collection has been to compile a list of contact persons and their e-mail addresses. Apart from online and sectoral foundations resources, the names and the e-mail addresses had also been obtained via the phone calls made to the related contact persons of firms on the list. BMD's involvement and help was not taken due to her data privacy concerns. The phone call task was proposed to take for a week to be completed. Being unable to reach selected top managers due to their schedule and absence at the office had resulted in adding more time than planned to conduct satisfactory amount of surveys; so that the time plan had been fine-tuned by adding some time tolerance..

At first attempt, 60 cover letters in which deadlines highlighted were sent with questionnaires attached in e-mails including the link of the survey. Reminders followed the day before the pre-stated deadlines by e-mail. This cycle is planned to be repeated periodically, extending the due dates every week and making additional phone calls to motivate and encourage the managers to respond.

Data for this study was collected from the top managers of ready-to-wear fashion brands by non-probability sampling / convenience sampling method. The survey was

conducted over a 2.5-3 month period; during October 2015 and January 2016, 46 respondents completed the survey. 46 of the questionnaires obtained included in the analysis. Managers' concentration on New Year and Christmas sales activities had resulted in a tougher survey realization period for many of the respondents. Although the sector's high competition and the busy interval that the survey took place, target population's willingness to support academic studies is praiseworthy and played a critical role for the realization of this study.

4.4. The Design and Content of the Questionnaire

This study uses Likert scale. The respondents have been asked to choose one of five levels of agreement, as shown in Figure 3.3. The numbers indicate the value to be assigned to each possible answer with 1 the least favourable impression of related variables and 5 the most favourable. The first part of the questionnaire uses demographic items to determine the basic facts and figures about each respondent's firm.

Likert scale is easy to construct and administer, and respondents readily understand how to use the scale, making it suitable for mail, telephone or personal interviews (Malhotra, 2004).

Level of Agreement:

Totally Disagree	1	2	3	4	5	Completely Agree
Kesinlikle katılmıyorum	1	2	3	4	5	Tamamen katılıyorum

Figure 4.2 Sample Rating Scales

The statements in the questionnaire are formulated to measure related dimensions based on findings from relevant literature by various researchers and studies of academicians.

4.5. Research Model and Hypotheses

In order to achieve the objective of the study, a research model with seven dimensions has been proposed. The research study is fundamentally based on an opinion survey. Regarding the literature review, following model was designed and was proposed to be used in the study:
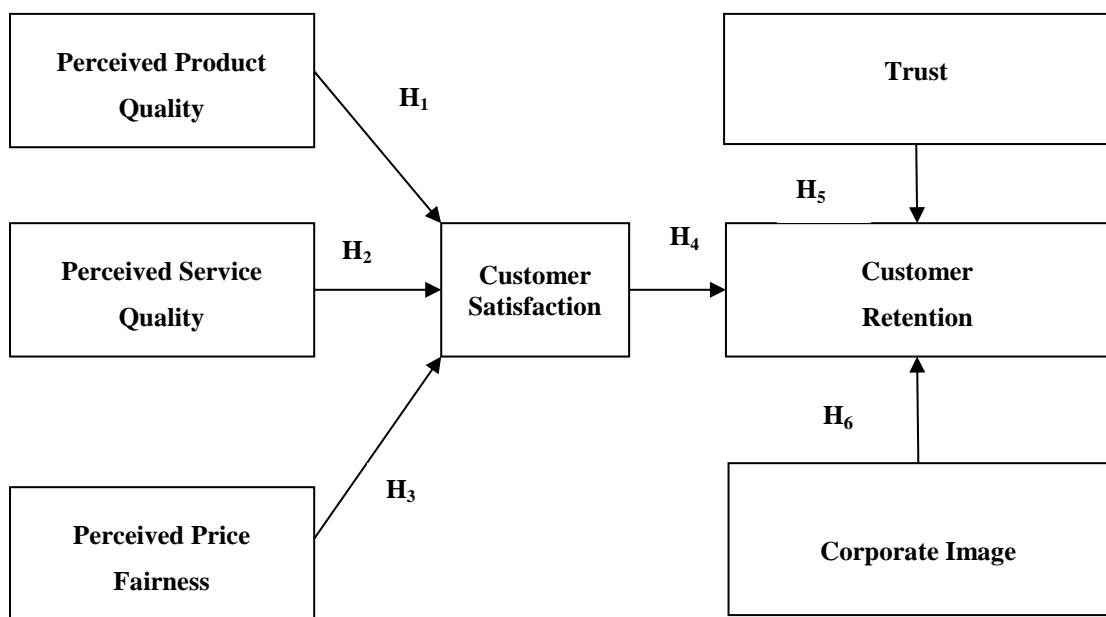
Figure 4.3 Proposed Research Model

The research model proposes that perceived product quality, perceived service quality and perceived price fairness have effect on customer satisfaction. Further effects of customer satisfaction, trust and corporate image affect customer retention. The proposed research model and the hypotheses depicted regarding the literature review are formulated with the evaluations conducted with marketing experts, namely the thesis supervisor and members of the review committee.

A hypothesis is a conjectural statement about a relationship between two or more variables that can be tested with empirical data; it is considered to be plausible, given the available information. A good hypothesis will contain clear implications for

testing stated relationships. For example, based on exploratory research, a researcher might hypothesize that a doubling of expenditures for billboards in cities of 300,000 or more population will increase the sales of Starbucks' summer drinks by 15 percent. Alternatively, a second hypothesis might be that spending $30,000 for vehicle wraps in cities of 300,000 or more will have no significant impact on the sales of Starbucks' summer drinks (McKenzie and Danforth, 2009, p.48).

Depending on the research model proposed, six hypotheses were formulated. The hypothesis can be summarized as follows:

H$_1$: There is a significant and positive effect of perceived product quality on customer satisfaction.

H$_2$: There is a significant and positive effect of perceived service quality on customer satisfaction.

H$_3$: There is a significant and positive effect of perceived price fairness on customer satisfaction.

H$_4$: There is a significant and positive effect of customer satisfaction on customer retention.

H$_5$: There is a significant and positive effect of trust on customer retention.

H$_6$: There is a significant and positive effect of corporate image on customer retention.

4.6. Research Instrument

The study aims to measure the respondents' (top managers) attitudes towards the proposed relationships demonstrated by the constructed hypotheses. In other words, this research study is based on the opinions of the respondents. In order to achieve the objective stated before data has been collected by means of a questionnaire. The questionnaire is consisted of six groups, each of which is designed specifically to test the proposed relationships, namely the hypotheses constructed.

Survey questions considering each dimension of the research model have been reviewed and finalized with the contributions of the dissertation committee of marketing academicians.

The questionnaire is consisted of six groups, each of which is designed specifically to test the proposed relationships, namely the hypotheses constructed. In total, the questionnaire had 57 questions formulated to measure different constructs. All the questions were generated depending on the literature survey conducted and validated scales.

In the questionnaire, 5 point Likert scale "1=Strongly Disagree" to "5=Strongly Agree" was employed to measure all the items in the first part of the questionnaire. The survey statements between 1 and 12 are related with basic facts and demographic information. The survey questions between 13 and 55 are related with the hypotheses. The survey questions 56 and 57 are open-ended questions, which will be contributing to the related hypothesis at the end of the study. The questionnaire is given at the Appendix.

The survey questions between 13 and 17 are designed for **H1**, which is constructed to reveal the relationship between the perceived product quality and customer satisfaction (Figure 4.4). In other words 5 items were used to assess perceived product quality

The survey question, numbered 18 (SQ18 = Bize göre müşteri tatmin düzeyimiz yüksektir / We believe that, we have a high level of customer satisfaction), measures the customer satisfaction level from the perspective of the administrators.

The survey questions between 19 and 28 are designed for **H2,** which is constructed to reveal the relationship between the perceived service quality and customer satisfaction (Figure 4.5). In other words, 10 items were used to measure perceived service quality.

The survey questions between 29 and 34 are designed for **H₃**, which is constructed to reveal the relationship between the perceived price fairness and customer satisfaction (Figure 4.6). In this regard, 6 items were generated to measure perceived price fairness.

The survey questions between 35 and 39 are designed for **H₄**, which is constructed to reveal the relationship between customer satisfaction and customer retention (Figure 4.7). In other words, 5 items were used to assess customer retention.

The survey questions between 40 and 47 are designed for **H₅,** which is constructed to reveal the relationship between trust and customer retention (Figure 4.8). In this regard, 8 items were used to measure trust.

The survey questions between 48 and 55 are designed for **H₆**, which is constructed to reveal the relationship between corporate image and customer retention (Figure 4.9). In other words, corporate image was assessed by 8 items.

The details about the items (questions) used in the questionnaire to measure the related dimensions are summarized in the following figures:

S.Q.: Survey Question

S.Q.13: Providing detailed information, sufficient introduction, user opinions etc. about the products is important in terms of customer satisfaction.

S.Q.15: Offering a wide range of products, ensuring that you find what you need, without having to browse another site is crucial to customer satisfaction.

S.Q.16: Offering as many product types as possible in the on-line (internet) channel is important for customer satisfaction.

S.Q.14: The accuracy and quality of the information given about the product is important for customer satisfaction.

S.Q. 17: Offering as many product types as possible in the off-line (store) channel is important for customer satisfaction.

H1: There is a significant and positive effect of perceived product quality on customer satisfaction.

Figure 4.4 The Questions Designed for Measuring H_1

S.Q.19: Having the on-line (internet) store always working condition and proper functioning of all functions is important for customer satisfaction.

S.Q.20: Continuous updating of the on-line (internet) store is important for customer satisfaction.

S.Q.21: It is important for customer satisfaction to have customer service and support from the beginning to the end of the buying period.

S.Q. 28: On-line (internet) service quality level is an important determinant of customer satisfaction.positively.

S.Q.22: The availability of different channels such as on-line (internet) service and e-mail other than tele-support as a service affects customer satisfaction positively.

H2: There is a significantand positive effect of perceived service quality on customer satisfaction.

S.Q. 27: Off-line (store) service quality level is an important determinant of customer satisfaction.

S.Q.23: Sharing information about product or service experience via on-line (internet) communities or club is important for customer satisfaction.

S.Q. 24: Clearly specifying the return policy, the guarantee terms and how to get the money back is important for customer satisfaction.

S.Q. 25: Offering suggestions according to customers' shopping preferences at the on-line (internet) store is important for customer satisfaction..

S.Q. 26: Offering suggestions based on customer's on-line navigation history is important for customer satisfaction.

Figure 4.5 The Questions Designed for Measuring H$_2$

S.Q.: Survey Question

S.Q.29: When the product price is explained with its advantages, and the comparison opportunity is given, it offers an advantage in terms of customer satisfaction.

S.Q.32: It is important for the customer satisfaction that the price paid by the customers is appropriate in terms of product quality.

S.Q.33: It is important for customer satisfaction that the price of products on the on-line (internet) and off-line (store) sales channels are always the same.

S.Q.30: Sending special discount invitations to your customers is important for customer satisfaction.

S.Q.31: Keeping history of the products that customers are interested in and proposing discounts at the on-line channel is important in terms of customer satisfaction.

S.Q. 34: Better price on on-line (internet) channel is important for customer satisfaction.

H3: There is a significant and positive effect of perceived price fairness on customer satisfaction.

Figure 4.6 The Questions Designed for Measuring H$_3$

S.Q.: Survey Question

S.Q.35: Customer service support and a successful complaints management process contribute to customer retention by increasing customer satisfaction.

S.Q.37: Employees' willingness to listen to customers' needs has a positive impact on customer retention.

S.Q.38: If any, a price advantage explained with its reasons offered in the on-line (internet) channel has a positive effect on customer retention.

S.Q.36: Being able to produce effective solutions to customer complaints contributes to our ability to retain customers.

S.Q.39: Keeping on-line (internet) offered products in stock contribute positively to customer retention.

H4: There is a significant and positive effect of customer satisfaction on customer retention

Figure 4.7 The Questions Designed for Measuring H$_4$

S.Q.: Survey Question

S.Q.40: On-line (internet) information security, such as credit card information, personal information and purchase records, has a positive impact on customer confidence.

S.Q.43: In the case of on-line (internet) orders, the trust that the customer's product will be shipped is important for the retention of customers.

S.Q.44: It is important to be honest with customers and provide accurate information on time.

S.Q.41: Customer confidence in our ability to fulfill our commitments has a positive effect on our ability to retain customers.

H5: There is a significant and positive effect of trust on customer retention

S.Q.45: Customer trust in the ability of employees to offer products and services is important iin terms of customer retention.

S.Q.42: The customer's confidence that the product will be delivered at the stated delivery time will have a positive effect on the customer retention.

S.Q.47: Customers' trust in the brand contributes positively to their retention.

S.Q.46: Customer confidence that employees are knowledgeable and competent at what they do is important for retaining customers.

Figure 4.8 The Questions Designed for Measuring H$_5$

S.Q.: Survey Question

S.Q.48: Sensitivity to the environment and social responsibility activities contribution to the corporate image are important in terms of customer retention.

S.Q.49: I think that the reputation of the company plays an important role in retaining customers.

S.Q.50: The fact that the firm's physical areas are in good condition is important for customer retention.

S.Q.51: Sending a newsletters to our customers has a positive impact on customer retention.

H6: There is a significant and positive effect of corporate image on customer retention

S.Q.55: The firm's involvement in social responsibility activities is important for the retention of customers.

S.Q.52: A A unique website design is important for customer retention.

S.Q.53: Off-line store atmosphere is important for customer retention.

S.Q.54: On-line (internet) store design is important for customer retention.

Figure 4.9 The Questions Designed for Measuring H$_6$

CHAPTER 5

5. DATA ANALYSIS AND EMPIRICAL FINDINGS

Data obtained from the questionnaires were analysed through IBM SPSS 21.0 statistical program.

5.1. Samples Profile

Among the respondents (sample size=46, response rate realization is 85%) 31 of them are top managers (in the fields of marketing and sales), 9 are general managers, 3 of them are CEOs, 2 are chairman of board of directors and one is an owner of the company. The related table summarizing these statistics is as follows (Table 5.1):

Table 5.1 Titles of the Respondents

	Frequency	Percentage
Owner/shareholder	1	2.17%
Chairman of the board of directors	2	4.35%
CEO	3	6.52%
General Manager	9	19.57%
Top Manager (in the fields of marketing & sales)	31	67.39%
Total	**46**	**100.00%**

The firms that respondents belong to can be summarized as: Sabri Özel, E-bebek, Ay Marka, Batik Mağazacılık A.Ş., Beymen, Zeynep Tekstil, Armine, Gap, Marks&Spencer, Suwen- Eko Tekstil San. Tic. A.Ş, Ltb, Journey, Tudors, Collezione, Colin's, Çift Geyik Karaca, Efor, Sarar, Desa, Hatemoğlu, D'S Damat,

Roman, Kiğılı, İpekyol, Penti, Vakko, Joker, ıiu, Fenerium, Markafoni, Adil Işık, Intersport, De Facto, Derimod, Koton, XY, Boyner, LCW, Accort, U.S Polo, Mudo, Mavi, Faik Sonmez, AVVA Mağazacılık.

30 of the respondents are male while 16 of them are female. In other words, 65% of the respondents are male and 35% of them are female.

On the other hand, 12 of the respondents (26.09%) are between the ages of 25-34; 19 of them (41.30%) are between 35-44; 13 of the respondents (28.26%) are between the age range of 45-54 and finally only two of the respondents (4.35%) are between the ages of 55-64.

When the education level of the respondents is analysed it can be noted that one of the respondents is high school graduate. Three of the respondents had graduated from college. 23 of the respondents (50%) have a bachelor's degree while 19 of them (41.30%) have master's degree.

The frequencies and percentages of the respondents in terms of gender, age and education levels are reported in Table 5.2.

Table 5.2 Gender, Age and Education Levels of the Respondents

Gender	Frequency	Percentage
Male	30	65.22%
Female	16	34.78%
Total	**46**	**100.00%**
Age	**Frequency**	**Percentage**
25-34	12	26.09%
35-44	19	41.30%
45-54	13	28.26%
55-64	2	4.35%
Total	**46**	**100.00%**
Education Level	**Frequency**	**Percentage**
High School	1	2.17%
Associate Degree	3	6.53%
Bachelor's Degree	23	50.00%
Graduate Degree	19	41.30%
Total	**46**	**100.00%**

The next demographic question was asked to reveal the number of the employees working in respondents' firms. According to the results, 2 of the firms (4.35%)have 25-99; 7 of the firms (15.22%) have 100-499; 9 of the firms (19.57%) have 500-999; 20 of the firms (43.48%) have 1000-4999 and 8 of the firms (17.39%) have 5000 and more employees. Figure 5.1 summarizes the percentages of the statistics mentioned above.
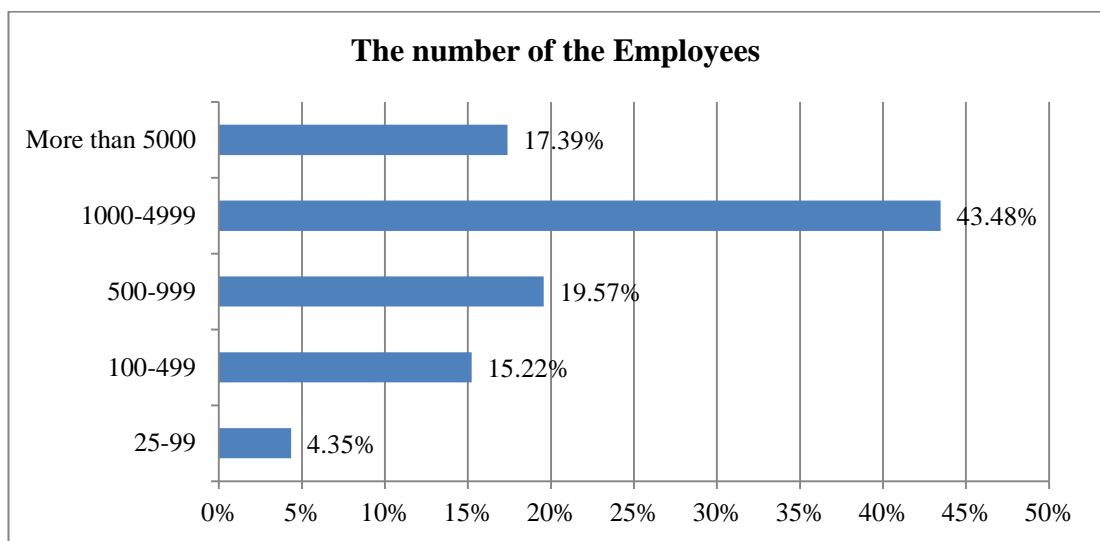
Figure 5.1 The Number of the Employees Working in the Respondents' Firm

When the respondents' firms are analysed in terms of revenues (for the fiscal year of 2014) it can be concluded that, four firms (8.7%) have a revenue lower than 50 million TL, 11 of the firms (23.91%) have a revenue between 50-149 million TL and 10 firms (21.74%) have a revenue between 150-249 million TL. Among the firms that respondents are working, 12 of them (26.09%) have revenues between 250-500 million TL and finally 9 of them (19.57%) have revenues greater than 500 million TL. Table 5.3 summarizes the frequencies and percentages of the firms' revenues.

Table 5.3 Revenues of the Firms Where the Respondents Work

Revenues - 2014	Frequency	Percentage
<50 million TRY	4	8.70%
50-149 million TRY	11	23.91%
150-249 million TRY	10	21.74%
250-500 million TRY	12	26.09%
>500 million TRY	9	19.57%
Total	**46**	**100.00%**

In the next demographic question respondents were asked how often they measure customer retention. Depending on the results, 6 of them said that they measure weekly, 15 of them stated that they measure customer retention rates monthly. 8 of the respondents concluded that they measure this on a 3-month period while 11 of them noted that they measure customer retention on a 6-month period. Finally 6 of the respondents said that they measure this rate annually. Table 5.4 summarizes the related frequencies and percentages.

Table 5.4 Measuring Frequency of Customer Retention

Period	Frequency	Percentage
Weekly	6	13.04%
Monthly	15	32.61%
3 Month-Period	8	17.39%
6 Month Period	11	23.91%
Annually	6	13.04%
Total	**46**	**100.00%**

The next question aimed to reveal the average time to be spent as a customer in order to be included in the "New Customer" category. The answers of the respondents were summarized in Table 5.5.

Table 5.5 Average Time to be Spent as a Customer in Order to be Included in the New Customer Category

Time Spent	Frequency	Percentage
Less than 1 month	7	15.22%
1 – 3 Months	7	15.22%
4 – 6 Months	12	26.09%
7 Months – 1 Year	17	36.96%
More than 1 Year	3	6.52%
Total	**46**	**100.00%**

When the respondents are asked whether they track the churn rates of "new" and "old" customers respectively, 26 of them stated that they tracked this information while 20 of them stated that they did not. The related statistics are summarized in Table 5.6.

Table 5.6 Answers Given to the Question Whether Tracking of "New" and "Old" Customers Churn Rates

Response	Frequency	Percentage
Yes	26	56.52%
No	20	43.48%
Total	**46**	**100.00%**

67,39% respondents noted that they follow up customer retention in terms of number of customers, while 78.26% of them stated that they measure it in terms of sales volume. Finally 17.39% of the respondents stated that they calculate customer retention in terms of revenues generated. Here there is one important issue to be explained: as it can be seen from Table 5.7 the total percentage is greater than 100% and the total of the frequencies is greater than the sample size of 46. The reason for this is respondents were free to choose more than only one answer. This question reveals that companies of the sample mainly focus on sales volume and number of

customers as metrics of customer retention, while customer retention based on generated revenue focus is a secondary metric.

Table 5.7 Customer Retention Rate Metrics (Details)

Customer Retention is followed up in terms of….	Frequency	Percentage
Number of Customers	31	67.39%
Sales Volume	36	78.26%
Revenues Generated	8	17.39%

The next question asked to the respondents is, "which alternative is appropriate for your firm when the average time as a customer is considered?". Their answers are summarized in Table 5.8, with the highest frequency as 1-3 years 43.48%.

Table 5.8 Average Time As A Customer

Average Time	Frequency	Percentage
Less than one year	10	21.74%
1-3 years	20	43.48%
4-5 years	11	23.91%
6-10 years	2	4.35%
Not measured	3	6.52%
Total	**46**	**100.00%**

Two additional questions were asked to the respondents in order to get more information about the reasons why customers prefer to buy from them again and why they leave them. They were asked to rank the three most important reasons in terms of these two criteria mentioned. Table 5.9 summarizes the responses given to the question: "What are the most important factors that customers prefer to shop from your store?".

Table 5.9 can be interpreted as, 4 of the respondents indicate that service quality is the most important factor why consumers prefer them. 11 of the respondents stated that service quality is the second important factor while 11 of them noted that it is the third important issue. The other reasons stated can be interpreted in the same way: 10 of the respondents indicate that price/value advantage is the most important factor why consumers continue to buy from them. 9 of the respondents stated that price/value advantage is the second important factor, while 4 of them noted that it is the third important issue. 9 of the respondents indicate that quality is the most important factor why consumers continue to buy from them. 7 of the respondents stated that quality is the second important factor, while 5 of them noted that it is the third important issue. 4 of the respondents indicate that product assortment is the most important factor why consumers continue to buy from them. 7 of the respondents stated that product assortment is the second important factor, while 6 of them noted that it is the third important issue. 10 of the respondents indicate that trust is the most important factor why consumers continue to buy from them, while 6 of them noted that it is the third important issue. 2 of the respondents indicate that following latest design trends is the most important factor why consumers continue to buy from them. 4 of the respondents stated that following latest design trends is the second important factor, while 6 of them noted that it is the third important issue.

Other reasons stated by the respondents' do not stand out. Reviewing them by focusing on all ranks' frequency scores gives an idea about top managers' edifice. There are 6 reasons with more than 10 total frequency score, which are given in Table 5.10 having a cumulative share of 83.33%. They are service quality (18.84%), price/value advantage (16.67%), quality (15.22%), product assortment (12.32%), trust (11.59%), following latest design trends (8.70%).

Table 5.9 Ranking of the Reasons Why Customers Prefer Respondents' Stores

Stated Reasons	1st Rank (frequency)	Percentage	2nd Rank (frequency)	Percentage	3rd Rank (frequency)	Percentage
Service Quality	4	8.70%	11	23.90%	11	23.91%
Price/Value Advantage	10	21.74%	9	19.60%	4	8.70%
Quality	9	19.57%	7	15.20%	5	10.90%
Product Assortment	4	8.70%	7	15.20%	6	13.00%
Trust	10	21.74%			6	13.00%
Following Latest Design Trends	2	4.35%	4	8.70%	6	13.00%
Image (Brand Value)	1	2.17%	2	4.30%	2	4.30%
Attachment	2	4.35%	1	2.20%	1	2.20%
Communication					2	4.30%
Loyalty Programs	1	2.17%	1	2.20%		
Habits			1	2.20%		
No Answer					1	2.20%
Revenues					1	2.20%
Targeting the Right Channels			1	2.20%		
Targeting Young People			1	2.20%		
Targeting Needs and Emotions of the People			1	2.20%		
Ease of Access	1	2.17%				
Advertisements					1	2.20%
Product Quality and Ease of Finding	1	2.17%				
Penetration	1	2.17%				
Total	**46**	**100%**	**46**	**100%**	**46**	**100%**

Table 5.10 Cumulative Shares of the Reasons Why Customers Prefer Respondents'
Stores (All Ranks Together)

Stated Reasons	1st, 2nd, 3rd Ranks in Total (Frequency)	Total Percentage	Cumulative Percentage
Service Quality	26	18.84%	18.84%
Price/Value Advantage	23	16.67%	35.51%
Quality	21	15.22%	50.72%
Product Assortment	17	12.32%	63.04%
Trust	16	11.59%	74.64%
Following Latest Design Trends	12	8.70%	83.33%
Others	23	16.67%	**100%**
Total	**138**	**100%**	

The respondents also stated the reason why customers leave them. They rank the most important factors in terms of this criterion. The responses are summarized in Table 5.11. For instance, 10 of the respondents (21.74%) stated that bad service is the most important reason that leads customers to leave the firm. On the other hand 12 of them (26.09%) stated that this is the second important factor while 11 of them (23.91%) noted that bad service is the third important issue. 12 of the respondents (26.09%) stated that price competition is the most important reason that leads customers to leave the firm. On the other hand 8 of them (17.39%) stated that this is the second important factor while 9 of them (19.57%) stated price competition is the third important reason that leads customers to leave the firm. 4 of the respondents (8.70%) stated that quality is the most important reason that leads customers to leave the firm. On the other hand 4 of them (8.70%) stated that this is the second important factor while 5 of them (10.87) noted that quality is the third important issue. 5 of the respondents (10.87%) stated that insufficient inventory is the most important reason that leads customers to leave the firm. On the other hand 4 of them (8.70%) stated that this is the second important factor while 4 of them (8.70%) noted that insufficient inventory is the third important issue. 5 of the respondents (10.87%) stated that bad aftersales service is the most important reason that leads customers to leave the firm. On the other hand 2 of them (4.35%) stated that this is the second important factor while 2 of them (4.35%) noted that insufficient inventory is the third important issue.

Table 5.11 Ranking of the Reasons Why Customers Leave

Reasons Stated	1st Rank (frequency)	Percentage	2nd Rank (frequency)	Percentage	3rd Rank (frequency)	Percentage
Bad Service	10	21.74%	12	26.09%	11	23.91%
Price Competition	12	26.09%	8	17.39%	9	19.57%
Quality	4	8.70%	4	8.70%	5	10.87%
Insufficient Inventory	5	10.87%	4	8.70%	4	8.70%
Bad Aftersales Service	5	10.87%	2	4.35%	2	4.35%
N/A			2	4.35%	6	13.04%
Assortment	1	2.17%	5	10.87%	2	4.35%
Image and Awareness	3	6.52%	3	6.52%	2	4.35%
Design	2	4.35%	3	6.52%	1	2.17%
Trust					2	4.35%
No Trust	2	4.35%				
Effects of Shopping Malls on Sales					1	2.17%
Similar Product Competition	1	2.17%				
Growth of Children	1	2.17%				
Not Providing Right Goods at the Right Time			1	2.17%		
Paying No Attention on Quality			1	2.17%		
Messy Stores			1	2.17%		
Inconsistent Strategies					1	2.17%
Total	**46**	**100%**	**46**	**100%**	**46**	**100%**

Other reasons stated by the respondents' do not stand out. Similar to Table 5.10, reviewing the reasons by focusing on all ranks' frequency scores gives an idea about top managers' edifice. There are 4 reasons with more than 10 total frequency score, which are given in Table 5.12. have a cumulative share of 63.77%. In order, they are bad service (23.91%), price competition (21.01%), quality (9.42%), and bad aftersales service (6.22%). It is also practical to sum up bad service experience both during and after the service, which makes a share of 30.43%. This ratio gives us an idea how important is the service issue for the sector managers.

Table 5.12 Cumulative Shares of the Reasons Why Customers Leave

Stated Reasons	1st, 2nd, 3rd Ranks in Total (Frequency)	Total Percentage	Cumulative Percentage
Bad Service	33	23.91%	23.91%
Price Competition	29	21.01%	44.93%
Quality	13	9.42%	54.35%
Insufficient Inventory	13	9.42%	63.77%
Bad Aftersales Service	9	6.52%	70.29%
N/A	8	5.80%	76.09%
Assortment	8	5.80%	81.88%
Image and Awareness	8	5.80%	87.68%
Design	6	4.35%	92.03%
Trust	2	1.45%	93.48%
No Trust	2	1.45%	94.93%
Effects of Shopping Malls on Sales	1	0.72%	95.65%
Similar Product Competition	1	0.72%	96.38%
Growth of Children	1	0.72%	97.10%
Not Providing Right Goods at the Right Time	1	0.72%	97.83%
Paying No Attention on Quality	1	0.72%	98.55%
Messy Stores	1	0.72%	99.28%
Inconsistent Strategies	1	0.72%	**100%**
Total	**138**	**100%**	

In order to find out the response rates given to the question 13 - question 55, the following (Table 5.13) was prepared. Percentage scores per choices for each individual survey question can be followed up from this table.

Table 5.13 Average, Standard Deviation and Response Rate Values Given to the Survey Questions 13-55

Survey Question	Average	Standard Deviation	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
Q13: Providing detailed information, sufficient introduction, user opinions etc. about the products is important in terms of customer satisfaction.	4.13	0.86	2.17%	4.35%	4.35%	56.52%	32.61%
Q.14: The accuracy and quality of the information given about the product is important for customer satisfaction.	4.33	0.90	2.17%	4.35%	2.17%	41.30%	50.00%
Q.15: Offering a wide range of products, ensuring that you find what you need, without having to browse another site is crucial to customer satisfaction.	3.57	1.07	2.17%	21.74%	8.70%	52.17%	15.22%
Q.16: Offering as many product types as possible in the on-line (internet) channel is important for customer satisfaction.	3.63	1.08	0.00%	26.09%	4.35%	50.00%	19.57%
Q.17: Offering as many product types as possible in the off-line (store) channel is important for customer satisfaction.	3.09	1.19	2.17%	47.83%	0.00%	39.13%	10.87%
Q18: We believe that, we have a high level of customer satisfaction.	4.26	0.76	2.17%	2.17%	4.35%	50.00%	41.30%
Q.19: Having the on-line (internet) store always working condition and proper functioning of all functions is important for customer satisfaction.	4.30	0.76	2.17%	0.00%	4.35%	52.17%	41.30%
Q.20: Continuous updating of the on-line (internet) store is important for customer satisfaction.	3.63	1.16	4.35%	15.22%	19.57%	34.78%	26.09%

Table 5.13 (continued 1) Average, Standard Deviation and Response Rate Values Given to the Survey Questions 13-55

Survey Question	Average	Standard Deviation	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
Q.21: It is important for customer satisfaction to have customer service and support from the beginning to the end of the buying period.	4.46	0.72	2.17%	0.00%	0.00%	45.65%	52.17%
Q.22: The availability of different channels such as on-line (internet) service and e-mail other than tele-support as a service affects customer satisfaction positively.	4.15	0.84	2.17%	2.17%	8.70%	52.17%	34.78%
Q.23: Sharing information about product or service experience via on-line (internet) communities or club is important for customer satisfaction.	3.50	0.96	0.00%	19.57%	23.91%	43.48%	13.04%
Q. 24: Clearly specifying the return policy, the guarantee terms and how to get the money back is important for customer satisfaction.	4.41	0.72	0.00%	4.35%	0.00%	45.65%	50.00%
Q. 25: Offering suggestions according to customers' shopping preferences at the on-line (internet) store is important for customer satisfaction.	3.80	0.88	0.00%	13.04%	10.87%	58.70%	17.39%
Q. 26: Offering suggestions based on customer's on-line navigation history is important for customer satisfaction.	3.96	0.87	0.00%	8.70%	13.04%	52.17%	26.09%
Q. 27: Off-line (store) service quality level is an important determinant of customer satisfaction.	4.43	0.75	0.000%	2.17%	8.70%	32.61%	56.52%
Q. 28: On-line (internet) service quality level is an important determinant of customer satisfaction.	4.15	0.73	2.17%	0.00%	6.52%	63.04%	28.26%

Table 5.13 (continued 2) Average, Standard Deviation and Response Rate Values Given to the Survey Questions 13-55

Survey Question	Average	Standard Deviation	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
Q.29: When the product price is explained with its advantages, and the comparison opportunity is given, it offers an advantage in terms of customer satisfaction.	4.02	0.86	2.17%	4.35%	8.70%	58.70%	26.09%
Q.30: Sending special discount invitations to your customers is important for customer satisfaction.	4.20	0.75	0.00%	4.35%	6.52%	54.35%	34.78%
Q.31: Keeping history of the products that customers are interested in and proposing discounts at the on-line channel is important in terms of customer satisfaction.	4.04	0.94	2.17%	8.70%	2.17%	56.52%	30.43%
Q.32: It is important for the customer satisfaction that the price paid by the customers is appropriate in terms of product quality.	4.43	0.81	2.17%	2.17%	0.00%	41.30%	54.35%
Q.33: It is important for customer satisfaction that the price of products on the on-line (internet) and off-line (store) sales channels are always the same.	3.67	1.14	2.17%	19.57%	13.04%	39.13%	26.09%
Q. 34: Better price on on-line (internet) channel is important for customer satisfaction.	3.28	1.09	0.00%	30.43%	28.26%	23.91%	17.39%
Q.35: Customer service support and a successful complaints management process contribute to customer retention by increasing customer satisfaction.	4.41	0.80	2.17%	2.17%	0.00%	43.48%	52.17%
Q.36: Being able to produce effective solutions to customer complaints contributes to our ability to retain customers.	4.39	0.71	2.17%	0.00%	0.00%	52.17%	45.65%

Table 5.13 (continued 3) Average, Standard Deviation and Response Rate Values Given to the Survey Questions 13-55

Survey Question	Average	Standard Deviation	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
Q.37: Employees' willingness to listen to customers' needs has a positive impact on customer retention.	4.13	0.86	2.17%	2.17%	10.87%	50.00%	34.78%
Q.38: If any, a price advantage explained with its reasons offered in the on-line (internet) channel has a positive effect on customer retention.	3.57	1.03	2.17%	13.04%	30.43%	34.78%	19.57%
Q. 39: Keeping on-line (internet) offered products in stock contribute positively to customer retention.	4.11	0.80	2.17%	2.17%	6.52%	60.87%	28.26%
Q.40: On-line (internet) information security, such as credit card information, personal information and purchase records, has a positive impact on customer trust.	4.37	0.83	2.17%	2.17%	2.17%	43.48%	50.00%
Q.41: Customer confidence in our ability to fulfil our commitments has a positive effect on our ability to retain customers.	4.37	0.77	2.17%	0.00%	4.35%	45.65%	47.83%
Q.42: The customer's trust that the product will be delivered at the stated delivery time will have a positive effect on the customer retention.	4.24	0.85	2.17%	2.17%	6.52%	47.83%	41.30%
Q.43: In the case of on-line (internet) orders, the trust that the customer's product will be shipped is important for the retention of customers.	4.04	1.07	2.17%	10.87%	8.70%	36.96%	41.30%
Q.44: It is important to be honest with customers and provide accurate information on time.	4.17	0.74	2.17%	0.00%	6.52%	60.87%	30.43%
Q.45: Customer trust in the ability of employees to offer products and services is important in terms of customer retention.	4.24	0.92	2.17%	6.52%	0.00%	47.83%	43.48%

Table 5.13 (continued 4) Average, Standard Deviation and Response Rate Values Given to the Survey Questions 13-55

Survey Question	Average	Standard Deviation	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
Q.46: Customer confidence that employees are knowledgeable and competent at what they do is important for retaining customers.	4.30	0.89	2.17%	4.35%	2.17%	43.48%	47.83%
Q.47: Customers' trust in the brand contributes positively to their retention.	4.37	0.88	4.35%	0.00%	0.00%	45.65%	50.00%
Q.48: Sensitivity to the environment and social responsibility activities contribution to the corporate image are important in terms of customer retention.	3.41	0.96	0.00%	21.74%	26.09%	41.30%	10.87%
Q.49: I think that the reputation of the company plays an important role in retaining customers.	4.15	0.79	0.00%	6.52%	4.35%	56.52%	32.61%
Q.50: The fact that the firm's physical areas are in good condition is important for customer retention.	3.89	0.88	2.17%	6.52%	10.87%	60.87%	19.57%
Q.51: Sending a newsletters to our customers has a positive impact on customer retention.	3.07	0.95	4.35%	26.09%	30.43%	36.96%	2.17%
Q.52: A unique website design is important for customer retention.	3.11	1.14	6.52%	28.26%	23.91%	30.43%	10.87%
Q.53: Off-line store atmosphere is important for customer retention.	4.02	0.91	2.17%	4.35%	13.04%	50.00%	30.43%
Q.54: On-line (internet) store design is important for customer retention.	3.61	0.98	0.00%	19.57%	15.22%	50.00%	15.22%
Q.55: The firm's involvement in social responsibility activities is important for the retention of customers.	3.46	0.84	0.00%	19.57%	17.39%	60.87%	2.17%

5.2. Analyses Performed In the Study

Several analyses have been performed in this study. Despite frequency analysis, factor analysis has been conducted to reveal the dimensionality of the dimensions in the research model. In other words, the aim of the factor analysis was to find out whether the dimensions are unidimensional or not. In this regard, principle component analysis using Varimax rotation was performed and the reliabilities of the scales have been assessed by alpha coefficient.

Depending on the results of the factor analysis, correlation and regression analyses have been used to test the hypotheses of the study.

Regression analysis is utilized to search for the existence of a causal connection and attempts to figure out influences that might occur when dependent and independent variables interact (Nakip, 2006).

5.2.1. Results of the Factor Analyses

There are seven dimensions in the research model. Since six of them has more than one question, factor analysis was performed for all of these six dimensions that are perceived product quality, perceived service quality, perceived price fairness, trust, customer retention and corporate image. Among the seven dimensions in the research model, only customer satisfaction was measured by one question (**Q18 =** We think that, we have a high customer satisfaction level (Bize göre müşteri tatmin düzeyimiz yüksektir) which means that there is no need to assess the unidimensionality of this variable. The results of the factor analysis are summarized as follows:

Factor Analysis for Perceived Product Quality: To reveal the dimensions of material values scale exploratory factor analysis with Principle component factoring and Varimax rotation was conducted. In order to test the appropriateness of the data for factor analysis Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett

test of sphericity tests were employed. In the initial analysis the scores were adequate to conduct factor analysis.

Next, the diagonals of the anti-image correlation matrix were examined and it is concluded that other than question 13 (anti image correlation value = 0.498) all the values are higher than 0.50 supporting the idea that these items of the scale are appropriate for the factor analysis. This outcome required the exclusion of question 13. After this step, the factor analysis was conducted again on four items of the perceived product quality scale.

The results of the test mentioned were satisfactory pointing out that data is adequate for conducting factor analysis (KMO=0.616; Bartlett Test: Approx.Chi-Square= 36.583; df=6; Sig=0.000). In fact, KMO levels between $0.60 - 0.70$ signals moderate levels of appropriateness but considering the low sample size this values can be regarded as acceptable and well enough for this study (Durmuş, Yurtkoru and Çinko, 2011, p.80).

In this second factor analysis, the diagonals of the anti-image correlation matrix were examined again and it is concluded that all the values are higher than 0.50 supporting the idea that each item of the scale is appropriate for the factor analysis. Factors with eigenvalues over one were retained while the items with factor loadings below 0.50 were discarded (Hair, Anderson, Tahtam and Black, 1998).

The results of the factor analysis for perceived product quality point out the unidimensional structure of the dimension. In other words, there is only one factor explaining the 51.579% of the total variance (KMO=0.616; Bartlett Test: Approx.Chi-Square = 36.583; df=6; Sig=0.000). The items under this dimension and the reliability values (Cronbach's Alpha Values) are explained in the table below. As can be seen from the table, Cronbach's alpha level of the factor is acceptable since it is higher than 0.70 (Nunnally, 1979).

Table 5.14 Results of the Factor Analysis for Perceived Product Quality

Factor-1: Perceived Product Quality
Q14: The accuracy and quality of the information given about the product is important for customer satisfaction.
Q15: Offering a wide range of products, ensuring that you find what you need, without having to browse another site is crucial to customer satisfaction.
Q16: Offering as many product types as possible in the on-line (internet) channel is important for customer satisfaction.
Q17: Offering as many product types as possible in the off-line (store) channel is important for customer satisfaction.

(Total Variance Explained= 51.579%, Eigenvalues=2.063; Cronbach's Alpha=0.712)
Note: Since only one factor was extracted factor loadings cannot be displayed.

Factor Analysis for Perceived Service Quality: The same steps were followed for the factor analysis of perceived service quality. In the initial analysis the anti-image correlation value of Q20 (question 20) was lower than 0.50. Due to this factor Q20 was discarded and the factor analysis was repeated.

The second factor analysis results showed that the data are available for conducting factor analysis (KMO=0.826; Bartlett test = Approx. Chi-Square=227.197; do=36 Sig=0.000). Factor loadings and the results of the reliability analysis were all satisfactory including values within the acceptable range. As a result no items were eliminated in the factor analysis and two factors were obtained. The total variance explained was approximately 67%. The results of the exploratory factor analysis for perceived quality are summarized in the table below.

Table 5.15 Results of the Factor Analysis for Perceived Service Quality

	Factor Loading	% of Variance	Eigenvalues	Cronbach's Alpha
Factor-1: Service Support and Complaint Handling		34.817	4.837	.846
Q21: It is important for customer satisfaction to have customer service and support from the beginning to the end of the buying period.	0.902			
Q24: Clearly specifying the return policy, the guarantee terms and how to get the money back is important for customer satisfaction.	0.784			
Q28: On-line (internet) service quality level is an important determinant of customer satisfaction.	0.736			
Q22: The availability of different channels such as on-line (internet) service and e-mail other than tele-support as a service affects customer satisfaction positively..	0.628			
Q27: Off-line (store) service quality level is an important determinant of customer satisfaction.	0.530			

Table 5.15 (Continued) Results of the Factor Analysis for Perceived Service Quality

	Factor Loading	% of Variance	Eigenvalues	Cronbach's Alpha
Factor-2: Customer Experience and Suggestions Provided		32.289	1.203	0.813
Q26: Offering suggestions based on customer's on-line navigation history is important for customer satisfaction.	0.887			
Q25: Offering suggestions according to customers' shopping preferences at the on-line (internet) store is important for customer satisfaction.	0.872			
Q19: Having the on-line (internet) store always working condition and proper functioning of all functions is important for customer satisfaction.	0.596			
Q23: Sharing information about product or service experience via on-line (internet) communities or club is important for customer satisfaction.	0.588			

(KMO=.826; Bartlett test = Approx.Chi-Square=227.197; df=36 Sig=0.000)

Factor Analysis for Perceived Price Fairness: Due to low factor loadings and anti-image correlation values Q33 and Q34 were excluded from the analysis depending on the results of the initial factor analysis. After the elimination of these items, the factor analysis was repeated.

Based on the final factor analysis results the KMO and Bartlett test values are satisfactory (KMO=0.649; Bartlett test = Approx.Chi-Square=33.724; df=6 Sig=0.000). Also results revealed that this dimension is unidimensional. In other words, there is only one factor explaining the 52.724% of the total variance. The

Cronbach's Alpha value of this factor is also acceptable (α = 0.699). The results of the factor analysis for perceived price fairness are summarized in the table below.

Table 5.16 Results of the Factor Analysis for Perceived Price Fairness

Factor-1: Perceived Price Fairness
Q29: When the product price is explained with its advantages, and the comparison opportunity is given, it offers an advantage in terms of customer satisfaction.
Q30: Sending special discount invitations to your customers is important for customer satisfaction.
Q31: Keeping history of the products that customers are interested in and proposing discounts at the on-line channel is important in terms of customer satisfaction.
Q32: It is important for the customer satisfaction that the price paid by the customers is appropriate in terms of product quality.

(Total Variance Explained=52.724%, Eigenvalues=2.109, Cronbach's Alpha=0.699)
Note: Since only one factor was extracted, factor loadings cannot be displayed)

Factor Analysis for Customer Retention: The results of the factor analysis for customer retention point out the unidimensional structure of the dimension. In other words, there is only one factor explaining the 59.543% of the total variance (KMO=.793; Bartlett test = Approx.Chi-Square=92.379; df=10; Sig=0.000). All the values for KMO and Bartlett test are above the acceptable levels.

When the Cronbach's Alpha value of the factor was examined, it is noted that this value is 0.793. But as can be seen from Table 5.17, deletion of Q38 increases the Cronbach's Alpha level by approximately 7%.

Table 5.17 Cronbach's Alpha Values If Items Are Deleted

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q35	16.20	6.161	.748	.699
Q36	16.22	6.618	.727	.715
Q37	16.48	6.211	.666	.723
Q38	**17.04**	**7.154**	**.291**	**.862**
Q39	16.50	6.833	.561	.758

Depending on the results of the reliability analysis Question 38 is discarded and the factor analysis is repeated. The results of the final factor analysis are similar with the first one pointing out the unidimensional structure of the dimension. But it is noted that this time, the factor obtained explained the 71.326% of the total variance. All the values for KMO and Bartlett test are above the acceptable level again (KMO=.779; Bartlett test = Approx.Chi-Square=88.857; df= 6, Sig=0.000). As expected the deletion of Q38 increased the Cronbach's Alpha level to 0.862. The statements under the customer retention factor are summarized in Table 5.18.

Table 5.18 Results of the Factor Analysis for Customer Retention

Factor-1: Customer Retention
Q35: Customer service support and a successful complaints management process contribute to customer retention by increasing customer satisfaction.
Q36: Being able to produce effective solutions to customer complaints contributes to our ability to retain customers.
Q37: Employees' willingness to listen to customers' needs has a positive impact on customer retention.
Q39: Keeping on-line (internet) offered products in stock contribute positively to customer retention.

(Total Variance Explained=71.326%, Eigenvalues=2.853; Cronbach's Alpha=0.862)
Note: Since only one factor was extracted, factor loadings cannot be displayed.

Factor Analysis for Trust: The same steps were followed for the factor analysis of trust. Results of the tests conducted showed that the data are available for conducting factor analysis (KMO=.758; Bartlett test = Approx.Chi-Square=215.200; df=28, Sig=0.000). The results of the factor analysis pointed out that there are two factors explaining the 71.345% of the total variance. The reliability values of the factors are

within the acceptable range. The results of the exploratory factor analysis for trust are summarized in the table below.

Table 5.19 Results of the Factor Analysis for Trust

	Factor Loading	% of Variance	Eigenvalues	Cronbach's Alpha
Factor-1: Trust Towards The Services Provided		**39.133**	**4.322**	**0.880**
Q43: In the case of on-line (internet) orders, the trust that the customer's product will be shipped is important for the retention of customers.	0.876			
Q42: The customer's trust that the product will be delivered at the stated delivery time will have a positive effect on the customers retention.	0.831			
Q41: Customer confidence in our ability to fulfil our commitments has a positive effect on our ability to retain customers.	0.812			
Q44: It is important to be honest with customers and provide accurate information on time.	0.807			
Factor-2: Trust Towards The Company and Brand		**32.212**	**1.386**	**0.810**
Q46: Customer confidence that employees are knowledgeable and competent at what they do is important for retaining customers.	0.925			
Q45: Customer trust in the ability of employees to offer products and services is important in terms of customer retention.	0.869			
Q47: Customers' trust in the brand contributes positively to their retention.	0.650			
Q40: On-line (internet) information security, such as credit card information, personal information and purchase records, has a positive impact on customer trust.	0.534			

(KMO=.758; Bartlett test = Approx.Chi-Square=215.200; df=28, Sig=0.000)

Factor Analysis for Corporate Image: The initial factor analysis performed required the deletion of Q50 due to low factor loading (0.402). After discarding this item the factor analysis was performed again. The results of the second factor analysis showed that the data are appropriate for conducting factor analysis with values of (KMO=0.633; Bartlett test = Approx. Chi-Square=109.352; df=21, Sig=0.000). Depending on the results of the factor analysis it is concluded that there are two factors with eigenvalues greater than one, explaining the 62.536% of the total variance. When the Cronbach's Alpha values are examined it is revealed that the deletion of Q51 in the second factor increases the Cronbach's Alpha value by approximately 12%. Thus, Q51 is discarded and the factor analysis was repeated for the third time.

The results of the last factor analysis showed that the data are appropriate for conducting factor analysis with values of (KMO=.613; Bartlett test = Approx.Chi-Square=96.633; df=15, Sig=0.000). Depending on the results of the factor analysis it is concluded that there are two factors with Eigenvalues greater than one, explaining the 68.712% of the total variance. The Cronbach's Alpha values of the factors are also acceptable. The results of the factor analysis conducted for corporate image is summarized in the following table (Table 5.20).

Table 5.20 Results of the Factor Analysis for Corporate Image

	Factor Loading	% of Variance	Eigenvalues	Cronbach's Alpha
Factor-1: Corporate Reputation		38.559	2.774	0.750
Q54: On-line (internet) store design is important for customer retention.	0.829			
Q52: A unique website design is important for customer retention.	0.768			
Q53: Off-line store atmosphere is important for customer retention.	0.730			
Q49: I think that the reputation of the company plays an important role in retaining customers.	0.655			
Factor-2: Corporate Social Responsibility		30.153	1.348	0.859
Q55: The firm's involvement in social responsibility activities is important for the retention of customers.	0.940			
Q48: Sensitivity to the environment and social responsibility activities contribution to the corporate image are important in terms of customer retention.	0.900			

(KMO=.613; Bartlett test = Approx.Chi-Square=96.633; df=15, Sig=0.000).

Research Model and Hypotheses After the Factor Analysis: Since three of the dimensions in the model have more than one dimension, there is a need to adjust the research model considering these dimensions of the factors. The summary of the previously explained results of the key decision criteria values for the conducted Factor Analysis are given in Table 5.21.

Table 5.21 Results of the Factor Analyses (Summary)

Hypothesis	Dimension	Factor	Total Variance Explained (%)	% of Variance	Eigenvalues	Cronbach's Alpha
H1	Perceived Product Quality	Factor-1: Perceived Product Quality	51.579	-	2.063	0.712
H2a	Perceived Service Quality	Factor-1: Service Support and Complaint Handling	67.106	34.817	4.837	0.846
H2b		Factor-2: Customer Experience & Suggestions Provided		32.289	1.203	0.813
H3	Perceived Price Fairness	Factor-1: Perceived Price Fairness	52.724	-	2.109	0.699
H4	Customer Retention	Factor-1: Customer Retention	71.326	-	2.853	0.862
H5a	Trust	Factor-1: Trust Towards The Services Provided	71.345	39.133	4.322	0.880
H5b		Factor-2: Trust Towards The Company & Brand		32.212	1.386	0.810
H6a	Corporate Image	Factor-1: Corporate Reputation	68.712	38.559	2.774	0.750
H6b		Factor-2: Corporate Social Responsibility		30.153	1.348	0.859

Depending on the results of the Factor Analysis, research model and the hypotheses are re-formulated. The following figure (Figure 5.2) summarizes the research model after the Factor Analysis results.
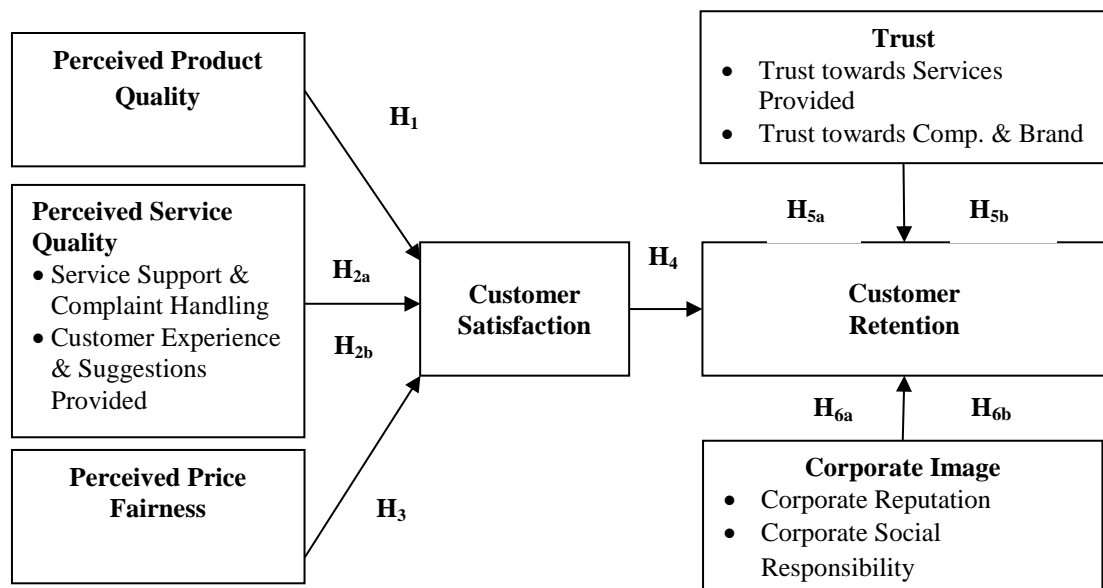
Figure 5.2 Research Model after the Conducted Factor Analysis

Hypotheses of after factor analyses:

H$_1$: There is a significant and positive effect of perceived product quality on customer satisfaction.

H$_2$: There is a significant and positive effect of **a)** service support and complaint handling and **b)** customer experience and suggestions provided on customer satisfaction.

H$_3$: There is a significant and positive effect of perceived price fairness on customer satisfaction.

H$_4$: There is a significant and positive effect of customer satisfaction on customer retention.

H$_5$: There is a significant and positive effect of **a)** trust towards services provided and **b)** trust toward company and brand on customer retention.

H$_6$: There is a significant and positive effect of **a)** corporate reputation and **b)** corporate social responsibility on customer retention.

So, depending on the results of the factor analysis nine hypotheses are provided in total. In total, six of these are formulated as sub hypotheses of H$_2$, H$_5$ and H$_6$.

5.2.2. Results of the Correlation and Regression Analyses

In order to test the hypotheses of the study multiple regression analysis is conducted. Multiple regression analysis is conducted to learn about the relationship between the independent and depended variables and sort out the contribution levels of each dimension. The interpreted data is also to be used to decide whether to accept the hypotheses or not. The first multiple regression analysis was conducted to reveal the effects of perceived product quality, service support & complaint handling, customer experience & suggestions provided and perceived price fairness on customer satisfaction. Since there are several independent variables and only one dependent variable (customer satisfaction) multiple regression analysis was employed.

The other multiple regression analysis was conducted to examine the effects of customer satisfaction, corporate reputation, corporate social responsibility, trust towards services provided and trust towards company & brand on customer retention.

But before the multiple regression analysis a correlation analysis was performed to reveal the correlations between the independent variables. The results of the Pearson correlation analysis are summarized below:

As can be seen from Table 5.22, perceived product quality, service support & complaint handling, customer experience & suggestions provided and perceived price fairness have statistically significant correlations between customer satisfaction (Sig values (p values) respectively are= 0.001; 0.000; 0.000 and 0.000).

The correlation levels of customer satisfaction with;

- Perceived product quality is 46.6%
- Service support & complaint handling is **65.8%**
- Customer experience & suggestions provided is 55.1%
- Perceived price fairness is 52.4%.

The next correlation analysis was performed to reveal the correlations between customer retention, customer satisfaction, trust towards service provided, trust towards company & brand, corporate reputation and corporate social responsibility. The results of the Pearson correlation analysis can be seen from Table 5.23.

Table 5.22 The Results of The Pearson Correlation Analysis -1

Correlations

		CustomerSatisfaction	PerceivedQuality	ServiceSupportComplaint	CustomerExperienceandSuggestions	PerceivedPriceFairness
CustomerSatisfaction	Pearson Correlation	1	,466**	,658**	,551**	,524**
	Sig. (2-tailed)		,001	,000	,000	,000
	N	46	46	46	46	46
PerceivedQuality	Pearson Correlation	,466**	1	,407**	,347*	,302*
	Sig. (2-tailed)	,001		,005	,018	,042
	N	46	46	46	46	46
ServiceSupportComplaint	Pearson Correlation	,658**	,407**	1	,668**	,632**
	Sig. (2-tailed)	,000	,005		,000	,000
	N	46	46	46	46	46
CustomerExperienceand Suggestions	Pearson Correlation	,551**	,347*	,668**	1	,611**
	Sig. (2-tailed)	,000	,018	,000		,000
	N	46	46	46	46	46
PerceivedPriceFairness	Pearson Correlation	,524**	,302*	,632**	,611**	1
	Sig. (2-tailed)	,000	,042	,000	,000	
	N	46	46	46	46	46

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

*. Correlation is significant at the 0.05 level (2-tailed).

Table 5.23 The Results of The Pearson Correlation Analysis -2

Correlations

		CustomerSatisfaction	CustomerRetention	TrustTowardService	TrustTowardCompanyandBrand	CorporateReputation	CorporateSocialResponsibility
CustomerSatisfaction	Pearson Correlation	1	,536**	,397**	,502**	,280	,137
	Sig. (2-tailed)		,000	,006	,000	,060	,365
	N	46	46	46	46	46	46
CustomerRetention	Pearson Correlation	,536**	1	,716**	,823**	,655**	,293*
	Sig. (2-tailed)	,000		,000	,000	,000	,048
	N	46	46	46	46	46	46
TrustTowardService	Pearson Correlation	,397**	,716**	1	,532**	,555**	,169
	Sig. (2-tailed)	,006	,000		,000	,000	,263
	N	46	46	46	46	46	46
TrustTowardCompanyandBrand	Pearson Correlation	,502**	,823**	,532**	1	,605**	,460**
	Sig. (2-tailed)	,000	,000	,000		,000	,001
	N	46	46	46	46	46	46
CorporateReputation	Pearson Correlation	,280	,655**	,555**	,605**	1	,333*
	Sig. (2-tailed)	,060	,000	,000	,000		,024
	N	46	46	46	46	46	46
CorporateSocialResponsibility	Pearson Correlation	,137	,293*	,169	,460**	,333*	1
	Sig. (2-tailed)	,365	,048	,263	,001	,024	
	N	46	46	46	46	46	46

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

*. Correlation is significant at the 0.05 level (2-tailed).

As can be seen from Table 5.23 customer satisfaction, trust towards service, trust towards company & brand, corporate reputation and corporate social responsibility have statistically significant correlations between customer retention (Sig values (p values) respectively are= 0.000; 0.000; 0.000 and 0.048).

The correlation levels of customer retention with;

- Customer satisfaction is 53.6%

- Trust towards service is 71.6%

- Trust towards company & brand is **82.3%**

- Corporate reputation is 65.5%.

- Corporate social responsibility is 29.3%.

Table 5.22 and Table 5.23 point out that although there are correlations between independent variables; there is no multicollinearity since all the correlation levels are below 0.70 (Hair, et.al, 1998, p.193). Since multicollinearity is a critical barrier for multiple regression analysis VIF coefficients are also to be analysed while regression analysis is conducted. The results of the multiple regression analyses are summarized in Table 5.24 and Table 5.25.

Table 5.24 Results of the Multiple Regression Analysis-1

Dependent Variable: Customer Satisfaction	Unstandardized Coefficients		Stand. Coeff.			
Independent Variables	**B**	**Std. Error**	**Beta**	**t**	**Sig. (p)**	**VIF**
Constant	-.354	.739		-.478	.635	
Perceived Product Quality	.238	.132	.219	1.803	.049	1.215
Service Support & Complaint Handling	.566	.229	.405	2.471	.018	2.223
Customer Experience and Suggestions Provided	.153	.187	.129	.821	.042	2.042
Perceived Price Fairness	.167	.204	.123	.821	.001	1.867
R=0.710; R²=0.504; Adjusted R²= 0.456; F =10.425; p =0.000						

As can be seen from Table 5.24 all the VIF scores are below 10 indicating that multicollinearity is not a problem (Hair, et.al, 1998, p.193). So the results of the multiple regression analysis can be interpreted.

The results of the multiple regression analysis point out that perceived product quality, service support & complaint handling, customer experience and suggestions provided, perceived price fairness have statistically significant positive effects on customer satisfaction (The sig values/p values respectively are = 0.049; 0.018; 0.042 and 0.001. They are all below 0.05 which means that the alternative hypotheses are accepted). Thus, it can be concluded that **H_1, H_{2a}, H_{2b}, H_3** are accepted as expected.

In order to see the power of effects of the independent variables on customer satisfaction the Beta coefficients are examined in Table 5.24. Among the independent variables, service support & complaint handling has the greatest impact on customer satisfaction (βservice support & complaint handling =0.405). It is followed by perceived product quality, customer experience and suggestions provided and perceived price fairness respectively (βperceived product quality =0.219, βcustomer experience and suggestions provided =0.129, βperceived price fairness =0.123).

Interpretation of the overall results points out that approximately 50.4% of the variation of customer satisfaction can be explained by the independent variables listed above (perceived product quality, service support & complaint handling, customer experience and suggestions provided, perceived price fairness). The related values of the regression model are R=0.710; **R^2=0.504**; **Adjusted R^2= 0.456**; F =10.425; p =0.000.

In order to see the effects of customer satisfaction, trust towards services provided, trust towards company & brand, corporate reputation and corporate social responsibility on customer retention another multiple regression analysis was conducted. The results of this analysis are summarized in Table 5.25. Since all the VIF scores are below 10 indicating that multicollinearity is not a problem the results of the multiple regression analysis can be interpreted.

Table 5.25 Results of the Multiple Regression Analysis-2

Dependent Variable: Customer Retention	Unstandardized Coefficients		Stand. Coeff.				
Independent Variables	B	Std. Error	Beta	t	Sig. (p)		VIF
Constant	.162	.344		.470	.641		
Customer Satisfaction	.085	.067	.105	1.271	.011		1.409
Trust Toward Service Provided	.282	.081	.314	3.486	.001		1.675
Trust Toward Company & Brand	.525	.101	.552	5.181	.000		2.348
Corporate Reputation	.131	.087	.143	1.517	.007		1.834
Corporate Social Responsibility	.060	.063	.076	.950	.002		1.312

R=0.898; R²=0.807; **Adjusted R²**= 0.782; **F =33.368**; **p** =0.000

The results of the multiple regression analysis point out that customer satisfaction, trust toward services provided, trust toward company & brand, corporate reputation and corporate social responsibility have statistically significant positive effects on customer retention (The sig values/p values respectively are = 0.011; 0.001; 0.000; 0.007 and 0.002. They are all below 0.05 which means that the alternative hypotheses are accepted). Thus, it can be concluded that **H₄, H₅ₐ, H₅ᵦ, H₆ₐ** and **H₆ᵦ** are accepted as expected.

In order to see the power of effects of the independent variables on customer retention the Beta coefficients are examined in Table 5.25. Among the independent variables, trust toward company & brand has the greatest impact on customer retention (βtrust toward company & brand=0.552). It is followed by trust toward services provided, corporate reputation, customer satisfaction and corporate social responsibility respectively (βtrust toward services provided=0.314, β corporate reputation=0.143, βcustomer satisfaction=0.105, βcorporate social responsibility=0.076).

Interpretation of the overall results points out that 80.7% of the variation of customer retention can be explained by the independent variables listed above (customer satisfaction, trust toward company & brand, trust toward services provided, corporate reputation, corporate social responsibility). The related values of the regression model are **R**=0.898; **R^2**=0.807; **Adjusted R^2**= 0.782; **F** =**33.368**; **p** =0.000 signalling a very high level of variance explanation.

CHAPTER 6

6. CONCLUSION

The research was conducted among the members of the BMD, the leading association of the retail sector in Turkey, whose members also have a high representation ability of the sector that is under focus. The target group includes the firms and their managers/administrators who literally direct the sector with their daily applications. Stemming from the respondents' characteristics to have day-to-day interactions about the subject supplies the research a superior feature. As also detailed in the study, "Customer Retention" is an area of research with vital importance; adding the dynamic profile and flexibility of the ready-to-wear organized retailers to adapt and deploy global or local new practices into their business model, this research gains a prominent character. In today's competition based marketspace, customer retention is an undeniable fact, that each company should be improving and giving priority in the formulation of her marketing strategies and action plans.

In today's competition based marketspace, customer retention is an undeniable fact, that each company should be improving and giving priority in the formulation of her marketing strategies and action plans. A decade ago the concentration was to not to miss or lead integration of information and communication technologies (ICT); today Industry 4.0 has already replaced popularity of IT related terms and we are talking about a "technological space" and internet of things (IoT) which are promoting seamless connectivity of things whose data will used by human and/or artificial intelligence to make a decision or make sense. As internet technologies evolve and still revolutionize the way consumers reach the information about their needs, to the point information reaching intervals are shortening and even happening swiftly. The

so called more up to date information and communication technologies (ICT) are transforming data and making it ready to be deployable to any individual customer, in a way which is generating information almost into a sub-symmetric form. Those advancements will surely affect marketing efforts, so that customer retention strategies will be maintaining a highly critical position in academic studies.

This study is the first attempt in Turkey, trying to find out decision making criteria and strategy formulation beliefs and practices of top managers/administrators of organized ready-to-wear textiles industry. Most of the research in literature concentrated only on consumers' findings; so this study can be seen as a further contribution to the existing research inventory. The study also facilitates a path for further research based on its theoretical framework. The response rate leads to really high and satisfactory levels of validity and reliability for the factors used in comprehensive data analysis.

The outcomes and findings of the study are found to support the objectives of the study and as well as the statistical analysis are found to test hypotheses of the study. Results indicate that perceived product quality, service support & complaint handling, customer experience & suggestions provided and perceived price fairness all have significant and positive effects on customer satisfaction. Furthermore, customer satisfaction, trust towards service provided, trust towards company & brand, corporate reputation and corporate social responsibility have significant and positive effects on customer retention. Service support & complaint handling (from welcoming to after sales), customer experience & suggestions provided and trust toward company & brand especially play a key role for sustaining customer retention.

The accuracy and the quality of the information given about the product are perceived to increase customer satisfaction as one of the main product quality obligations. Offering a wide range of products, ensuring that the customer finds what she needs without having to browse another site and providing as many product types as possible both at the off-line and on-line channels are emphasized as other

perceived product quality centric determinants that have positive effect on customer satisfaction.

Outcomes of statistical analysis, that marketing executives, not only respect customer retention efforts, but also try to position their customer satisfaction related operations to a broader level than just "listening to complaints". It is interesting that marketing mix components are not only considered as futile copy - paste marketing activities, but they are regarded as comprehensive tools in reaching customer satisfaction which is built on two essential elements; "service support and complaint handling" and "customer experience and suggestions provided". The factors extracted from the data with high reliability and depicted that executives place great emphasis on service support & complaint handling practices to make a significant difference for consumers. An efficient customer service; starting from welcoming stage all the way to after-sales is the backbone of the system, supported by a clearly defined return policy, multi-channel customer support mechanism, simultaneous care taking of off-line and on-line store service quality levels play a critical role in providing a satisfactory customer experience.

The survey question inquiring "the effect of continuous updating of on-line (internet) store" has been eliminated in initial analysis as a result of factor analysis due to their low anti-image correlation value. It can be considered that this service is seen as a must - lacking it might have negative effects, but doing it will only have companies to keep the pace - and does not sustain a perceived remarkable advantage in reality by the respondents.

Further analyses of the responses show that customer experience and suggestions provided at both off-line and online channel are positioned as main pillars of service quality to be sustained by placing emphasis on suggestions provided according to individuals' search and purchase histories. 24/7 full functionality of company websites is also to be regarded as a key customer satisfaction criteria.

It also appears that, although experience sharing via online communities and clubs are not seen as significantly important as "online search and purchase histories-based

recommendations", they assume a critical role in customer retention strategy formulation of the executives.

Regarding perceived price fairness it is revealed that, marketing professionals value offering customized special discount invitations or discounts for the goods that the customers have shown interest by using their on-line channel surfing history is another tool that the executives are using to sustain customer satisfaction. Either having identical prices at off-line and on-line or better prices at on-line channel have been discarded while factor analysis. It can be inferred that customers are perceived to be flexible to accept different prices whether at off-line or on-line channel.

Explaining the product's price with its advantages and giving the opportunity of comparison are both used to increase customer satisfaction. Additionally, the executives emphasize that, customers are more satisfied when they perceive that the price they pay is appropriate for the quality of the product they receive.

Customer service support and a successful complaint handling process are considered as vital by the professionals. Employees' willingness to listen to their customers' needs is seen at utmost importance in a customer service & support system to reach high customer retention rates. On the other hand, keeping on-line (internet) listed products in stock in sufficient amounts is a target carried out by the retailers to reach higher customer retention values.

The research also reveals that, "trust towards the services provided" and "trust towards the company & the brand" are the main trust-related factors extracted; clearly indicating *trust*'s perceived positive effect on customer retention. The trust/confidence that the customer will receive the product at on-line (internet) orders and customers trust that employees are knowledgeable and competent at what they do are among the most significant components have positive impact on customer retention. Being honest and providing timely accurate information and customers' trust in the brand are perceived to be critically important.

Regarding the corporate image related components of the research model, the factors extracted and the relationships computed bring out two significant factors sustaining customer retention; "corporate reputation" and "corporate social responsibility" of the firm. The survey questions asking about a firm's physical areas' condition and submitting newsletters to customers have been discarded as a result of factor analysis due to low factor loading and to have a higher Cronbach's Alpha value (the latter). A firm's social responsibility activities and sensitivity to the environmental issues are found to be the main contributors which are perceived to result in a better corporate image and are important in terms of customer retention. The research findings also highlight that the respondents, not only care for their online store design and try to have a customized/unique website, but also give importance to off-line store atmosphere. It is seen that these issues surpass the emphasis given on the corporate reputation to sustain customer retention.

Various recommendations for improving customer retention can be given based on the findings of the statistical analysis. For instance, the respondents were asked to rank the top three most important factors in an open ended manner by using the survey question: "What are the most important factors that customers prefer to shop from your store?" The responses given to the question as the first rank reason highlight that trust (21.74%), price/value advantage (21.74%), service quality (8.70%) and product assortment (8.70%) are the top four responses that the professionals perceive. Among the first rank answers, those four reasons' cumulative share sum up to 60.88%. At this point a wider perspective depicts a comprehensive view about top managers' edifice; when we examine frequencies in total for all the ranks there are six reasons with the total frequency score more than 10(refer to Table 5.10), have a cumulative share of 83.33%. Service quality leads the way with 18.84% ratio share being the standing out reason; price/value advantage follows with a ratio of 16.67%. The other four significant reasons are: quality (15.22%), product assortment (12.32%), trust (11.59%), and following latest design trends (8.70%). It can be clearly emphasized that "service quality" is one of the most important tools that the professionals are building their strategies around.

The other side of the medallion should also be mentioned at this point to have a much more complete picture: the respondents were asked to rank three most important reasons resulting customers leaving them. Price competition with 26.09% share and bad service with 21.74% are the two significant first rank responses given to the question. Insufficient inventory and bad after sales service are the perceived following reasons with identical share of 10.87% each. Those four outstanding reasons together sum up to a share of 69.57%.

The responses show that most (56.82%) of the professionals consider and track new and old customer churn rates separately. Another complimentary information is about the customer retention rate metrics that the respondents are following up to evaluate their business results. Most of the respondents prefer to follow up this metric with more than one criteria; the most popular one is in terms of sales volume (78.26%), 67.39% follow up in terms of number of customers and in terms of revenues generated follows with 17.39%. It can be recommended that the professionals should place more emphasis on "revenues generated" in order to classify individual customers based on their financial capabilities.

The generalizability of the research findings due to the use of non-probability sampling may be a limitation for the study. The study has a limited number of respondents due to the nature of its target population. Based on these two issues, it can be concluded that an overall generalization of the research findings to larger populations of other sectors might be misleading. Regarding the importance of the study it can be said that although the study has a limited sample size it provides some implications for the managers/administrators. In other words, the findings may shed light on the marketing activity decisions of managers in shaping and conducting their customer retention strategies and may be a dependable guide for further similar studies.

This study is conducted among a leading Turkish retail association (BMD) and may not be generalized in other industries. However, by employing these constructs and deploying them even in identical form to other industries, researchers would be able

to depict factors that are actively used by industry managers in the same manner to produce generic results.

The study can be updated after a couple of years in order to find out whether there might be other findings and/or a shift in current findings under technological advancements especially after highly probable entrance of Industry 4.0 into Turkish business life.

Cultural differences should be considered when this model is applied in another country. The validity and description ability of variables may change in time and based on the researched sector. Other issues may vary similarly in time and become obsolete also with the contributions of evolving technological and marketing trends.

While this study has explored characteristics of the variables and differences in the perceived importance among executives, future research may detail the reasons of the differences among other industry segments. This study specifically focuses on organized ready-to-wear retailers; nevertheless as the topic of customer retention is vitally important; other sectors or industries may be subject to further research.

Potential opportunistic behaviour of the managers should always be kept in mind as they might be depicting a more optimistic picturing of their companies' desired condition while responding to the survey questions.

The research results also provide tools for both real and virtual markets. On the other hand, application of the same model by targeting customers of the organized ready-to-wear sector can be an interesting field of study which can be used to reveal what customer do prioritize and/or value. Such a research's implications can be compared with the findings of this one and it should be investigated to reveal whether executives' business plans are in line with the consumers' ideas or they are able to form a bond in parallel.

This study with its model and research results is considered to be an important step in providing valuable insights into the determinants for customer retention strategies;

many further research implications can be recommended. Another recommendation for future research will be investigating the conceptual framework as to whether they hold for other retail sectors within BMD context or throughout Turkey as well as in other countries. This study can be used as a starting point to facilitate a nationwide comparative research.

A larger sample of countries from different nations would be appropriate to provide geographical or country-level benchmark on the basis of organized ready-to-wear retailers to figure out potential differences regarding cultural perspectives. Carrying out similar research at other sectors and bringing out sector-by-sector comparisons can be used as an enlargement area of research.

Another remarkable recommendation for future research is to especially concentrate only at the online retail channel. Such a study can be carried out without any sectorial limitations, it can even be planned within a variety of sectors in order to compare likely differences or similarities in online channel strategies amongst sectors; the results may have the potential to shed light on critical success factors of virtual markets. In conclusion, this research draws attention to the progressive importance of customer retention sustaining efforts in organized ready-to-wear sector that is under intense competitive pressure.

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APPENDIX 1. Turkish Version of the Questionnaire

Hazır-Giyim Perakende Sektöründe Müşteri Elde Tutma Dinamikleri
Anket İfade Formu

Anket İfade Formu - 1. Bölüm

Lütfen aşağıdaki ifadeleri değerlendirip verilen seçeneklerden en uygun olanı (X) ile işaretleyiniz.

1	Çalıştığınız firmadaki ünvanınız? (Birden fazla göreviniz varsa, lütfen en üst seviye olanı işaretleyiniz.) ☐Kurucu/Hissedar ☐Yönetim Kurulu Başkanı ☐CEO/Yönetim Kurulu Üyesi ☐Genel Müdür ☐Üst Düzey Yönetici (Pazarlama-Satış Alanında) ☐Diğer(lütfen belirtiniz) ………………………………………
2	Lütfen firmanızın çalışan sayısını belirtiniz. ☐ <25 ☐25-99 ☐100-499 ☐500-999 ☐1000-4999 ☐5000 ve üzeri
3	Şirketinizin 2014 yılı ciro büyüklüğünü belirtiniz. ☐ <50 million TL ☐50-149 million TL ☐150-249 million TL ☐250-500 million TL ☐>500 million TL
4	Cinsiyetiniz? ☐Kadın ☐Erkek
5	Yaşınız? ☐25 − 34 ☐35 − 44 ☐45 − 54 ☐55 − 64 ☐65 yaş ve üstü
6	En son bitirdiğiniz okulun seviyesi nedir? ☐<Liseden az ☐Lise ve dengi okul ☐Yüksekokul ☐Lisans ☐Lisansüstü
7	"Müşteri elde tutma oranı"nızı hangi sıklıkla ölçüyorsunuz? ☐Haftalık ☐Aylık ☐3 Aylık ☐6 Aylık ☐Sezonluk [Yılda ……. sezon] ☐Seçeneklerden farklı ise lütfen belirtiniz: …………………………………………………………………………………
8	"Yeni müşteri" kategorisi için ne kadarlık bir müşteriniz olma süresini temel alıyorsunuz? ☐1 aydan az ☐1-3 ay arası ☐3-6 arası ☐6 ay-1 yıl arası ☐1 yıl ve üzeri ☐Seçeneklerden farklı ise, lütfen açık olarak belirtiniz: ………………………………………………………………
9	"Yeni" ve "eski" müşterilerinizin kayıp oranını ayrı ayrı takip ediyor musunuz? ☐Evet ☐Hayır (Evet ise takip eden soruyu da cevaplayınız)
10	Müşteri elde tutma oranınızı aşağıdakilerden hangisi veya hangileri ile takip ediyorsunuz? (BİRDEN FAZLA İŞARETLEME YAPABİLİRSİNİZ) ☐Müşteri adedi temelinde müşteri elde tutma oranı ☐Satışa TL(Ciro) temelinde müşteri elde tutma oranı ☐Kar TL temelinde müşteri elde tutma oranı
11	Ortalama müşteri olma süresi göz önüne alındığında şirketiniz için aşağıdakilerden hangisi geçerlidir? ☐Bir yıldan az ☐1-3 yıl arasında ☐3-5 yıl arasında ☐5-10 yıl arasında ☐10 yıldan fazla ☐Ölçmüyoruz
12	Firma Adı: ……

Anket İfade Formu -2. Bölüm

Lütfen aşağıdaki ifadelerin her birini, müşterilerinizin tekrar satın alma yapmasını sağlamadaki açısından değerlendirip, verilen seçeneklerden bir tanesi (X) ile işaretleyerek tercihinizi yapınız.

		Kesinlikle Katılmıyorum	Katılmıyorum	Fikrim Yok	Katılıyorum	Tamamen Katılıyorum
1. Kesinlikle Katılmıyorum 2. Katılmıyorum 3. Fikrim Yok 4. Katılıyorum 5. Tamamen Katılıyorum		1	2	3	4	5
13	Ürünler hakkında detaylı bilgi, yeterli tanıtım, kullanıcı görüşleri vb. enformasyon sağlamak müşteriyi tatmini açısından önemlidir.					
14	Ürün hakkında verilen bilginin doğruluğu ve kalitesi müşteri tatmini açısından önemlidir.					
15	Çok çeşitli ürün sunulması, başka bir siteye gitmeye gerek kalmadan tek seferde ihtiyaç olanların bulunmasını sağlamak müşteri tatmini açısından önem taşır.					
16	On-line(internet) kanalda, mümkün olduğunca çok ürün çeşidi sunmak müşteri tatmini açısından önemlidir.					
17	Off-line(mağaza) kanalda, mümkün olduğunca çok ürün çeşidi sunmak müşteri tatmini açısından önem arz eder.					
18	Bize göre müşteri tatmin düzeyimiz yüksektir.					
19	On-line(internet) mağazanın sürekli çalışır durumda olması ve tüm fonksiyonlarının düzgün çalışması müşteri tatmini açısından önemlidir.					
20	On-line(internet) mağazanın sürekli güncellenmesi müşteri tatmini için önemlidir.					
21	Servis ve destek hizmetinin satın alma sürecinin başından sonuna kadar var olması müşteri tatminini olumlu yönde etkiler.					
22	Destek veya servis almak için telefon haricinde on-line (internet) hizmet ve e-mail gibi farklı kanalların mevcut olması müşteri tatminini olumlu yönde etkiler.					
23	On-line(internet) camia veya kulüpler ile mamul veya hizmet deneyimleri hakkında bilgi paylaşılabilmesi müşteri tatmini için önemlidir.					
24	İade politikasının, garanti şartlarının ve para iadesinin nasıl alınacağının açıkça belirtilmesi müşteri tatmini açısından önemlidir.					
25	On-line(internet) mağazada, müşteri alışveriş tercihlerine göre öneriler sunulması müşteri tatmini açısından önemlidir.					
26	On-line(internet) mağazada, müşteri gezinti geçmişine göre öneriler sunulması müşteri tatmini açısından önemlidir.					

		Kesinlikle Katılmıyorum	Katılmıyorum	Fikrim Yok	Katılıyorum	Tamamen Katılıyorum
1. Kesinlikle Katılmıyorum 2. Katılmıyorum 3. Fikrim Yok 4. Katılıyorum 5. Tamamen Katılıyorum		1	2	3	4	5
27	Off-line (mağaza) hizmet kalite düzeyi müşteri tatmininin önemli bir belirleyicisidir.					
28	On-line (internet) hizmet kalite düzeyi müşteri tatmininin önemli bir belirleyicisidir.					
29	Ürün fiyatı, avantajları ile açıklandığında ve kıyaslama fırsatı verilmesi müşteri tatmini açısından avantaj sunmaktadır.					
30	Müşterilerinize özel indirim davetleri göndermek müşteri tatmini bakımından önemlidir.					
31	On-line(internet) mağazanın müşterilerin ilgilendikleri ürünleri hafızasında tutup, bunlara indirim önermesi müşteri tatmini açısından önemlidir.					
32	Müşteriler ödediği fiyatı aldığı ürün kalitesi açısından uygun bulmaları müşteri tatmini açısından önemlidir.					
33	On-line(internet) ve off-line(mağaza) satış kanallarındaki ürün fiyatının her zaman aynı olmasının müşteri tatmini için önemlidir.					
34	On-line(internet) kanalda daha iyi fiyat sunulması müşteri tatmini için önem taşır.					
35	Müşteri hizmetleri desteği ve başarılı bir şikayet yönetim sürecinin olması müşteri tatmini arttırarak elde tutulmalarına katkı sağlar.					
36	Müşteri şikayetlerine etkin çözüm üretebilmek müşterileri elde tutmamıza katkı sağlar.					
37	Çalışanların, müşterinin ihtiyaçlarını istekli bir şekilde dinlemesi müşterilerin elde tutulması bakımından olumlu etki yapar.					
38	Varsa, on-line(internet) kanalda sunulan fiyat avantajı nedenleri belirtildiğinde müşterinin elde tutulmasına olumlu etki yapar.					
39	On-line(internet) satışa sunulan ürünlerin stokda olması müşterilerin elde tutulmasına olumlu katkı sağlar.					
40	Kredi kartı bilgileri, kişisel bilgiler ve satın alma kayıtları gibi, on-line (internet) bilginin güvenliği müşteri güveni oluşturmada olumlu etki yapar.					
41	Müşterilerin taahhütlerimizi yerine getirme yeteneğimize olan güveni müşterileri elde tutmamızda olumlu rol oynar.					
42	Müşterinin, belirtilen teslim süresinde ürününün teslim edileceğine dair güven duyması müşterinin elde tutulması bakımından olumlu etki yapar.					
43	On-line(internet) siparişlerde, müşterinin ürünün gönderileceğine olan güvenci müşterilerin elde tutulması açısından önemlidir.					

		Kesinlikle Katılmıyorum	Katılmıyorum	Fikrim Yok	Katılıyorum	Tamamen Katılıyorum
1. Kesinlikle Katılmıyorum 2. Katılmıyorum 3. Fikrim Yok 4. Katılıyorum 5. Tamamen Katılıyorum		1	2	3	4	5
44	Müşterilere dürüst davranıp zamanında doğru bilgi verilmesi önemlidir.					
45	Müşterilerin çalışanların ürün ve hizmetleri sunma becerisine güvenmesi müşteri güveni açısından önemlidir.					
46	Çalışanların yaptıkları işte bilgili ve becerili olduklarına duyulan müşteri güveni müşterileri elde tutulması açısından önem taşır.					
47	Müşterilerin markaya güvenmesi onların elde tutulmasına olumlu yönde katkı sağlar.					
48	Çevreye olan duyarlılık ve sosyal sorumluluk faaliyetlerinin şirket imajına katkısı, müşterilerin elde tutulması açısından önem taşır.					
49	Firma itibarının müşterileri elde tutmada önemli bir rolü olduğunu düşünüyorum.					
50	Firmanın faaliyet gösterdiği fiziki alanların iyi durumda olması müşteri elde tutma bakımdan önemlidir.					
51	Müşterilerinize haber bülteni göndermek müşteri elde tutma bakımından olumlu etki yapar.					
52	Kendine özgün bir internet sitesi dizaynı, müşteri elde tutma bakımından önemlidir.					
53	Off-line mağaza atmosferi, müşterileri elde tutma bakımından önemlidir.					
54	On-line(internet) mağaza dizaynı, müşterileri elde tutma bakımından önemlidir.					
55	Firmanın sosyal sorumluluk faaliyetlerinde bulunması, müşterilerin elde tutulması açısından önem taşır.					

Lütfen aşağıdaki sorular hakkındaki tespitlerinizi belirtiniz.

56. Müşterilerinizin firmanızdan alışveriş yapmaya devam etmesini sağlayan en önemli üç husus:	57. Müşterilerinizin firmanızdan alışveriş yapmayı bırakmasına sebep olan en önemli üç husus:
1.	1. ....
2.	2. ....
3.	3. ....

Firma Adı: ....

Zaman ayırdığınız için teşekkür ederiz.

Prof. Dr. Murat FERMAN, Kemal Özkan YILMAZ

APPENDIX 2. The Cover Letter

Sayın…,

Kemal Özkan Yılmaz, Enstitü'müz "Çağdaş İşletme Yönetimi Doktora Programı"nda lisansüstü düzeydeki çalışmalarını sürdürmektedir.

Doktora yeterliğini kazandıktan sonra, kendisinin hazırlamakta olduğu tez, "müşteri elde tutma" alanındadır; söz konusu çalışmanın özgün saha araştırması olarak, perakende alanında ülkemizin en başarılı şirketlerinin değerli üst düzey yöneticileri nezdinde bir anket uygulaması planlanmıştır.

Uygulamalı bir bilim dalı olan işletme yönetimi alanında, ülkemiz için geçerli özgün bilimsel araştırmaların zenginleştirilmesi yolunda, bu çalışmaya sağlayacağınız katkı ve destek için teşekkürlerimizi ve en iyi dileklerimizi sunarım.

Saygılarımla,
Prof. Dr. Murat Ferman

APPENDIX 3. English Version of the Questionnaire

	Customer Retention Dynamics Ready-to-Wear Retailers
	Survey Expression Form

Survey Expression Form - Part 1

Please evaluate the following statements and mark the most appropriate option with (X).

1	Your title? (If you have more than one task, please mark the highest level.) ☐Founder / Shareholder ☐Chairman of the Board ☐CEO / Board Member ☐General Manager ☐Senior Manager (Marketing-Sales Area) ☐Other (please specify) …………………………………..
2	Please indicate the number of employees of your company. ☐ <25 ☐25-99 ☐100-499 ☐500-999 ☐1000-4999 ☐ 5000 and over
3	Please indicate your company's 2014 turnover size. ☐ <50 million TL ☐50-149 million TL ☐150-249 million TL ☐250-500 million TL ☐>500 million TL
4	Your gender? ☐Female ☐Male
5	Your age? ☐25 − 34 ☐35 − 44 ☐45 − 54 ☐55 − 64 ☐65 and over
6	What level of school you finished last? ☐<Less than high school ☐High school or equivalent ☐ Undergraduate ☐Graduate
7	How often do you measure "customer retention" rates? ☐Weekly ☐Monthly ☐Every 3 months ☐Every 6 months ☐Seasonal [……. Seasons a year] ☐Please specify if it is different from the above options: ……………………………………………………………
8	How much of a customer is you based on for the "new customer" category? ☐ Less than 1 year ☐ 1-3 months ☐4-6 months ☐ 7 Month - 1 Year ☐ More than 1 Year ☐Please specify if it is different from the above options: ……………………………………………………………
9	Do you track the churn rates of "new" and "old" customers respectively? ☐Yes ☐No (If your answer is "Yes", please answer the following questions)
10	With which of the following measures do you follow-up your customer retention rates? (YOU CAN MAKE MULTIPLE MARKINGS) ☐Customer retention rate on the basis of customer quantities ☐Customer retention rate on sales TL (turnover) basis ☐Customer retention rate based on profit TL
11	Which of the following applies to your company when you consider the average customer turnover? ☐less than one years ☐1-3 yearss ☐3-5 years ☐5-10 ☐More than 1 year ☐Not measured
12	Company Name: ……

Survey Expression Form - Part 2

Please rate each of the following statements in terms of their contribution to your customers re-purchase intentions and make a single choice by marking one of the given options with (X).

		I totally disagree	I disagree	I have no idea	I agree	I totally agree
1. I totally disagree 2. I disagree 3. I have no idea 4. I agree 5. I totally agree		1	2	3	4	5
13	Providing detailed information, sufficient introduction, user opinions etc. about the products is important in terms of customer satisfaction.					
14	The accuracy and quality of the information given about the product is important for customer satisfaction.					
15	Offering a wide range of products, ensuring that you find what you need, without having to browse another site is crucial to customer satisfaction.					
16	Offering as many product types as possible in the on-line (internet) channel is important for customer satisfaction.					
17	Offering as many product types as possible in the off-line (store) channel is important for customer satisfaction.					
18	We believe that, we have a high level of customer satisfaction.					
19	Having the on-line (internet) store always working condition and proper functioning of all functions is important for customer satisfaction.					
20	Continuous updating of the on-line (internet) store is important for customer satisfaction.					
21	It is important for customer satisfaction to have customer service and support from the beginning to the end of the buying period.					
22	The availability of different channels such as on-line (internet) service and e-mail other than tele-support as a service affects customer satisfaction positively.					
23	Sharing information about product or service experience via on-line (internet) communities or club is important for customer satisfaction.					
24	Clearly specifying the return policy, the guarantee terms and how to get the money back is important for customer satisfaction.					
25	Offering suggestions according to customers' shopping preferences at the on-line (internet) store is important for customer satisfaction.					
26	Offering suggestions based on customer's on-line navigation history is important for customer satisfaction.					

		I totally disagree	I disagree	I have no idea	I agree	I totally agree
1. I totally disagree 2. I disagree 3. I have no idea 4. I agree 5. I totally agree		1	2	3	4	5
27	Off-line (store) service quality level is an important determinant of customer satisfaction.					
28	On-line (internet) service quality level is an important determinant of customer satisfaction.					
29	When the product price is explained with its advantages, and the comparison opportunity is given, it offers an advantage in terms of customer satisfaction.					
30	Sending special discount invitations to your customers is important for customer satisfaction.					
31	Keeping history of the products that customers are interested in and proposing discounts at the on-line channel is important in terms of customer satisfaction.					
32	It is important for the customer satisfaction that the price paid by the customers is appropriate in terms of product quality.					
33	It is important for customer satisfaction that the price of products on the on-line (internet) and off-line (store) sales channels are always the same.					
34	Better price on on-line (internet) channel is important for customer satisfaction.					
35	Customer service support and a successful complaints management process contribute to customer retention by increasing customer satisfaction.					
36	Being able to produce effective solutions to customer complaints contributes to our ability to retain customers.					
37	Employees' willingness to listen to customers' needs has a positive impact on customer retention.					
38	If any,a price advantage explained with its reasons offered in the on-line (internet) channel has a positive effect on customer retention.					
39	Keeping on-line (internet) offered products in stock contribute positively to customer retention.					
40	On-line (internet) information security, such as credit card information, personal information and purchase records, has a positive impact on customer trust.					
41	Customer confidence in our ability to fulfill our commitments has a positive effect on our ability to retain customers.					
42	The customer's trust that the product will be delivered at the stated delivery time will have a positive effect on the customers retention.					
43	In the case of on-line (internet) orders, the trust that the customer's product will be shipped is important for the retention of customers.					

		I totally disagree	I disagree	I have no idea	I agree	I totally agree
1. I totally disagree 2. I disagree 3. I have no idea 4. I agree 5. I totally agree		1	2	3	4	5
44	It is important to be honest with customers and provide accurate information on time.					
45	Customer trust in the ability of employees to offer products and services is important in terms of customer retention.					
46	Customer confidence that employees are knowledgeable and competent at what they do is important for retaining customers.					
47	Customers' trust in the brand contributes positively to their retention.					
48	Sensitivity to the environment and social responsibility activities contribution to the corporate image are important in terms of customer retention.					
49	I think that the reputation of the company plays an important role in retaining customers.					
50	The fact that the firm's physical areas are in good condition is important for customer retention.					
51	Sending a newsletters to our customers has a positive impact on customer retention.					
52	A unique website design is important for customer retention.					
53	Off-line store atmosphere is important for customer retention.					
54	On-line (internet) store design is important for customer retention.					
55	The firm's involvement in social responsibility activities is important for the retention of customers.					

Please indicate your findings regarding the following questions.

56. The three most important things that enable your customers to continue to buy from your company are:	57. The three most important issues that have caused your customers to stop buying your company:
1.	1. ....
2.	2. ....
3.	3. ....

Company name : ....

Thank you for your time.

Prof. Dr. Murat FERMAN, Kemal Özkan YILMAZ

VITA

Kemal Özkan YILMAZ was born in 1975 in İstanbul. After his graduation from F.M.V. Özel Işık Lisesi, he began his undergraduate studies at the Industrial Engineering Department of Yıldız Technical University. After his undergraduate degree as an Industrial Engineer, he has started his professional career by joining Beko Elektronik A.Ş., where he served in engineering & international trade areas, and simultaneously completed Master of Arts in Management and Organizational Studies at Marmara University. He has also occupied executive positions at companies such as Teknosa and Mudo who are in retail sector; he has also occupied executive and steering committee positions of private companies. His professional career at private companies includes both performing and hands on management, and also systems design and strategy formulation roles; where he also had the chance of being an instructor in deploying world class manufacturing techniques, quality management philosophies and formulating business development strategies. The related companies' efforts were also crowned with local and international quality awards and prizes. During his professional career years, he also started his Ph.D. degree in Contemporary Business Studies Program at Işık University.