

**TORQUE – THE ROTATING FORCE TO BRING
CUSTOMER BACK
A RELATIONSHIP MARKETING MODEL**

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**TORQUE – MÜŞTERİYİ GERİ DÖNDÜRME KUVVETİ
BİR İLİŞKİSEL PAZARLAMA MODELİ**

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FOREWORD

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ABBREVIATIONS

TORQUE	Technology, Organisational change, Relationship building, Quality, Uniqueness, Ethics
FMCG	Fast Moving Consumer Goods
RDBMS	Relational Database Management Systems
CRM	Customer Relationship Management
SFA	Sales Force Automation
B2C	Business to Consumer
B2B	Business to Business
RFM	Recency Frequency Monetary
TRM	Total Relationship Management
TQM	Total Quality Management
ERP	Enterprise Resource Planning
IT	Information Technology
OLAP	On-line Analytical Processing



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TORQUE – MÜŞTERİYİ GERİ DÖNDÜRME KUVVETİ BİR İLİŞKİSEL PAZARLAMA MODELİ

ÖZET

İlişkisel pazarlama, müşterilerle kurulan güçlü ilişkiler sayesinde, gelirlerin artırılması ve maliyetlerin düşürülmesi gibi beklentileri de içinde barındıran, son zamanların oldukça popüler bir konusudur. Popüleritesine rağmen, ilişkisel pazarlamayı operasyonel hale getirmeye yönelik hazırlanmış akademik çalışma sayısı oldukça azdır. TORQUE modeli bu amaçla geliştirilmiştir. Torque (Türkçe Tork) kelimesi fizik ve kimyada ‘döndürme kuvveti’ anlamına gelmektedir. Bu tez, TORQUE kelimesi için yeni bir anlam önermektedir: müşteriyi geri getirmeye yol açan döndürme kuvveti. Kelime aynı zamanda Teknoloji, Organizasyonel değişim, İlişki geliştirme, Kalite, Benzersizlik ve Etik kavramlarının (ingilizce karşılıklarının) kısaltmasıdır. Bütün bu adımlar ilişkisel pazarlamayı operasyonel hale geçirmek için önemlidir.

TORQUE modeli, müşteri ile kurulacak sağlıklı bir ilişki ile müşterinin tanınması ve bu sayede müşteri sadakatinin, gelirlerin ve karlılığın artmasını hedeflemektedir. Model, ilişki stratejisinin tanımlanmasından, kaliteye, karşılıklı güvenden, kişiselleştirilmiş hizmetlere kadar pek çok başlığı içermekte ve ilişkisel pazarlamayı uyarlayacak firmaların organizasyon yapısında belli değişimlere gitmeleri, teknolojik olarak alt yapılarını geliştirmeleri gereğini vurgulamaktadır. Modelin odak noktalarından biri iletişim kanalları olup, bu kanallardan internet ve sadakat programları ön plana çıkmaktadır. Model kapsamında, her iki aracın da entegre kullanılması ile müşteri alışveriş alışkanlıklarının ve satın alma eğilimlerinin takip edilebilmesi ve bu sayede çapraz satış, hatırlatma satışı, yukarı satış, marka satışı gibi taktiklerin kullanılması mümkün olmaktadır.

Tez, TORQUE modelinin Gima alternatif kanallarına hipotetik olarak uyarlanmasını da içermektedir. Model sadece perakende sektörüne özel değildir ve farklı pazarlar için de çalışmalar gerçekleştirilmesi mümkündür.

Anahtar Kelimeler

İlişkisel Pazarlama, Sadakat Kartları, Sadakat Programları, Müşteri İhtiyaçları, Birebir pazarlama, internet, Müşteri Segmentasyonu, Kampanya Yönetimi, Müşteri İlişkileri Yönetimi (CRM), Müşteri Tatmini

TORQUE – THE ROTATING FORCE TO BRING CUSTOMER BACK A RELATIONSHIP MARKETING MODEL

SUMMARY

Relationship marketing is a popular concept, with expected benefits of increasing revenue and decreasing costs, by building robust relationships with customers. Despite its popularity, the number of academic works on making relationship marketing operational is very scarce. The TORQUE Model is developed for this reason. TORQUE means simply the 'rotating force' in physics and chemistry. This thesis proposes a new meaning for TORQUE, which is the rotating force that makes the customer come back. It is the abbreviation of Technology, Organisational change, Relationship building, Quality, Uniqueness and Ethics. Each of these steps are important for making relationship marketing operational.

The main target of the TORQUE model is to increase customer satisfaction, revenue and profitability through building a healthy relationship with the customer. The model includes several themes from defining the relationship strategy, quality, trust, to personalised services, and have suggestions on the need for an organisational change and technological infrastructure. One of the focus points for the model is the communication channels, with a special impact on internet and loyalty programs. With the integrated usage of both channels, it is possible to detect customer shopping habits and their buying behaviours, and by this way tactics like cross sales, reminder sales, up-selling, brand selling may be implemented.

The thesis also includes a hypothetical implementation of TORQUE on Gima's alternative channels. The model is not only retail specific and future studies may be completed in different markets.

Keywords

Relationship Marketing, Loyalty Cards, Loyalty Programs, Customer Needs, One-to-one marketing, internet, Customer Segmentation, Campaign Management, Customer Relationship Management (CRM), Customer Satisfaction

1.INTRODUCTION

In the book “Crowning the Customer”, Quinn [1] describes an approach called ‘the boomerang principle’ which can be stated quite simply as ‘the main task in business is to bring the customer back’.

Late nineties had two realities – the internet effect and the customer as an ‘asset’.

The customer ‘asset’ has been discovered in though competitive conditions, due to fixed number of customers. It was harder and more expensive to recruit new customers when compared to keeping the existing customer base.

Relationship marketing is a strategic tool to solve this problem. Relationship marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the involved are met. This is done by mutual exchange and fulfillment of promises. [2]

Loyalty programs, which are mostly based on loyalty cards, are accepted as the key relationship tool for keeping profitable customers and increasing their satisfaction especially in some specific industries like retail, airlines, hospitality and services [3].

Although loyalty programs may have a valuable role in retail marketing, they can achieve very light loyalty when they are viewed simply as ‘point accrual programmes’[4] . Loyalty programs as any marketing tool, may easily be copied and reproduced by competition. Martha Rogers, the founder of the Peppers and Rogers group, mentions their company motto as follows: ‘the only thing that the competition can not copy, is to know and understand your customer’. For this reason when loyalty programs are used as a tool of the relationship marketing philosophy, it will be unreplicable and be beyond ‘point accrual’.

Loyalty cards/programs are not the only tool for relationship marketing, as Desmond [5] asks in his whitepaper “Marketing and the War Machine”: ‘Where would relationship marketing be without smart cards, barcodes, scanners, computer networks, relational databases and all the rest of the paraphernalia that are

necessary to try to persuade me, “the consumer”, that there is in fact a one-on-one relationship?’

Internet, the other reality of the late nineties is another effective tool for relationship marketing. Internet was discovered within three phases: first by the end users, then by the internet-based dotcom companies and finally by “the” business. The use of internet for business has different sides: business to business (B2B) integration, an alternative channel for selling products, an image tool as the corporate portal, collaboration, partner engagement and even training employees (e-learning). But the most important one (especially for this study) is about detecting the customer behavior.

Any company that has a web page, can monitor all the activities done by a visitor. Even, if there is no personal information about her/him, the company can rate which advertisements, links, news, sections s/he is interested in. There are companies that build their marketing plans according to this ‘anonymous’ visitors information.

Although, loyalty programs and internet are important tools for relationship marketing, they should be backed up with solid strategies. The strategies and the tools should be a part of a complete operational model. And although there is extensive academic work on relationship marketing, the number of proposed operational models is very limited.

This thesis proposes an operational model for relationship marketing called ‘TORQUE’. Torque is a well known concept in science, it means ‘rotating force’ for physics, and ‘ability to overcome resistance’ in mechanical engineering. [6]

This study proposes a new meaning for torque – a marketing model that force the customer come back to the company, ability to overcome their resistance, and increase their loyalty. In another words TORQUE is designed to bring the customer back.

TORQUE is an abbreviation. It is the combination of:

- Technology,
- Organisational change,
- Relationship Building,

- Quality,
- Uniqueness and
- Ethics.

The outline of this thesis is composed of five major sections, including introduction as Section 1.

Section 2 focuses on defining relationship marketing. The needs for relationship marketing, comparison of relationship marketing with opposite (transactional marketing) and similar (direct marketing, database marketing, one-to-one marketing) concepts are also key topics in this section.

Section 3 mentions the dependencies on implementing relationship marketing, namely:

- Product - Should relationship marketing be implemented for any kind of product?
- Industry - Are all industries applicable to relationship marketing?
- Culture - What are the cultural barriers and opportunities for relationship marketing?
- Total cost of ownership – What is the total budget of the transformation?

Section 4 defines the TORQUE model. Although each letter represents a meaning in TORQUE, the order is a little bit different. The model starts from the R step and ends with the O step, in other words R-Q-U-E-T-O. This order is a more logical order, as each step is built on the previous one. That is to say, the R step, namely relationship building is the core of this model. The steps are defined in detail as subsections of Section 4.

The research part, Section 5, of the thesis also includes an implementation of the TORQUE model in the retail market, with a well known Turkish retailer – Gima. This section includes a general look to the Turkish retail market. Gima is analyzed in detail for relationship marketing implementations for the alternative channels including the internet shop.

The thesis is concluded with the conclusion and recommendations for future work part.

2.RELATIONSHIP MARKETING

The number of studies on just defining ‘Relationship Marketing’ shows that there is no consensus among a single definition. Several studies had been completed on comparing the definitions of relationship marketing. [7]

Harker’s study [7], which includes twenty six definitions, has been concluded by seven conceptual categories in defining relationship marketing: All the definitions mention the ‘creation’ of a relationship with the customer, its ‘development’ and ‘maintenance’. Most of the definitions point out that the relation must have an ‘output’, it should be based on ‘emotional content’, should have a ‘long term’ vision and be ‘interactive’. The following table is a summary of twenty six different definition.

Table 2.1. Buzzwords in defining relationship marketing [7]

Creation	Attracting, establish, getting
Development	Enhancing, strenghtening
Maintenance	Sustaining, stable, keeping
Interactive	Exchange, Mutually, Co-operative
Long Term	Lasting, Permanent, retaining
Emotional Content	Commitment, Trust, Promises
Output	Profitable, rewarding, efficiency

One of the reasons for the number and variety of the definitions arise from the different schools of thought on relationship marketing. A study [8] has focused on this area and summarized the major groups and their important members as follows:

- The IMP(Industrial Marketing and Purchasing) group: Hakansson, Turnbull and Valla
- The Nordic School of Services: Berry, Grönroos and Gummesson

- The Social Exchange School: Bagozzi, Houston, Gassheimer and Hunt

Grönroos was from one of these important groups. As a member of the Nordic Schools, his definition [2] is the most widely accepted one: “Relationship marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the involved are met. This is done by mutual exchange and fulfillment of promises.”

Since there is no single definition, it will be helpful to compare relationship marketing with similar and opposite concepts. In the following sub-sections relationship marketing will be compared with:

- transactional marketing (Section 2.2)
- direct marketing (Section 2.3)
- one-to-one marketing (Section 2.3)
- database marketing (Section 2.3)

After defining relationship marketing, and before going into the details of comparisons, the following question should be answered: “Why relationship marketing?”

The next section focuses on this question.

2.1.THE RELATIONSHIP MARKETING EFFECT

Organisations frequently acknowledge that existing customers are easier to sell to and are frequently more profitable than new customers.

A successful implementation that generates customer retention, will affect the profit ratio as mentioned by Reicheld [9]: “At MBNA (in the credit card business in the USA), a 5 per cent increase in retention increases the company’s profit by 60 per cent by the fifth year”

The 1997 edition of the Customer Loyalty Report [10] says that a supermarket’s most loyal customers are around 1,000 times more profitable than its least loyal.

Payne [11] summarizes the loyal customer effect with the following points:

- customer expenditure increases over time;
- repeat customers often cost less to service;

- satisfied customers provide referrals;
- satisfied customers may be prepared to pay a price premium
- sales and marketing and set-up costs are amortized over a longer customer lifetime;

In spite of these, many organisations still devote more resources to attracting new customers than keeping those that already exist. In other words, companies are still focusing on turning prospects into customers. Little effort goes into keeping the new customer, improving their relationship with the company and progressing them up the ladder. In general, existing customers are taken for granted. Only when some breakdown in service quality occurs and the customer defects or is about to defect does the attention swing towards them. Often this is too late and the customer is lost.

2.1.1. Customer Loyalty Ladder

The relationship marketing approach views customer loyalty as a ladder showing the progression of relationships customers can have with an organisation [11].
[Figure 2.1]

The first step on the ladder is a prospect. The first marketing task is to convert the prospect into a customer. A customer is described in a narrow sense as someone who has done business with the organisation only once. The next marketing task is to generate repeat business with that customer. At this point, they become a client – someone who is neutral, or possibly negative towards the organisation.

The distinction between a client and a supporter (the next step on the ladder) can be illustrated with reference to a bank. A client may have been doing business with a bank for years, but may not be particularly happy with it or may even have a negative attitude towards it. On the other hand, if they are a supporter of the bank, they are positively disposed towards it and are quite happy with the bank's services. However, a supporter is typically passive and not outspoken about the bank's performance.

At the next level, an advocate is someone who is so pleased with the services or products they are receiving that they actively recommend them to others.

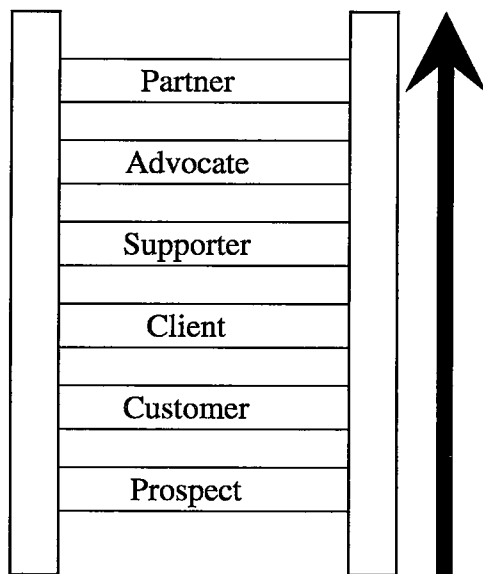


Figure 2.1. The Customer Loyalty Ladder [11]

Partner: someone who has the relationship of a partner with the company

Advocate: someone who actively recommends the company to others, who does marketing for the company

Supporter: someone who likes the organisation, but supports the company passively

Client: someone who has done business with the company on a repeat basis but may be negative, or at best neutral, towards the organisation

Customer: someone who has done business just once with the organisation

Prospect: someone who may be persuaded to do business with the company

The final step on the ladder is a partner. This represents a situation where a very close and long-term relationship is developed between a supplier and customer, based on satisfaction of mutual needs. This last step is particularly applicable to business-to-business relationships.

Relationship marketing helps to move the customer upwards in the loyalty ladder. Customer satisfaction is one of the key factors for this. Customer satisfaction depends on lots of different aspects.

2.1.2. Marketing Strategy Continuum

Grönroos[2] mentions that “building a highly loyal customer base cannot be done as an add-on. It must be integral to a company’s basic business strategy”. Hence, it should be useful to think about possible marketing approaches or strategies along a marketing strategy continuum.

Table 2.2 is designed by Grönroos with this mentality. Relationship marketing and Transactional Marketing are compared accordingly.

Table 2.2. Marketing Strategy Continuum [2]

The Strategy Continuum	Transaction Marketing	Relationship Marketing

Time perspective	Short-term focus	Long-term focus
Dominating marketing Function	Marketing mix	Interactive marketing (supported by marketing mix)
Price elasticity	Customers tend to be more sensitive to price	Customers tend to be less sensitive to price
Dominating Quality Dimension	Quality of output (technical quality)	Quality of interactions (functional quality)
Measurement of Customer Satisfaction	Monitoring market share (indirect approach)	Managing the customer base (direct approach)
Customer Information System	Ad hoc customer satisfaction surveys	Real-time customer feedback system
Interdependency btw marketing, operations & personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success

The product continuum	Consumer packaged goods → ← Consumer durables → ← Industrial goods → ← Services	

Relationship marketing is placed at one end of the continuum. Here, the general focus is on building relationships with customers. The relationships are intended to be long-term. At the other end of the continuum is transaction marketing where the focus of marketing is on one transaction at a time. Thus, marketing revolves around creating single transactions or exchanges at a time.

The more a firm moves to the right on the marketing strategy continuum away from a transaction-type situation, the more the market offer expands beyond the core product. Installing goods, technical service, advice about how to use a physical

good or a service, just-in-time logistics, customer-adapted invoicing, technical know-how, information, social contacts and a host of other elements of bigger or smaller magnitude are added to the relationship, so that it becomes more attractive and indeed profitable for the customer (and other parties as well) to engage in an ongoing relationship with a given partner on the marketplace. All such elements are different types of services. The more the firm adopts a relationship marketing strategy, the more it has to understand how to manage these service elements of its market offer[2].

Value is considered to be an important constituent of relationship marketing [12]. By adding more value to the core product (improved product quality, included supporting services into the offering, etc.) companies try to improve customer satisfaction so that the bonds are strengthened and customer loyalty thereby achieved.

Share of the customer concept is a direct output of the relationship marketing.

2.1.3.Share of the Customer

Peppers and Rogers [13] point that the true success of relationship marketing will result from growth in the “share of customer” . Increasing share of customer does not just mean ensuring that each individual who buys a company’s product is satisfied using that product instead of some other brand and thus continues to buy more of the same product. A successful share-of-customer strategy requires a company to approach a high-potential customer as a unique individual, to address his or her needs and to try to persuade this person to buy more and more of the company’s products over the lifetime of the relationship.

The needs for relationship marketing are pointed in detail althrough the section. To summarize, the main target is to keep the existing customer, increase his/her loyalty and move to upper steps through the loyalty ladder.

Although relationship marketing is compared with transactional marketing, there is a need for comparing other and more similar concepts. The reason is the misinterpretation and misuse of these terms instead of relationship marketing. The next section presents the comparison in detail.

2.2.DIRECT MARKETING VERSUS RELATIONSHIP MARKETING

Most of the time, to propose a new definition of relationship marketing, it is compared with transactional marketing. When defining a new terminology similar terms are as important as the opposite ones. There are many other buzzwords in the market today: database marketing, direct marketing, one-to-one marketing are some examples. The number of studies that mention the differences between these similar terms is very limited. In fact there are some cases where these replace the term “relationship marketing”.

From the above list ‘one-to-one marketing’ is exactly the same with relationship marketing, but used infrequently in the academic world. One-to-one marketing is always remembered with the two scholars that have originated the concept. Peppers & Rogers are not only the sponsor of this concept, but also formed a consultancy firm based on this philosophy. They also mention that the two terminologies are exactly the same [13] with the following sentences:

‘An innovative alternative to mass marketing has begun to receive attention from companies eager to capitalize on the many opportunities offered by new information technology. The objective of this new marketing paradigm – called “one-to-one marketing” or “relationship marketing” – is to give an enterprise the capacity to treat its customers as individuals and thereby develop a continuing business relationship with them.’

Despite this, it is not the case for database marketing and direct marketing. Although they are similar concepts with relationship marketing, they are not the same.

Relationship marketing’s origins can be traced directly to the field of direct marketing, which in turn emerged from the field known as ‘mail order’ prior to late 1960’s.

Direct Marketing is defined as all kinds of non-store retailing in marketing textbooks. [14] Non-store retailing includes not only direct marketing but also direct selling. The main types of direct marketing are direct mail, catalog marketing, telemarketing, television marketing(home shopping channels) and electronic shopping.

Nearly all of these alternatives depend on customer databases. That is why, direct marketing and database marketing are two terms always remembered together.

Database Marketing is defined as follows:

‘Database marketing is the process of systematically collecting, in electronic or optical form, data about past, current and/or potential customers, maintaining the integrity of the data by continually monitoring customer purchases and/or by inquiring about changing status and using the data to formulate marketing strategy and foster personalised relationships with customers.’ [15]

The implementation of marketing databases has not been without difficulty. Kohli and Gupta suggest reasons why databases have failed to help some businesses market [15]:

- pursued database marketing without exhaustively considering data needs,
- did not fully utilize the customer data
- overlooked the future data needs
- organised the data poorly or
- failed to integrate all necessary functional areas.

One of the practices increasingly applied in consumer marketing is the maintenance of customer databases. As technology has become more widely available, the use of databases has become commonplace. This has created a situation where some practitioners and authors have drawn a close link between relationship marketing and database marketing. This view of relationship marketing is, however, one sided.

The establishment and maintenance of databases does not constitute an effort to forge true relationships. [16] Databases can be used to target customers, with the customer having little or no knowledge of the company in question or the existence of the database. In addition, databases are limited in the extent to which they can help manage genuine relationships.

To give an example, a company may send the same catalog, mail, e-mail to all their customer database, and start a direct/database marketing campaign. This is unacceptable in the case of relationship marketing – the message to each customer should be unique and personalised.

Most of the time, direct marketing tools are used to increase short term revenue. In relationship marketing, the lifetime value for customer is more important than short time revenue. For this reason ethics and quality are two important factors.

In relationship marketing each employee of the company should be ‘part-time marketer’ [17]. For this reason there is a need for extensive trainings, redefined processes and organisational change.

To implement a direct marketing / database marketing campaign the company is not effected bottom-up, there is no major need for a re-organisation. The marketing department is the owner of the activity.

To implement a relationship marketing strategy, most of the time just a database management system (RDBMS) is not enough. The company should invest into other technologies like CRM(Customer Relationship Marketing), Campaign Management, SFA (Sales Force Automation) and B2C (Business to Consumer).

Table 2.3 summarizes the section, and compares relationship marketing and direct/database marketing from different aspects.

Table 2.3. Differences between Database/Direct Marketing and Relationship Marketing (A Summary)

	Direct Marketing/ Database Marketing	Relationship Marketing
Business Impact	Tactical	Strategic
Technology	RDBMS	RDBMS, CRM, B2C
Relationships	Optional	Obligatory
Organisational Change	No need	Needed
Timeline	Short Term	Long Term
Quality	Not a must	Crucial
Ethics	Not a must	Crucial
Connection	Standard	Unique

On the other hand, there are many dependencies that affect relationship marketing. For this reason after defining relationship marketing in detail, the next section focuses on ‘Relationship marketing and dependencies’.

3.RELATIONSHIP MARKETING AND DEPENDENCIES

Is relationship marketing the perfect fit in all situations? The answer is no. There are many parameters to think about. The first one may be summarized with the following question: ‘Does the customer want to have a relationship with the vendor?’

Barnes and Howlett [16] focuses on the customer side of the relationship:

‘The fact that the customer’s viewpoint has not been wholly taken into account is evidenced by assumptions that appear to have been made concerning relationship marketing. For example, it seems to be widely assumed by scholars and practitioners that a relationship can be formed with any customer, in any situation. Such an assumption is dangerous in that it may lead companies to attempt to form relationships in situations where a genuine relationship can not be formed because customers do not want one, or because the circumstances surrounding interaction with customers are not conducive.’

On the other hand should the company have a relationship with all the customers they have? There are three alternatives:

- either the company score their customers according to their life-time value which is derived from the RFM (recency, frequency, monetary) data [18] and set-up a relationship with the most valuable ones (the ones with the highest life-time value score) or,
- have a relationship with each and every customer as in the case of Domino’s pizza. Staff of Domino’s Pizza in USA are taught to see every pizza customer as having \$5,000 tattooed on their forehead – the amount they would spend over the next ten years if they bought two \$5 pizzas a week [11] or,
- the company may prefer not to implement relationship marketing.

There are many dependencies on deciding one of these three alternatives. Product/Service, Market, Culture and Cost are the most important ones.

3.1.RELATIONSHIP MARKETING AND THE PRODUCT

Relationship marketing is an extension of Services Marketing. Most of the academicians working on relationship marketing come from the services marketing culture – Grönroos, Gummenson are some examples. And in fact Grönroos [19] states that relationship marketing is turning products into services.

3.1.1.Redefining business as a service business

The exact wording for this transformation is: 'to redefine the business as a service business and the key competitive element as service competition'. Grönroos starts his whitepaper [19] with an ancient China story to give an example:

In a village in ancient China there was a young rice merchant, Ming Hua. He was one of six rice merchants in that village. He was sitting in his store waiting for customers, but the business was not good. One day Ming Hua realized that he had to think more about the villagers and their needs and desires, and not only distribute rice to those who came into his store. He understood that he had to provide the villagers with more value and not only with the same as the other merchants offered them. He decided to develop a record of his customers' eating habits and ordering periods and to start to deliver rice to them. To begin with Ming Hua started to walk around the village and knock on the doors of his customers' houses asking how many members were there in the household, how many bowls of rice they cooked on any given day and how big the rice jar of the household was. Then he offered every customer free home delivery and to replenish the rice jar of the household automatically at regular intervals. For example, in one household of four persons, on average every person would consume two bowls of rice a day, and therefore the household would need eight bowls of rice every day for their meals. From his records Ming Hua could see that the rice jar of that particular household contained rice for 60 bowls or approximately one bag of rice, and that a full jar would last for 15 days. Consequently, he offered to deliver a bag of rice every 15 days to this house. By establishing these records and developing these new services, Ming Hua managed to create more and deeper relationships with the villagers, first with his old customers, then with other villagers. Eventually he got more business to take care of and, therefore, had to employ more people: one person to keep

records of customers, one to take care of bookkeeping, one to sell over the counter in the store, and two to take care of deliveries. Ming Hua spent his time visiting villagers and handling the contacts with his suppliers, a limited number of rice farmers whom he know well. Meanwhile his business prospered.

The story is a good example of changing an individuals role from a transaction-oriented channel member to a value-enhancing relationship manager.

Grönroos finalizes the story by three tactical, and three strategic lessons. Competing with a total service offering instead of with selling rice alone example is explained as the first strategic issue with the original wording ‘to redefine the business as a service business and the key competitive element as service competition.’

Some examples of transforming products into services are installing goods, technical service, advice about how to use a physical good or a service, just-in-time logistics, customer-adapted invoicing as mentioned before.

On the other hand the product itself can already be a service. But there is still lots of details. Works on services marketing proposes definitions like hard services vs. soft services, or focus on actions at pre-transaction, transaction and post-transaction.

3.1.1.1.Hard Services and Soft Services

A recent study [20] classifies services into two sub-parts: hard services and soft services.

Hard services are essentially physical – the actual or observed service, e.g. for a train journey, parts of the hard service will be the car parking, the station, the train, and the journey.

Soft services will be the telephone enquiry system, the purchase of tickets, quality of the carriage and facilities, and the departure and arrival accuracy. The latter are what can make the whole journey more acceptable, even enjoyable. It is more likely to add value for the customer and lead to a repeat journey. [20]

3.1.1.2.Pre-Transaction, Transaction and Post-Transaction

Independent from the market, when a company sells a service or product to a customer they should provide an acceptable environment for the customer, before, during and after the transaction: referred to by LaLande and Zinszer [20] as the

“pre-transaction”, “transaction” and “post-transaction” elements of customer service. They categorised service provision in terms of:

- activity to be managed for the customer, e.g. order processing, invoicing;
- performance measures – the ability to deliver a service to the customer, e.g. delivery of order within a specified time;
- corporate philosophy – a philosophy rather than an activity or set of performance measures.

Pre-transaction, Transaction and Post-transaction differs not only between products and services but also from market to market. And this affects the full picture for implementing relationship marketing.

An example may be given for a supermarket. A pre-transaction element is any kind of service that is given prior to the cash-register. Some of them are:

- a promotions insert in the newspaper – ‘the following products are in discount on this Friday’
- availability of the parking places
- availability of the shopping baskets
- personnel availability and behaviour during shopping – the answer of the questions like ‘where can I find the dippers’, ‘how can I fix this furniture?’
- well-managed shelves – bad example: ‘we are out-of this product.’
- Quality in products – no out-dated milks, non-fresh vegetables etc.
- Alternative products – not just one or two brands
- Easy to shop environment – fresh air, music, low-traffic aisles.
- Minimum logistics – bad example: self-weighing of the vegetables/fruits

Some of the transaction elements are:

- Short queues at the cash registers
- Payment options – credit cards
- Friendly and smiling service
- Personalisation – ‘Welcome Mr/s X’

- Discounted prices as mentioned at the newspaper or on the tags
- Packaging

And finally some of the post-transaction elements are:

- Deliver the packages to the car
- Return policy of a product
- Call center – customer support

The second important dependency is the industry, and will be detailed in the next subsection. The points mentioned in the product dependencies tie also with the industry.

3.2.RELATIONSHIP MARKETING IN DIFFERENT INDUSTRIES

Barnes and Howlett [16] stated that not all companies can expect to form customer relationships, owing to factors such as the nature of the interaction and the customer's attitudes toward relationships and the company.

The nature of the interaction is related to the pre-transaction, transaction and post-transaction elements that are mentioned in the previous section. These elements are not just product/services dependent, and may change from market to market. This is why the vertical segment of the company is an important parameter of the ecosystem. Relationship marketing differs among industries – telecommunication, retail, finance, manufacturing, hospitality, healthcare and many others.

Egan [4] has summarised some of the main factors affecting relationship marketing strategies of an industry:

- Acquisition/Retention Costs
- Risk, Salience and Emotion
- Trust and Commitment
- Customer Satisfaction

From these, last two are prerequisites for relationship marketing and are the same for all industries. On the other hand, the first two change from industry to industry.

a. Acquisition/retention costs

The industries suggested as examples of the successful working of relational strategies (e.g. banks, credit card and insurance companies) appear all to have high “front end” acquisition costs inherent in their make-up. Maintaining current customers, it is suggested [13], reduces costs by saving money that would otherwise have been spent on advertising, personal selling, setting up new accounts, explaining procedures to new customers and reducing costs of inefficiencies in the customer learning process. Logic does suggest that, in any industry where the greater part of expenses are “up-front”, benefits accrued from “writing off” these costs over an extended period of time. In these instances the longer the relationship the lower the costs relative to income.

b. Risk, salience and emotion

Examples quoted of companies who appear to benefit from relational strategies are invariably those involving “high risk purchases” either with a large single monetary outlay (e.g. vehicle purchases) or with payments over an extended period (e.g. financial services). These latter extended payments are often associated with high opportunity or actual costs as a possible consequence of incorrect decision making at the initial sale. In the case of multi-payments over time the observation has been made that, in developed relationships, efforts are often made by suppliers to “lock-in” customers both financially (through the loss resulting from dissolving the relationship) or by psychological means.

At the other end of the retail spectrum are those products and services that may be defined both as low (actual or opportunity) cost and decidedly low risk. There are, however, some products and services that, seemingly, exert emotions out of proportion to their value. These categories include products such as clothing and services such as hairdressers or beauticians. The introduction of “personal shoppers”, personal trainers or expert stylists, at an increased cost to the consumer may be acceptable to a percentage of the population although the core cost of the product service is low. This strongly suggests that the emotion generated by a particular individual consumer in the purchase may also be a major indicator of the benefit of relational strategies.

Relationship marketing strategies differ from industry to industry as mentioned before. The top two industries for relationship marketing are financial services providers and FMCG Retailing.

3.2.1.Financial Services Providers

In comparison to other industries, financial services providers do have relationship marketing advantages by virtue of the fact that many consumers will wish to form relationships. [4]

It would appear that financial services providers do have an opportunity to form genuine relationships. Customer involvement in the delivery of services varies across industries, but it is accepted that involvement is higher with services which are either relatively complex or long term in nature: both characteristics of financial services. Other situations where consumers will likely wish to form relationships are where the service is high in perceived risk, or when customers are heavily dependent on credence qualities in service evaluation. Again, these characteristics are present in the case of financial services.

3.2.2.FMCG Retailing

Although relationship marketing is very popular in the form of loyalty programs in this industry, some academicians [4, 21] do not agree that retailing is a perfect fit for relationship marketing.

In FMCG retailing, the cost of customer acquisition is marginal as intense personal selling and/or detailed information gathering are not necessary to make an individual sale. Although it may be argued that FMCG retailers will invest considerable resources in research into store location and customer profile these are "sunken costs" that should not form part of the acquisition cost equation. Indeed the FMCG consumer would only seem to require one or more of a limited number of drivers, such as location, perceived service quality, price competitiveness, product range and quality and/or promotional offerings, to stimulate a sale. It can be argued that these are the same factors influencing the customer retention process. Similarly advertising and other marketing communication costs included in the customer acquisition calculations are not enough to justify the "up-front" cost argument in FMCG retailing. High communication costs attributed to customer acquisition fail to acknowledge the part played by those same messages in the retention process. Indeed Barnard and Ehrenberg has suggested that advertising may often work defensively to protect the existing customer base, rather than aggressively bringing in new buyers [4]. If drivers promoting the sale of goods for potential customers are

similar or the same as those for existing clients then the cost of acquisition must nearly equal the cost of retention. Taking this to its logical conclusion suggests that if the retailer introduces schemes which reward repeat buying over and above the single purchase (the basis of most schemes) then the cost of retention may, potentially, exceed the cost of acquisition in the FMCG sector.

On the other hand, Barnes [22] conducted empirical research with 400 retail and bank customers to unearth the relationships they have with their main bank or retailer. Two results are of particular note. First, that 61 per cent of retailer customers and 67 per cent of bank customers felt they had significantly close relationships with their respective organisations. Second, 41 percent of banks' personal customers and 25 percent of retailer customers wanted closer relationships. That is, the relationships they currently have with their organisations are not as close as they would like. Conversely, only 10 per cent of banks' personal customers and 14 per cent of retailer customers wanted more distant relationships, suggesting relationship marketing initiatives would be unproductive with these customers. [22]

3.2.3.Different Industries, Different Perspectives

Finance and retail are not the only areas for relationship marketing. There are many other industries where relationship marketing may be implemented.

Automotive Industry is a good example. Ewing's study [23] has focused on this industry. In the study, past behavior (measured in terms of repeat purchases) and future purchase expectations are investigated within an automotive typology. A distinction is drawn between brand retention and dealer retention, and the relationship between the two is discussed. In particular, the relationship between future intentions and past behavior is considered in an attempt to investigate the predictive ability of the latter.

Another industry is the utilities industry. Carr [24] has completed a case study with British Gas, which is a good implementation of relationship marketing in this industry.

British Gas shares their knowhow with the following phrases:

“At British Gas we knew what we wanted to say to our customers but deciding on the most appropriate means of telling them, needed a unique approach. Ensuring that the right people received the right messages at the right price

needed effective communication routes and decisions on who should receive these messages. The starting-point therefore was to set up reliable and targeted customer profiles and databases.

We identified four types of people, following an assessment of the ideal target audience for the catalogue. These were those in ABC groups who had probably never visited a British Gas showroom, those who have visited a showroom but were not impressed with the range of products on display, satisfied customers who had previously purchased appliances and the elderly and disabled who found it difficult or inconvenient to shop in the high street.

Of the 29,000 people who requested a copy of the catalogue, 16,000 went on to purchase some form of gas appliance. This generated revenues of £2.3 million within eight weeks of the advertising campaign. Furthermore, of the 124,000 appliance sales made between May and June, 18 per cent were influenced by the catalogue.” [24]

Airlines is another popular industry for relationship marketing. Many technology-driven airline programmes remain crude attempts to increase short-term sales without adding to the relationship or to defend short-term positions in highly competitive markets. It may be further hypothesised that the greater the ability to replicate differential advantage, the greater the need to constantly develop and refine relationship marketing strategies to keep ahead of the field. The expense involved in such cost escalating strategies may lead to a divide between “relational suppliers” and cost competitive ones and the consequential division of an industry between relationship marketing companies and their more “transactional” competitors.

Two of the important dependencies have been analyzed – product and the industry. But there is one more that is very important, which is “culture”.

3.3.RELATIONSHIP MARKETING AND THE CULTURE

Relationships are often built on a cultural platform which means the route to developing a good relationship can be very different in Western to Eastern cultures. Not only the routes to relationship building are different, but also the relative

importance of the attributes which make up the relationship are valued differently in different parts of the world.

The nature of relationships depends on the life long experience of those involved in building the relationship [25]. Culture is therefore important to relationships and this is reflected in the work of Inkeles and Levinson [25]. Inkeles and Levinson suggested that the following are common basic problems worldwide and they reflect the functioning of groups and individuals within these societies:

- Relation to authority.
- Conception of self, in particular:
 - the relationship between individual and society; and
 - the individuals concept of masculinity and femininity.
- Ways of dealing with conflicts including the control of aggression and the expression of feelings.

Hofstede expanded on these ideas and identified four dimensions of culture [27]. A dimension is an aspect of culture that can be measured relative to other cultures. The four dimensions were:

- 1- power distance
- 2- collectivism versus individualism
- 3- femininity versus masculinity
- 4- uncertainty avoidance

3.3.1. Western and Eastern Cultures

Power distance reflects the willingness of subordinates to depend on the decisions and instructions of their superiors. In Hofstede's empirical work, the Chinese culture ranked highly on this score which means that the Chinese are more willing to recognise and accept a hierarchy of authority more easily than their Western counterparts as well as depending on the decision of their supervisors without questioning. Turkey has a similar score with China which is over the average. [26]

In the area of collectivism versus individualism the Chinese culture ranked high on collectivism while Western cultures tended to rank higher on individualism. This would tend to indicate that the Chinese are more familiar with forming group

relationships and networks.[25] Turkish scores have a similar result, and collectivism is much more important than individualism. [26]

On the question of masculinity versus femininity the Chinese culture tended to be in the middle of the range whereas the Americans and Europeans tended towards the masculinity end of the range. This means that Westerners are likely to be more assertive than the Chinese who are likely to be more modest. In Western cultures this translates into pursuit of personal achievement rather than good working relationships and harmony. Turkish scores are also in the middle.[26]

In uncertainty avoidance there was quite a similar view between the major Western and Chinese cultures. In long term orientation, the major Chinese cultures were at the top of the list compared to the major Western cultures which means they plan for the future and take time to ensure their plans materialise and the networks to support the plans are in place.

With the exception of uncertainty avoidance there were obvious differences between the major Western and Chinese cultures and really marked differences in power distance, individualism and long term orientation with moderate differences in masculinity. One would expect therefore that cultural differences are marked and that this affects the way in which relationships form and are sustained. [27]

3.3.2.Guanxi Model

In China and Chinese-based cultures, relationships are paramount in business, to the extent that the Chinese have developed the word *Guanxi* to describe the special relationships that are built into networks, and which underpin the way that the Chinese prefer to do business. Any marketer wishing to be successful in Chinese culture would do well to understand how *Guanxi* forms.

Guanxi is important not just as a cultural fact. It is also accepted as a traditional implementation of relationship marketing not only in the modern ages but even in the ancient times. Many scholars have worked on Guanxi including Grönroos [19] (the story taken from Grönroos' work in part 3.1 is a typical Guanxi story.)

Although Guanxi refers to the status and intensity of an ongoing relationship between two parties, it has become synonymous with the network of social and business connections necessary to do business in this part of the world. [28]

However, its meaning is laden with more powerful implications, some of them deeply rooted in Chinese tradition and culture:

- It includes the notion of continuing reciprocal obligation over an indefinite period of time, involving the fulfilment of specifications of the agreement, and also personal favors and sustaining each other's reputation and social status.
- Favors are banked, to be repaid when the time is right, if ever.
- It goes beyond the relationship between two parties, and is extended to include other parties within the social network of the interacting parties. For instance, if A owes a favor to B, and B owes a favor to C, A can balance his position with a favor to C.
- The network of relationships is built among individuals, not among organisations. If an individual moves to a different organisation or department, the connections move with him or her.
- Therefore, it is essentially a social network built on interactions consisting mainly of social exchanges, but information and business exchanges can also take place. As social networks, guanxi networks have two components: the personal network, or contacts and bonds with specific individuals; and the cultural component in which the individual actors are embedded.
- Status matters. Relationships with a senior will extend to his subordinates, but not the reverse. From a network perspective, seniority can be defined as the centrality of the position occupied. A position can be locally central if it has a large number of connections with other positions in its immediate environment, or globally central, if it is strategically significant in the overall structure of the network.
- The social relationship is prior to and a prerequisite for the business relationship.

As might easily be noticed most of the points are also applicable to Turkey, especially in the Anatolian parts. Hofstede's study shows the similarities between two cultures. [26]

To conclude this part, although relationship orientation changes from culture to culture, we can say that there is a tendency to relationship-based economy in most

of the world. The guanxi model fits to most of the eastern cultures – but western cultures are also not away from relationships.

After the three important dependencies (Product, Industry and Culture), the final one is the cost – which is also very important.

3.4.AN IMPORTANT DEPENDENCY: TOTAL COST OF OWNERSHIP

The objective behind most commercial activity must, in the long term at least, be sustainably profitable.

Much of the growth in interest in relationship marketing has been driven by so called ‘relationship economics’. Relationship economics has developed alongside relationship marketing and elements are often quoted in justifications of its introduction. Buttle suggests that relationship marketing is not altruistic but based on two profit driven arguments [4]. These can be described, perhaps over simply, as the complementary views that existing customers are less expensive to retain than to recruit and that securing customers' loyalty over time produces superior profits.

"Retention economics" is also promoted by Murphy as a time-based form of competitive advantage through the suggestion that long-term relationships bring long-term advantages [4]. A number of accumulating benefits may be listed which contribute to revenue and profit growth. It is possible to propose that customer revenue growth may be possible in industries with a low turnover of customers and high exit barriers as income is more likely to increase rather than decrease (e.g. insurance cover or pension provision).

Grönroos[2] has suggested a relationship cost theory which is based on literature, with two major classes: ‘quality costs’ and ‘transaction costs’. A mutually satisfactory relationship makes it possible for customers to avoid significant transaction costs involved in shifting supplier or service provider and for suppliers to avoid suffering unnecessary quality costs.

However, customer retention is not enough. Some long-lasting customer relationships, where the customers are obviously satisfied with what they get, are not profitable even in the long run. Therefore, segmentation based on ‘customer relationship profitability analysis’ is a prerequisite for customer retention decisions.

3.4.1.Start Up and Operational Costs

Despite these intangible benefits and costs, tangible costs should also be mentioned. First of all, relationship marketing needs a detailed and complex infrastructure. Each and every item contains an embedded cost – extra employees, training, IT infrastructure-software/hardware and other investments. The operational costs are negligible when compared to the start-up investment. **Table 3.1.** shows the range of the budget of a CRM project (which is a typical relationship marketing implementation) [29].

Table 3.1. CRM Budget Variance [29]

CRM Budgets	
Less than \$ 100,000	16%
\$ 100,000 to \$ 500,000	24%
\$ 500,000 to \$ 1 million	17%
\$ 1 million to \$ 2.5 million	14%
\$ 2.5 million to \$ 10 million	16%
\$ 10 million+	13%

As seen from **Table 3.1.** the budget range is very wide, the total value changes according to the size of the company and its needs. And it is even possible to implement relationship marketing with minimum investments as Ming Hua did with just a bright idea and by only recruiting five new employees.[**Section 3.1.**]

As a result, relationship marketing is highly dependent on product, culture, industry and total cost of ownership. If all these dependencies are in favor of the company, the company should start implementing relationship marketing to increase customer loyalty, profitability and revenues.

The main argument of the thesis is that TORQUE is a good model for implementing relationship marketing.

4.TORQUE

A MODEL FOR IMPLEMENTING RELATIONSHIP MARKETING

In the book “Crowning the Customer”, Quinn [1] describes an approach called “the boomerang principle” which can be stated quite simply: ‘the main task in business is to bring the customer back’.

This is also the main idea behind relationship marketing – bring the customer back. Although there are many whitepapers on what relationship marketing is, the number of works related to implementing this philosophy is scarce. We can group the studies on implementing relationship marketing into three main categories:

1- Pre-implementation Phase/Planning:

Most of the studies are in this area, and they look for answers about the organisational structure.

- How should be the marketing department organised?;
- How should the pre and post sales services, accounting, customer care groups synchronize with sales and marketing teams?
- Which IT investments should be done?

are some of the questions.

2- Implementation Phase/Operation:

- How will the relationship start?
- Should there be a relationship with each and every customer?
- How will the message for each customer differ?

These topics are as popular as the first group.

3- Continuity Phase:

Keeping the customer, quality, ethics and trust are some of the key points. There are also studies in this area.

Most of the time, the academic works focus in one of the above subsegments. The TORQUE Model has been developed to have an end-to-end business model for relationship marketing. This model is aimed to include all of the three phases.

First of all the word TORQUE should be defined. Torque is a scientific word which is not met frequently in daily talking language. World famous online dictionary Encarta [6] has the following definitions for this word.

TORQUE

1. PHYSICS rotating force: force that causes rotation, twisting, or turning, for example, the force generated by an internal-combustion engine to turn a vehicle's drive shaft

2. MECHANICAL ENGINEERING ability to overcome resistance: the measurement of the ability of a rotating gear or shaft to overcome turning resistance

This work proposes a new meaning for ‘torque’ – a marketing model that force the customer turn into the company, ability to overcome their resistance, and increase their loyalty. In another words TORQUE is designed to ‘bring the customer back’.

TORQUE is an abbreviation. It is the combination of **T**echnology, **O**rganisational change, **R**elationship Building, **Q**uality, **U**niqueness and **E**thics.

Technology: IT support – technological tools are needed to implement relationship marketing in an organisation. These tools can be grouped into different titles:

- RDBMS(Relational database management systems) technology,
- CRM(Customer Relationship Management) applications,
- data analysis/data warehousing/OLAP(on-line analytical processing) tools,
- campaign management tools,
- call center,
- various internet based tools.

All of the IT investment mentioned above are not needed for each project.

Organisational Change: Each and every employee should act as a part-time marketer [17] in an organisation that implements relationship marketing. This

means an organisational transformation, cultural change, relevant trainings at all levels.

Relationship Building: As the name implies relationship marketing is based on building relationships with customers. Whom to have a relationship with and all relevant channels and tools should be clarified.

Quality: Relationship marketing is based on long running relationships. To have a long running relationship the quality is a must. It is not only the product quality but also pre & post services quality.

Uniqueness: Relationship marketing aims 'segments of one'. The customer should be defined with one view of the truth. All the information about him/her should be transformed and combined. With the exact picture of the customer, a unique way of communication is formed according to the personal properties.

Ethics: In relational marketing, the company has an incredibly detailed information about each and every customer. Privacy is the key, and its lack will end the relationship. The mutual trust is a prerequisite for relationship marketing.

The TORQUE model is summarized in **Figure 4.1**.

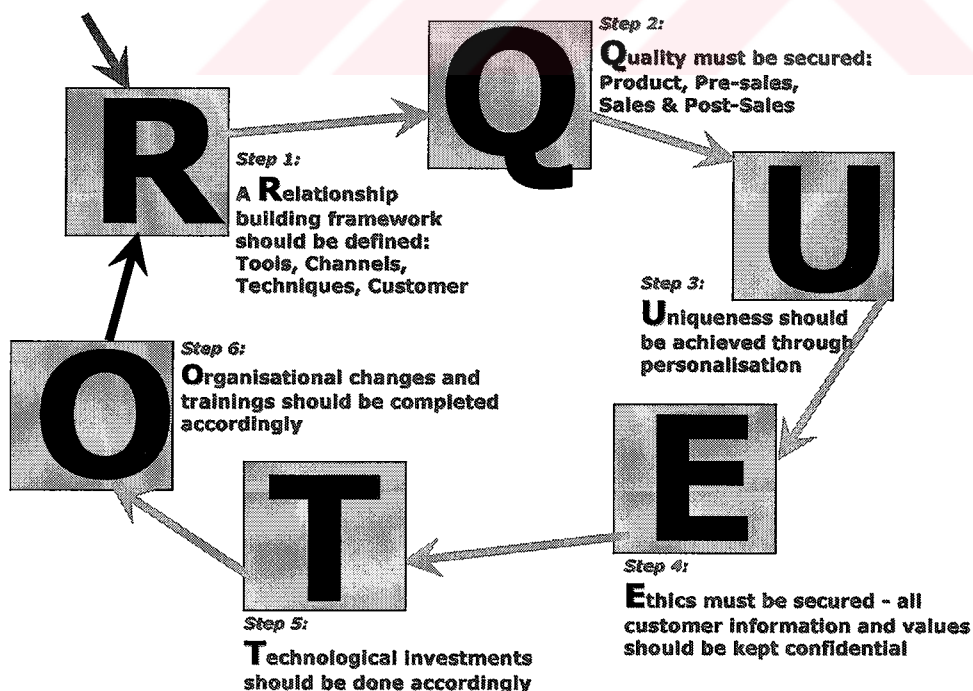


Figure 4.1. The TORQUE Model

In the rest of this work, the details of the TORQUE model will be investigated. Since the model is triggered by the R step, instead of the original order T-O-R-Q-U-E, a more logical order R-Q-U-E-T-O will be followed in the next section.

After the Model is defined clearly a case study will be analyzed in depth.

4.1.toRque – RELATIONSHIP BUILDING

Establishing a relationship with a customer, can be divided into two parts: to ‘attract’ the customer and to ‘build’ the relationship with that customer so that the economic goals of that relationship are achieved. [2]

A seller would likely develop relational strategies that target both customers with whom it currently has relationships as well as customers with whom no relationship exists. Voss and Voss [30], in consistent with Berry’s [30] perspective of relationship marketing, points that the firms need to create multiple marketing strategies that:

- develop and maintain discrete exchanges; and
- develop, maintain, and enhance ongoing relationships.

For this reason Voss and Voss suggests a four stepped methodology

- 1- stimulating awareness and exploration by new customers
- 2- moving discrete exchange customers into a seller-maintained relationship
- 3- motivating customers currently engaged in a seller-maintained relationship to invest in a bilateral relationship
- 4- maintaining satisfied customers to prevent dissolution and negative transition

Before examining the details of tactics and strategies for building relationships, the ‘relationship’ concept should be defined clearly.

4.1.1.Defining the ‘Relationship’

Gummenson [31] has developed a special approach for relation marketing based on relationships, network and interaction, namely the 30R approach. He defines 30R approach as the identification of 30 tangible relationships that exist in business and other organisations. [Appendix 1]

The thirty types of relationships includes a wide variety of alternatives – from business-to-business relationships to community based ones. From these thirty types of relationships, this thesis focuses on seven of them – that are defined originally as:

R1. The classic dyad: the relationship between the supplier and the customer. This is the parent relationship of marketing, the ultimate exchange of value which constitutes the basis of business.

R7. The service encounter: interaction between the customer and front line personnel. Production and delivery of services involve the customer in an interactive relationship with the service provider's personnel.

R10. Internal marketing: relationships with the “employee market”. Internal marketing can be seen as part of RM as it gives indirect and necessary support to the relationships with external customers.

R13. The electronic relationship. An important volume of marketing today takes place through networks based on IT. This volume is expected to grow in significance.

R25. The customer as member. In order to create a long-term sustaining relationship, it has become increasingly frequent to enlist customers as members of various marketing programmes.

R26. The relationship to the dissatisfied customer. The dissatisfied customer perceives a special type of relationship, more intense than the normal situation, and often badly managed by the provider. The way of handling a complaint – the recovery – can determine the quality of the future relationship.

R28. The knowledge relationship. Knowledge can be the most strategic and critical resource and “knowledge acquisition” is often the rationale for alliances.

4.1.2.Properties of a successful relationship

Szmigin and Bourne [32] point out that most of the time, relationship marketing is positioned as a ‘marriage’ type of relationship with the customer. Loyalty is very important. Despite the loyalty effect, they suggest that the relationship theme with

the customer should be as a 'preferred friend'. There is also loyalty in a preferred friendship. But no company should expect a marriage style loyalty from a customer. This brings the questions – 'How should a relation be?'; 'What are the key properties?'

Although the customer oriented literature on relationships has been growing, the consumer's view of relationships remains largely unexplored.

Examination of the foundations of interpersonal relationships, as documented in the social psychology literature, provides marketers with insight into factors that can add value in marketing relationships. The importance of taking the customer's viewpoint is vital, for in most cases, it is the customer who is courted and who usually decides that a relationship is over.

Barnes and Howlett [16] defines the three dimensions of a relationship:

- a-** Closeness in relationships
- b-** Emotional content of a relationship
- c-** Strength of a relationship

a- Closeness in relationships

Many social psychologists have studied the phenomenon of close interpersonal relationships. The construct "closeness" has considerable value in relationship marketing as it may be presumed that relationships which are deemed to be "close" are those which are likely to endure.

b- Emotional content of relationships

Barnes and Howlett refers to Berscheid [16], to state that a relationship can not exist without emotional content, and observe that close relationships are characterised by positive affective ties. Consequently, they focus on the emotional tone of the relationship to assess its closeness and, therefore, its likelihood of lasting.

c- Strength of relationships

Scholars have employed several terms to identify the likelihood of continuation of a relationship. Strong, intense relationships are less vulnerable and endure.

As Barnes and Howlett [16] states, it is clear that many companies have implemented loyalty programmes and begun to create and manage databases in efforts to build closer relationships with customers. While each of these tactics may form a component of an integrated relationship marketing programme, neither represents a strategic approach to relationship formation. They will do little to bolster the relationships a company can have with its customers if the company does not examine:

- 1- the manner in which the customer defines a relationship;
- 2- whether the conditions under which the company interacts with customers are conducive to relationship formation;
- 3- the factors which contribute most to quality relationships.

toRque Proposition 1:

The company should define the relationship:

- What is the reason for building a relationship?
- What is the scope of the relationship?
- What is the eagerness of a customer for building a relationship with the company?
- What are the key properties of a relationship?
- How strong will the relationship be?
- How close will the relationship be?
- Can there be any emotion in the relationship?

4.1.3.Relationship with all Customers?

Barnes and Howlett [16] contend that many relationship marketing programmes are not customer focused, as they are based on:

- raising the switching costs for a customer; or
- relying on database driven information to market 'at' a customer – one who may or may not be interested in a relationship.

Should a company have a relationship with all its customers? The answer is no for most companies. In this case, the customers with whom a relationship will be established should be discovered. The company should define target customer segments.

The segments may be trivial in some industries (i.e. for a baby products reseller, the ideal customers to build a relationship are either parents with a new born baby or pregnant ladies)

In more complex cases different techniques may be used. As stated by Evans [18] customer data can be used to 'score' customers. Most items of data are scorable. To give an example, it might be known from previous campaigns that a greater success rate is possible when marketing to those with the 'Mr' title than Mrs or Ms, in this case a quantitative weight may be assigned to 'title'. Different scores may be given to postcode, marital status, payment method etc.

RFM – 'recency, frequency and monetary value' of customer orders is also another important score for most cases. RFM is stated as follows [18, 33] :

- Recency: just knowing that the customer has purchased from the company in the past is important but not sufficient; the company is probably less interested in those who bought from them in 1984 but not since.
- Frequency: just one purchase may also make a customer less attractive (depending, of course, on the product market in which the company operates). So knowing how often they buy from the company is an important measure.
- Monetary value: small orders are usually less attractive than larger ones, so this is yet another measure of significance. Indeed marketers are increasingly concentrating on their 'better' customers – those who have the highest monetary value (and frequency) of purchase and are segmenting on the basis of 'volume' because in this way they are more cost effective, because they concentrate on those who bring greater returns.

In addition to leading to the identification of volume segments and best prospects, the RFM information also contributes to the calculation of 'lifetime value' – another of the direct marketer's cornerstone measures. 'Lifetime' is perhaps a little of an overstatement– it does not mean the lifetime of the customer, but rather a designated period of time during which they are a customer of the organisation. The

concept of what that customer is worth to the organisation in sales and profit terms over a period of time is a critical concept within relationship marketing.

Grönroos[19] has proposed three tactical and three strategic elements in implementing relationship marketing. These elements can also be used for deciding with whom (which customer) to build a relationship.

The three tactical elements are:

- 1- seek direct contacts with customers and other stakeholders
- 2- build a database covering necessary information about customers and others
- 3- develop a customer-oriented service system.

And the three strategic ones:

- 1- to redefine the business as a service business and the key competitive element as service competition (mentioned also in part 3.1)
- 2- to look at the organisation from a process management perspective and not from a functionalistic perspective (will be revisited in part 4.6 - tOrque)
- 3- to establish partnerships and a network to be able to handle the whole service process (will be revisited in part 4.6 - tOrque)

To summarize, a company may decide to have a relationship with 'some' of its customers. But to do this it should keep and analyze the data of 'all' its customers.

toRque Proposition 2:

The company should decide:

- Relationship with all customers or with some of them?
- What is the key criteria of a valuable customer?
- May this criteria be tracked?
- May the customer profile be built?
- May customer specific transactional data be kept?

4.1.4.Relationship channels

Contact points are the relationship channels to collect customer data. Relationship channels may be classified into three main groups:

- direct touch points:
 - branch for a bank, shop for a retailer, gas station for petroleum firm
- alternative service channels
 - telephone – i.e. telephone banking
 - internet – i.e. e-shops
 - kiosk – i.e. service kiosks
 - and many other potentials
 - GSM/mobility based services – i.e. SMS banking
 - TV based services - i.e. Digiturk
 - Mobility - ‘any device, any where, any time’
- problem solving centers
 - call center
 - customer desks in direct touch points

toRque Proposition 3:

The company should detect:

- The customer data needed (both as profile data and transactional data)
- All the available relationship channels.
- Is the data already available? Is it generatable through the current channels?
- If all the data needed may not be generated, new relationship channels should be developed.

4.1.5.Relationship tools and tactics

A company may use different tools and tactics through relationship channels to collect customer data.

- one-to-one marketing
 - personal relationships at direct touch points
 - personalisation through alternative channels

- loyalty programs
 - loyalty cards
- internet and monitoring
- out-bound calls from the call center
- personalised special campaigns
- mass-marketing tools
 - direct mailing
 - advertisement
 - mass campaigns

From these channels and tools, three of them will be focused in this thesis: Loyalty cards as a loyalty program, internet as a relationship channel and kiosks as an interaction tool.

4.1.5.1.Loyalty Programs

Loyalty programs are very popular especially in retailing, credit card business, telecommunication services and in the airline industry. These programs are aimed to collect customer information and award the customers to increase their loyalty. Most of the time the programs include a loyalty card to achieve these.

Desmond [5] mentions that ‘loyalty cards’ can be read not as the fair exchange of ‘promises’ between consumer and producer, but a form of appropriation of a part of the consumer’s life experience; an invisible record of every transaction, recording ‘deviant’ as well as ‘normal’ transactions.

As Rowley [34] points every time a loyalty card is swiped at the point of sale, the retailer's systems are triggered to record the name of the shopper, the time that they came to shop, the store that they visited and the entire contents of their trolley.

Retailers are capturing transactional data at point of sale via loyalty card schemes – for example, Tesco, Safeway and Sainsbury [18]. By late 1996 Tesco had analysed their customer database and identified 5,000 different segments– each of which was targeted differently. Their aim at that time was to be literally one to one by 1999.

According to Duffy [3] to design a loyalty card dependent program there are three key points to consider:

1- Name the promotional currency:

The currency might be referred to as “points” or “miles”. It is important to name the currency. Some companies have attempted to run programs which attempt to communicate the concept without a name. Typically, companies try communicating it in percentages (“you’ll earn 1 percent on all purchases, but on Tuesdays you’ll earn a 50 percent bonus, or 1.5 percent”). It gets confusing.

2- Select an appropriate unit of measure:

Not too large and not too small. As a rule of thumb, a promotional currency should be worth \$ 0.01 on the redemption side of the equation.

3- Select the right tier structure:

The use of tiers in a promotional currency program may help stimulate behavior among members. The main approach is tiers based on spending, that is “the more you spend the faster you earn”. It motivates spending.

On the other hand, most FMCG consumers would be amused at any suggestion that they have a relationship with their local supermarket but may be willing to take advantage of rewards offered to them under whatever guise. A survey made by Khan [4] shows that, whereas 93 per cent of FMCG shoppers believe stores offer loyalty cards in an attempt to attract and hold their customers, only 13 per cent mention that it causes them to spend more money. There appears, therefore, to be a gap between the intention and the reality of these programmes and consumers have been quick to take advantage.

The main reasons for not having a loyalty card were given by NOP Research Group as follows [10]:

- savings too small – 43 per cent;
- takes too long to fill out form – 20 per cent;
- don’t want to divulge personal information – 10 per cent.

Although loyalty programs have a valuable role in retail marketing, they can achieve very light loyalty when they are viewed simply as 'point accrual programmes'.

With the loyalty cards a retailer can get enormous data about each and every customer. When this data is processed, the data turns into information. But if this information can not be used as a communication tool, the card will be accepted as just the 'point generator'. The problem lies in here.

Although the retailer has all the information about the customer, 'Mr/s. Customer' can not be discovered until check-out. S/he is one of the many customers when he enters the shop. The communication can not start until he arrives to the cash register and uses his loyalty card. S/he is awarded (points, discounts etc.) there, if applicable.

As mentioned before to build up a relationship the tool should have closeness, emotional content and strength [16].

O'Brien and Jones [34] argue that rewards can create loyalty, but only if the rewards align with company capabilities, and also take into account the five elements that determine value for the customer:

- 1- cash value
- 2- choice
- 3- aspirational value;
- 4- relevance; and
- 5- convenience.

4.1.5.2.The internet

The reality of late nineties -namely internet- was discovered within three phases: first by the end users, then by the internet-based dotcom companies and finally by 'the' business. The use of internet for business has different sides: business to business (B2B) integration, an alternative channel for selling products, an image tool as the corporate portal, collaboration, partner engagement and even training employees (e-learning). But the most important one (especially for this study) is about detecting the customer behavior.

Any company that has a web page, can monitor all the activities done by a visitor. Even if there is no personal information about him/her, the company can rate which advertisements, links, news, sections s/he is interested in. Some companies even build their marketing plans according to this 'anonymous' visitors information. When loyalty cards and the internet are used together, it will act as a very important tool for making relationship marketing operational.

4.1.5.3.Kiosks

Loyalty kiosks are a new way of using loyalty cards. *Advertising Age's Business Marketing* (1998) describes the Inter-Act Loyalty Network, a systems of ATM-style kiosks placed at supermarket store entrances in the USA. By using their loyalty cards, shoppers can access coupons, promotional offers and sweepstakes, available only to them, on the basis of their past purchase behaviour. [34]

At the operational level, loyalty kiosks will only be successful, if the design of the kiosk is consistent with the environment in which it will be used. Rowley [34] describes multi-media kiosks as a significant advance in in-store promotions which have, until recently, relied on paper-based product catalogues and promotional leaflets, with all their attendant problems. It is also claimed that the multi-media kiosk is the marketing organisation's opportunity to regain control over the ultimate stage in the marketing cycle: the point-of-purchase decision. Accordingly, most applications of kiosks in retailing have been concerned with information provision. For example, Argos have used kiosks which provide access to an electronic catalogue to reduce queuing; Marks & Spencer have tested a recipe kiosk, and Threshers' kiosk supports customers in their selection of a wine. Kiosks can be viewed as a medium through which it is possible to train, educate, inform, persuade, or perform information based transactions. But, as with other public access systems, it is important that the kiosk is designed to support the task, the user profile, and the environment in which the task is to be performed.

The examples can be extended into other tools i.e. telephone as a channel, mobile devices, TV based selling etc.

toRque Proposition 4:

The company should determine:

- The customer interaction tools for different channels.
- Joint points for the tools and channels: Different channels should tie and correlate all the information about the customer and have a unique view of him/her.

4.1.6. The R in the TORQUE – Summary

The R Step of TORQUE Model is summarized in **Figure 4.2**.

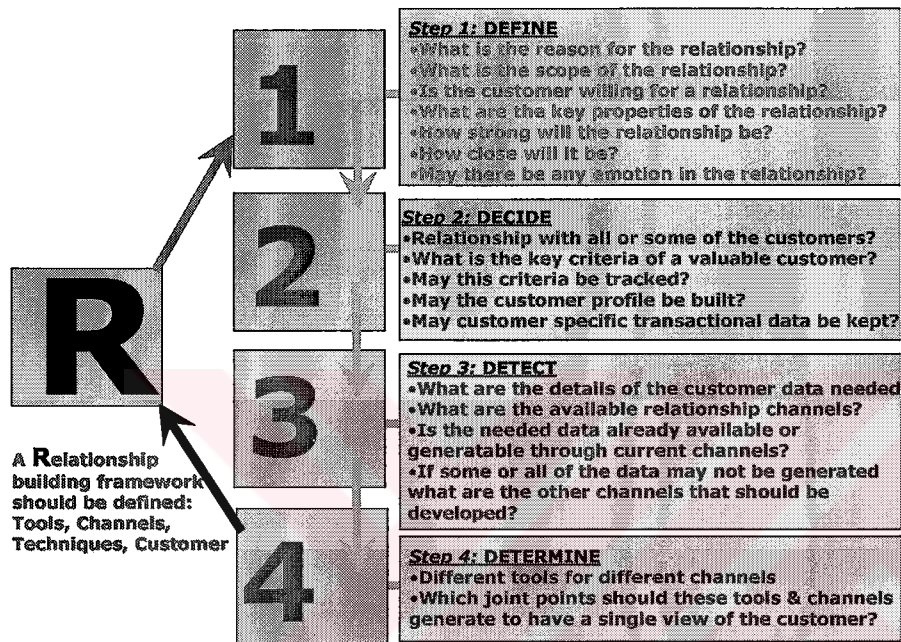


Figure 4.2. The R of the TORQUE Model

The TORQUE Model can be rephrased with **Figure 4.3** with a well defined R – Relationship Building.

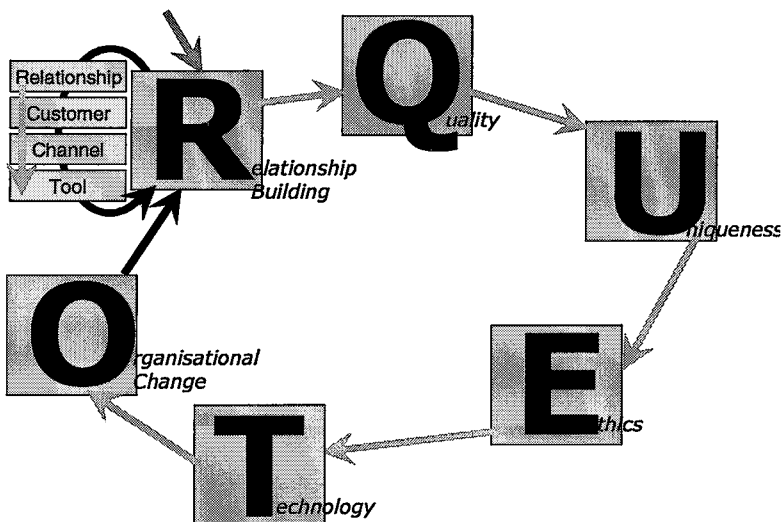


Figure 4.3. The TORQUE Model with R defined

4.2. Quality – QUALITY

Customer Satisfaction is regularly suggested as an outcome of relational strategies and a prerequisite for loyalty and retention[4]. Fulfilling promises that have been given is very important as a means of achieving customer satisfaction, retention of the customer base, and long-term profitability. [2]

At the more transactional end of the retail spectrum trust may be seen to be important in that the consumer relies on the brand promises of the retailer and/or their suppliers to produce safe, reliable and 'value for money' products and services[4]. Indeed the breaking of this trust may be seen to be a potential dissatisfier and a reason for defection.

Concepts like trust, customer satisfaction and customer-company relationships is highly dependent on quality. Grönroos[2] defines 'customer-perceived quality' basically as a function of the customer perceptions of two dimensions:

- the impact of the outcome or the technical solution (what the customer receives),
- and an additional impact based on the customer's perception of the various interactions with the firm (how the so-called "moments of truth" are perceived).

The former quality dimension is sometimes called the 'technical quality' of the outcome or solution, whereas the latter dimension is called the 'functional quality' of the interaction process.

4.2.1. Quality Gap

Teare [35] has focused to quality gaps. Although service quality issues are generally held to fall within the domain of operations management, quality gaps are equally important to marketing managers. Quality gaps, which are potential breakpoints in the relationship linkages, have been categorized as follows:

Type 1 – occurs when managers do not know what customers expect;

Type 2 – occurs when managers fail to take corrective action so as to ensure that customer expectations are met;

Type 3 – represents variability in the delivery of what customers expect;

Type 4– occurs when external communications about the offering increase customer expectations and in consequence, decrease perceived quality.

The four types of quality gap can combine to produce a fifth type – a gap between quality expected and perceptions of quality received and this is presented as a five dimension set:

1- Reliability: ability to perform the promised service dependably, accurately and consistently. This means doing it right, over a period of time.

2- Responsiveness: prompt service and willingness to help customers, involving speed and flexibility.

3- Assurance: knowledge and courtesy of staff and their ability to inspire trust and confidence.

4- Empathy: caring, individualized attention to customers.

5-Tangibles: physical facilities, equipment, staff appearance – the physical evidence of the service which conveys functional and symbolic meaning.

These five types of quality gap (especially the fifth one) also includes the hints for erasing the gap. Total Relationship Management is a good model that merges quality and customer relationships. This model is designed to prevent a potential quality gap.

4.2.2. TRM-Total Relationship Management

Zineldin [36] has proposed a new concept called TRM (total relationship management) based on TQM (total quality management). While TQM focuses on quality of product and service, TRM derives from a broader perspective. It focuses on ‘totality’ of the internal and external functions and relationships. TRM means that continuous quality improvement is not just for product or service. It means that everyone in all parts of the involved organisations places top priority on continuous quality improvement of everything throughout and among these organisations and managing all internal and external relationships and processes.

TRM emphasizes maintaining high products/services object and process related quality, and trying to keep customers over the long run by continuous improvement of the 5 qualities (5Qs):

Q1 Quality of object. It is the technical quality of the product or service, i.e. what customers receive.

Q2 Quality of processes. It is the functional quality of how the customer receives the product of service.

Q3 Quality of infrastructure. The quality of the internal competence, experience, know-how, technology, internal relationships, motivation, attitudes, internal resources and activities, and how these activities are managed, co-operated and co-ordinated.

Q4 Quality of interaction. The quality of information exchange, financial exchange, and social exchange. As a direct consequence of high quality exchange process an institutionalized relationship can be built up and the involved parties can adjust and adapt the factors exchanged.

Q5 Quality of atmosphere. The relationship and interaction process between the parties are influenced by the quality of the atmosphere in a specific environment where they co-operate and operate. The atmosphere can be described in terms of dependence / interdependence, conflict / co-operation, mutual expectation, trust, communication and commitment. A high quality atmosphere can, ideally constitute a mutual interdependence, customer satisfaction and ongoing alliance relationship between the involved business parties.

In short, TRM focuses on:

- Integrating and co-ordinating activities within the organisation (internal relationships);
- High quality customer satisfaction (external relationships);
- Continuous improvement of the products/services and processes;
- Each individual in the organisation is responsible for the continuous improvement process.

To integrate and coordinate activities within the organisation, and improve processes and services Enterprise Resource Planning (ERP) concept is a very important tool. The integration between the CRM solutions and sales, marketing, production, logistics applications are key to success.

torQue Proposition:

The company should implement Total Relationship Management and define a quality framework on five areas:

Product/Service – Process – Infrastructure – Interaction – Atmosphere

For the sake

4.2.3.The Q in the TORQUE - Summary

A relationship with the customer may be affected by any kind of quality gap. For this reason, most of the case, the companies that bet on relationship marketing try to learn customer expectations. These expectations may be discovered by a wide range of tools – from questionnaires to customer complaint forms.

All the information received from a single customer should be merged with his/her track. What s/he expects from the company is as important as his/her profile, the segment s/he is in and his/her shopping basket details. If his/her expectations are not met, the continuity of the relationship may be affected sharply.

As seen Quality is a very important for relationship marketing. Figure 4.4 summarizes the Q factor of the torQue model.

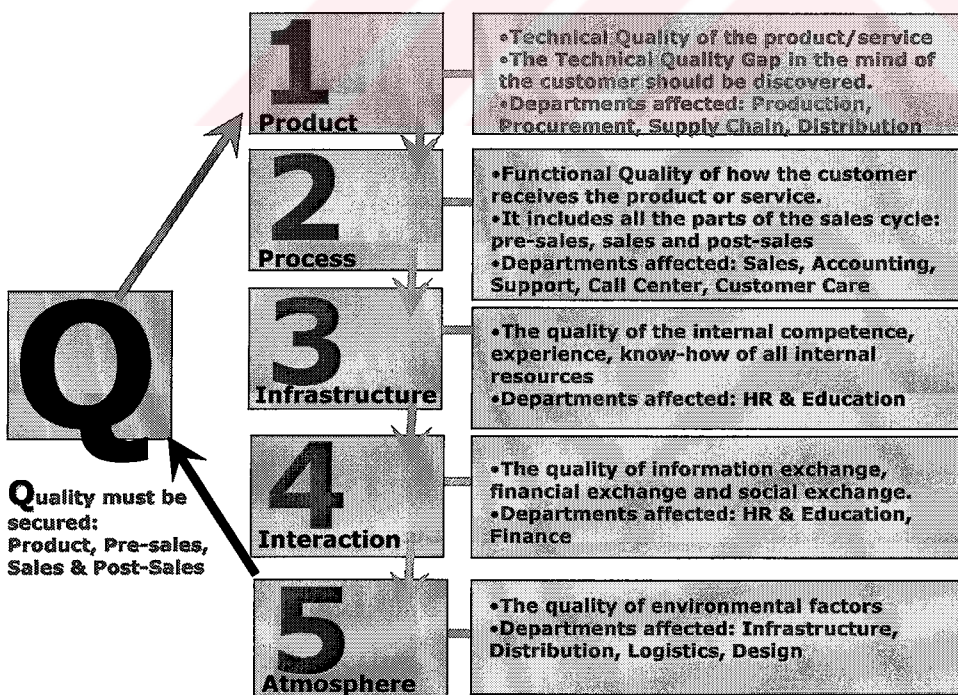


Figure 4.4. The Q of the torQue model

Figure 4.5. summarizes the total TORQUE picture with clearly defined R & Q steps.

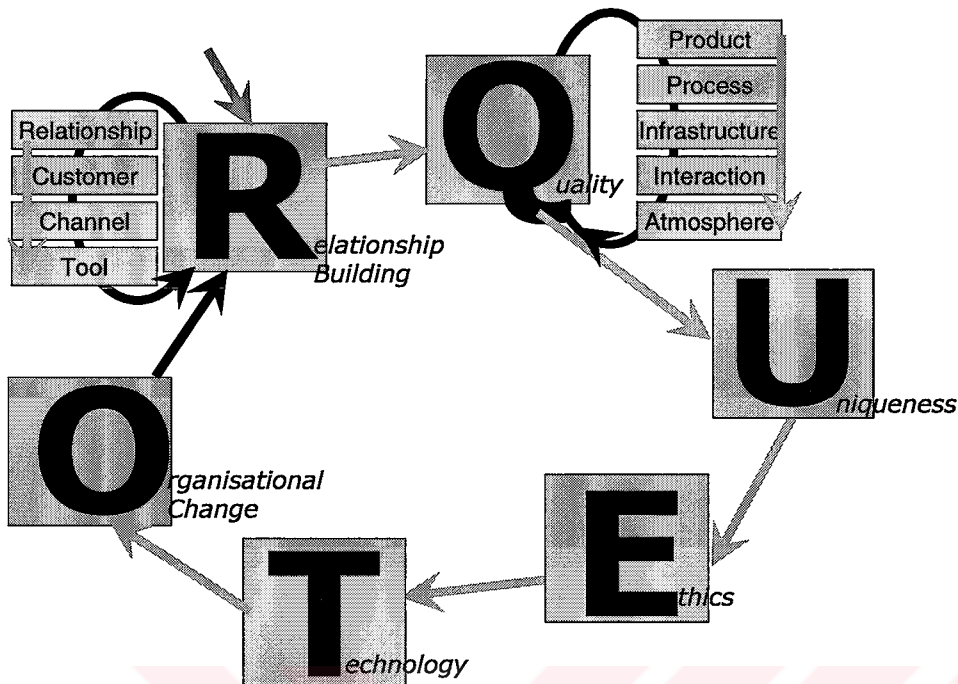


Figure 4.5. The TORQUE Model with R-Q defined

The next section focuses on the third important step, which is U - Uniqueness.

4.3.torqUe – UNIQUENESS

Theories of marketing management and strategy need to evolve and change to keep pace with changes in the marketplace and in marketing practice. Some marketing managers are basing their relationships with customers on policies and procedures called either ‘individualisation’, ‘mass-customisation’, or as a more preferred term, ‘personalisation’.

The core of this practice involves tailoring goods and services to the individual needs and wants of specific consumers, just the opposite of one-size-fits-all. Goldsmith [37] proposes that personalisation is so important to marketing strategy that it should become one of the featured elements of the marketing mix, alongside product, price, promotion, place, personnel, physical assets, and procedures, to form a new marketing mix, the 8Ps.

Personalisation may be defined as 'extreme' segmentation. To achieve segmentation, marketing mix is the most important tool. In the next two parts these two topics will be investigated.

4.3.1.Segmentation and positioning

One of the first and most important jobs of marketing management is to segment the mass market into relatively homogeneous subsegments and then select one or more of these groups as target markets. This process helps the marketer to understand the structure of the market and to identify who the customer is or should be. Personalisation can play a role in this analysis as the marketer can examine target segments and determine which of these potential buyers would like an even more personalised version of the product. Thus, new, more precise, market segments can be created within the larger target segments already served by the marketer. In addition, personalisation may open the avenue to acquiring new market segments unhappy with mass produced competitive products and seeking more personalised versions for themselves.

torqUe Proposition 1:

The company should decide on the level of **segmentation**:

- The size of each segment – segments of one/ten/many
- The differentiation factors of a segment

4.3.2.The Marketing Mix

An extension of the 4P (product, place, price, promotion) marketing mix model with the 3 new P's (Personnel, Physical Assets, Procedures) are the most important areas for personalisation. **[Figure 4.6]**

As marketers make the product decision, they should consider the degree and type of personalisation to implement as part of the product. Not all products will lend themselves equally to this marketing tactic, but many products can achieve a degree of consumer personalisation. This will determine the extent and type of customisation required by the manufacturing process. Moreover, as personalised products are developed, they have many ramifications for subsequent marketing decisions as an integrated strategy is crafted.

Many manufacturers now offer personalised products. In addition to the obvious examples of special ordered cars and food items, clothing and shoes can be personalised for individual customers. The music industry is developing techniques and procedures to allow customers to create "customised" CDs containing a selection of the songs they want to own. Cosmetics such as lipsticks can be custom blended to match a consumer's clothing or hair. A product such as a home computer is built to the specifications of individual consumers. This is common practice among the major home computer companies: Dell, Gateway, and Compaq. General Nutrition Centers (GNC) has put machines at 12 of its Live Well stores that custom mix daily vitamins, shampoo and lotions.[37]

Personalised products may imply personalised prices. Marketers of custom clothes, for instance, command higher gross margins. Pricing schedules could be developed so that customising the product entails a higher selling price. This may be especially feasible where the personalised segment is less price sensitive. Some even forecast a revolution in prices: "In the future, marketers will offer special deals - tailored just for you, just for the moment - on everything from theater tickets to bank loans to camcorders".

Product delivery for many products could be personalised as it often is for home computers. Consumers could be given a choice of how they wish to receive a product: by mail, home delivery via a specific delivery service, store pick up. Through kiosks in malls or stores or off the Internet, consumers can buy published materials individualised just for them. The proliferation of Internet sites that deliver personalised news and entertainment to subscribers is another example of this trend.

Promotion is another area where personalisation could make a big difference in the design of marketing strategy. Greater personalisation in the form of individualised marketing communications should be more effective than mass communications [13]. Internet advertising can be personalised for individual consumers. In the long run, it will be possible to direct individual ads to specific TV sets. Peppers and Rogers [13] describe many feasible techniques of interactive communications between consumers and companies via fax, e-mail, and video. By opening dialogue with customers, promotion can be made more personal; and it has other benefits for the firm by yielding useful information about consumer needs, wants,

specifications, and new ideas. This information, in turn, can be used to customise existing products and develop new products.

The personnel dimension of the marketing mix refers to the employees who actually perform the service for customers. They could also work in the customer service department of a tangible goods company. Services marketing theory places a heavy emphasis on hiring, training, supporting, evaluating, and rewarding service personnel. It is recognised that the service cannot be separated from the service provider .

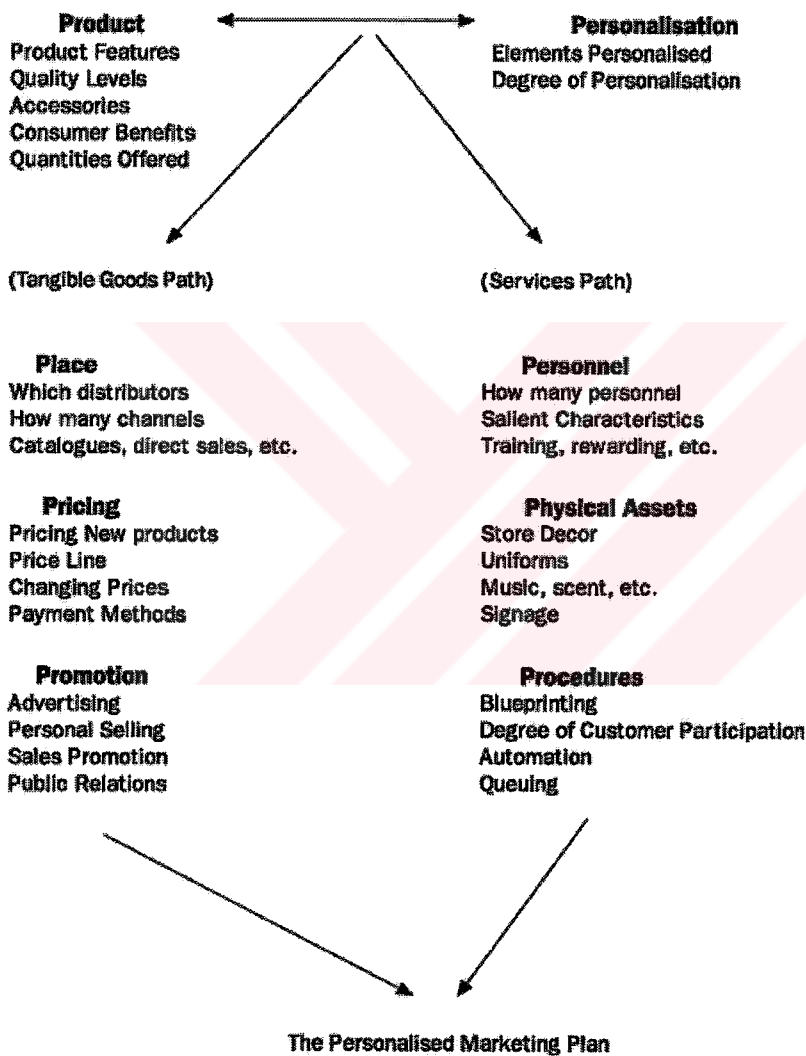


Figure 4.6. The Personalised Marketing Plan [35]

Of course, personalising service products requires not only trained personnel but also the procedures designed so that a personalised service product can be created, if the managers choose to follow this competitive strategy. Marketing managers may need to think of ways to design their service products to be as individual as

possible, even if the basic service is the same for all customers. Obviously, information technology is a key ingredient in this effort.

Finally, marketers may even personalise the physical assets in their marketing mix to correspond with the overall personalisation strategy.

torqUe Proposition 2:

- The company should develop a delta (a range) for each of the elements in Marketing Mix.
 - Product
 - Price
 - Place
 - Promotion
 - Personnel
 - Process
 - Physical Assets
- The Segment Values should be transformed into Marketing Mix.

To clarify, the following example may be given:

A customer of the retailer had never bought any kind of 'meat' product. Most probably s/he is a vegetarian.

There are two important steps to transform this data into a valuable information:

- 1- There should be a subsegment called 'vegetarian'
- 2- Campaign Management tools should use this information and should eliminate 'meat' based promotions in the personalised communications.

torqUe Proposition 3:

After a perfect segmentation and transformation, all these information should be merged and a personalised image of the customer should be formed.

4.3.3. The U in the TORQUE - Summary

Figure 4.7. defines the uniqueness step of the TORQUE Model.

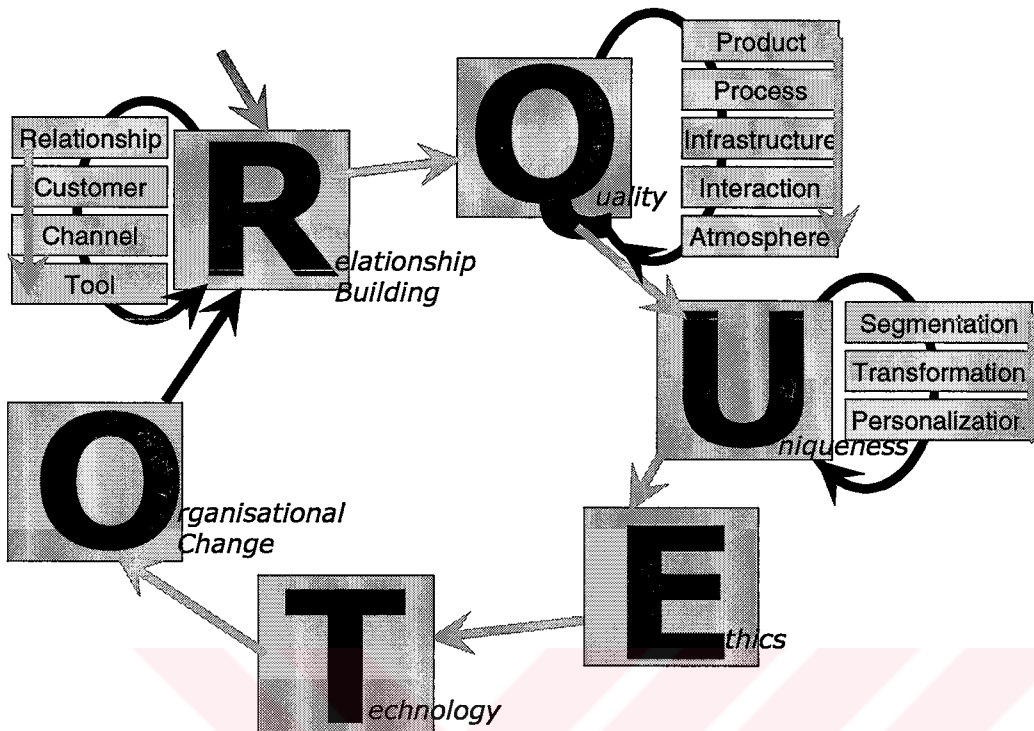


Figure 4.7. The TORQUE Model with R-Q-U defined

The next section is on the E(Ethics) part of the TORQUE model.

4.4. torquE – ETHICS

Trust is a key element for relationship marketing. ‘The resources of the seller – personnel, technology and systems – have to be used in such a manner that the customer’s trust in the resources involved and, thus, in the firm itself is maintained and strengthened’ [2].

Trust and commitment also appear to be important constituents where relationship marketing strategies are seen to be potentially successful[4]. Trust is generally ill defined but is often taken to mean an acceptance of vulnerability to another's possible, but not expected, ill will or lack of good will. Commitment is again often ill defined. In relationship marketing literature, it would seem to be regarded as a situation where one or other of the parties' intention is to act and their subsequent attitude towards interacting with each other. Commitment is undoubtedly connected with the notion of trust but it is less clear which, if any, assumes precedence.

Whatever the industry, it is important to build trust and commitment if the establishment of a relationship is the end goal. Equally, it may be hypothesised that if trust and commitment is generally a prerequisite to a sale then relationship building is an important step in achieving this.

To begin with, it should be stressed that in order to be successful relationship marketers, companies must internalise the original marketing concept and its application in relationship marketing as a genuine change in values and ethics at both the philosophical and practical level. As Gummeson [31] points out: “inadequate basic values and the absence of ethics are the biggest obstacles to success in relationship marketing”.

Relationship marketing can bring about greater communication between partners, as its complex nature requires administrative mechanisms not found in contract law. It represents a much softer, more appealing long-term approach to ethics, which can enhance attitudinal, and value changes to managers and employees, than the law enforcing governmental intervention. Emphasis should therefore be placed on ethics as a foundation for relationship marketing where trust, equity, responsibility and commitment are required for honest relational exchanges to occur.

Despite the strong ethical foundations of relationship marketing, reports of questionable activities relating to marketing practice continue to appear regularly in the press [38]. The ethical dimension of consumer marketing in relation to consumer privacy, surveillance and control is an emerging issue. The customer service and market research mentality under relationship marketing generates a demand for detailed customer profiles and the development of computerisation allows the assembly of such databases. The ethical questions that arise are why various information is gathered, how it is used, who has access to it and whether consumers are informed as to what happens to the information in their personal profile. This manifests itself in what is generally termed “invasions of privacy”.

4.4.1.Relationship marketing as an ethical business philosophy

Ethical concerns are part of the routine practices of marketing management and are characterised less frequently by legal issues than by concerns about relationships and responsibilities. Empirical evidence indicates that relational exchange participants rely more often on extra-legal governance to maintain their

relationships and resolve disputes, suggesting the importance of ethical virtues for honest relational exchanges to occur. [38]

4.4.2. The E in the TORQUE - Summary

To summarize the Ethics part is as important as the previous steps.

torquE Proposition:

Trust and Commitment are very important concepts in customer-company relationships as any other type of relationship. Laws and traditions should always be in charge. With relationship marketing, a company can get and learn many details about a specific customer. These information should be kept confidential within the boundaries of the company, and not shared with anyone else.

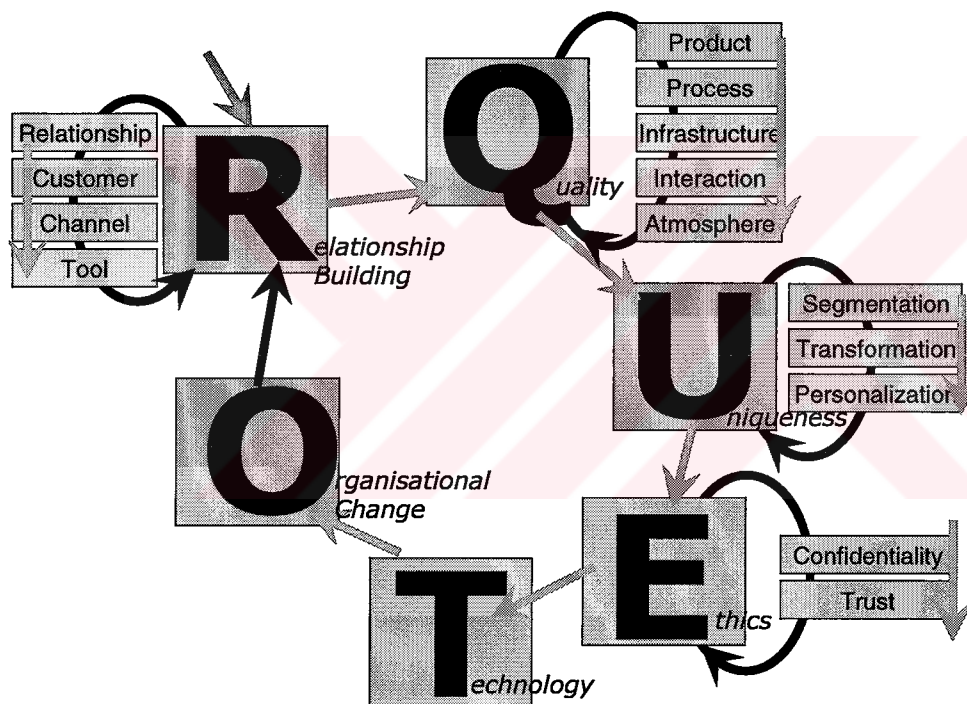


Figure 4.8. The TORQUE Model with R-Q-U-E defined

4.5. Torque – TECHNOLOGY

In his whitepaper 'Marketing and the War Machine' Desmond [32] asks the following question: 'Where would relationship marketing be without smart cards, barcodes, scanners, computer networks, relational databases and all the rest of the paraphernalia that are necessary to try to persuade me, the consumer, that there is in fact a one-on-one relationship?'

IT should also be a considerable issue for the marketers as they strive for benefits beyond relationship marketing. Zinedlin [39] points the following key propositions concerning relationship marketing and IT:

- The rate of technological development, not relationship marketing, is one of the most forceful catalysts for marketing change.
- No marketer or manager would doubt that IT is an important element in his or her relationship with a customer.
- The IT inherent in every marketing activity has succeeded in "shrinking" the marketing world, and facilitating the design and manufacture of products, as well as enabling the creation and development of effective and efficient marketing relationships.
- Without effective use of technology, relationship marketing is not an effective strategy.

4.5.1.Information technology advances and the market

The rate of technological change in the marketing environment is the most important factor that affects relationship marketing success. The relationship between the rate of effective IT use and relationship effectiveness would be positive.

Relationship marketing is dependent on several technological advances:

- CRM Solutions – All kinds of systems where customer information is kept
- Decision Support Systems – All kinds of Analysis tools and infrastructure
- Internet – important for information tracking and one-to-one marketing
- Knowledge Management – Sharing all relevant information about the customer

4.5.1.1.CRM (Customer Relationship Management) Solutions:

Customer relationship management (CRM) is a strategy for improving a company's relationship with its customers.

Companies use CRM packages for many and often multiple purposes. Following is a list of features found in many CRM applications: [40]

- Call center management
- Contact tracking
- Customer management
- E-mail management
- Issue tracking
- Marketing campaign management
- Order management
- Sales lead tracking
- Trend analysis

Types of communication modules offered by CRM companies:

- Chat
- E-mail
- Fax
- Newsgroups
- Package Delivery
- Telephony
- US mail
- Web

Marshak categorizes CRM applications into four [41]:

- Sales Force Automation (SFA): Tools for managing the sales process, including lead tracking, opportunity management, and pipeline management.
- Customer Service and Support: Tools for customer service agents that let them track service requests, problem tickets, and provide quick and accurate responses to customer inquiries.
- Marketing Automation: Tools to manage direct mail and other marketing campaigns, as well as related marketing operations processes.

- Customer Intelligence (Business Intelligence): Tools for the analysis of customer data and behavior.

Another widely accepted categorization by Gartner Group [42] is as follows:

- Operational CRM: The automation of horizontally integrated business processes involving front office customer touch points – sales, marketing and customer service (call centre, field service) – via multiple, interconnected delivery channels and integration between front office and back office. An operational CRM system automates front-office business functions.
- Analytical CRM: The analysis of data created on the operational side of the CRM equation for the purpose of business performance management. Analytical CRM is inextricably tied to a data warehouse architecture and is most often manifest in analytical applications that leverage data marts.
- Collaborative CRM: The use of new and traditional groupware/web technologies to facilitate customer and business partner communications.

Both of the categorizations include Business Intelligence as a sub-title. Next section focuses in the Analysis Concept and Decision Support Systems to achieve business intelligence.

4.5.1.2. Analysis and business intelligence

A key challenge for organisations is to bring business advantage and improved decision making to all levels of the organisation. By using data warehouses or data marts to store collect and cleanse data, organisations can operate analytical CRM strategies by providing users with access to integrated, consolidated and summarised information which can be mined and analysed. As a result, users can better understand information and use it to search for patterns, trends and insights that can enhance customer relationship management as well as customer marketing programmes.

Employees need to obtain this data easily for analysis using familiar tools and should not have to rely on management information services to create complex front ends to corporate databases. OLAP (On-line analytical processing) tools are especially used for this aim. In addition, employees can communicate and

collaborate on data analysis, real-time and with other employees – either internally or remotely.

4.5.1.3.E-commerce and the internet

The internet is changing the way businesses operate by providing new opportunities for gathering, disseminating and exchanging information.

And as the online business marketplace becomes more sophisticated and competitive, CRM becomes more important in achieving differentiation.

Marketing on the Internet marries the needs of consumers with the ever-evolving cyber technology. As a result, companies go electronic to communicate with their customers, create an awareness of their product and, perhaps, make a profit. Also, online marketing is self-selective. Companies know the customers who visit their site are interested. They want to know more about the product. Not only does this help identify the highest-potential consumers, it permits a depth of sale that no other medium can provide. It reaches consumers in literally every part of the world. Another benefit of online marketing is that it is interactive. It enables companies to engage consumers in a way that no other medium can. One-to-one marketing is the online's unique capability.

Personalisation is vital in any successful CRM strategy. Customers want to access information immediately, anywhere and in a personalised form. Using the internet, organisations can personalise customer information and web views so that every time a customer visits their site, they can access personal information and customised views. And by automating processes, e-commerce provides faster and more reliable information for analysis and data mining as well as enabling organisations to develop online call centres and online web call back facilities available 24-hours a day, 365 days a year.

Internet-based customer support is typically much cheaper than telephone support and it also provides a means of attracting new customers who appreciate the convenience of the service offered.

4.5.1.4.Knowledge Management / Intranet

Sharing learning from experiences and creating a corporate memory are critical components of a knowledge management enabled CRM strategy. The ability to

share experiences by publishing them to central locations in a form that anyone can read is central to making sure that knowledge workers are fully equipped to contribute innovatively to the information architecture. [40]

Central intranet systems are used in most of the growing companies to build a corporate memory and share all relevant information.

Imaging carries out the entering, sorting, processing, filing and accessing of all paper documents, e.g. customer and warehouse data. Workflow management then provides the right employee with the right information at the right time, thus reducing and rationalising processing times and empowering each knowledge worker with the tools to perform advanced CRM.

4.5.2. The T in the TORQUE - Summary

As mentioned clearly relationship marketing and CRM is not about technology, but technology is crucial to sharing information for the purpose of building better customer relationships.

Based on a company's market, a policy is formulated to direct desired improvements and a plan is devised. This policy should be implemented company wide to maximize the plan's opportunity for success. Once the plan is in place (R-Q-U-E steps), a software package can be purchased that will make it easier to implement and maintain the plan.

Torque Proposition 1:

Technology investment should be done according to the needs that are clearly defined in R-Q-U-E steps. User-friendly tools will increase the chance of a successful relationship marketing implementation.

The technology step of the TORQUE model may be detailed into four subtitles –

- the CRM package,
- Analysis tools,
- Internet
- Intranet.

Figure 4.9. summarizes the T step of the TORQUE Model.

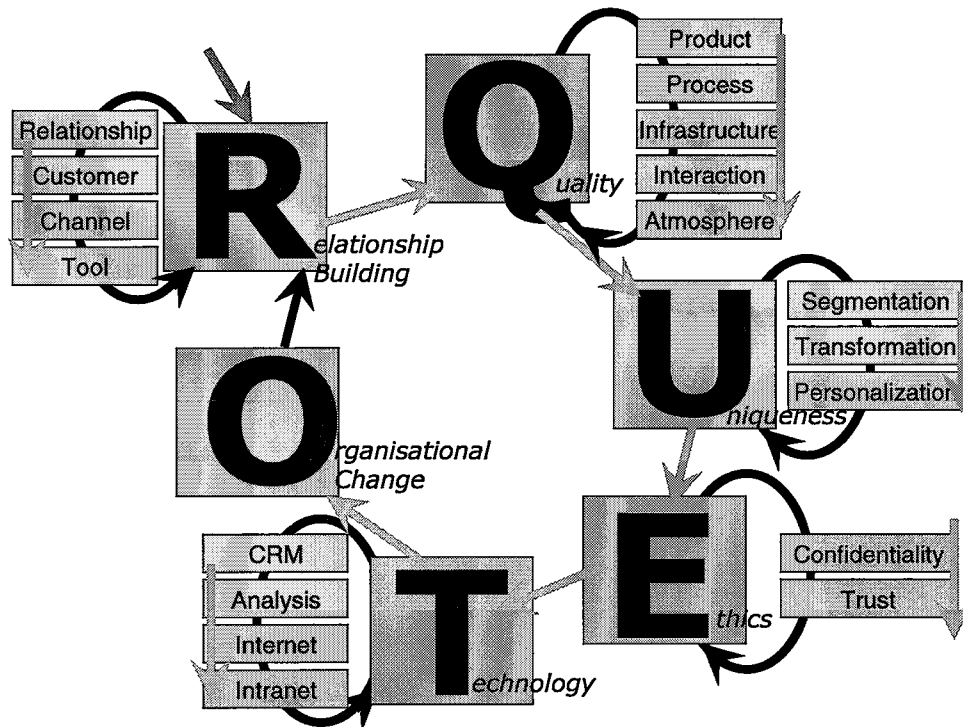


Figure 4.9. The TORQUE Model with T-R-Q-U-E defined

4.6.tOrque – ORGANISATIONAL CHANGE

As will be remembered from earlier sections, Grönroos[19] has pointed three key strategies for relationship marketing:

- 1- to redefine the business as a service business and the key competitive element as service competition (covered before);
- 2- to look at the organisation from a process management perspective and not from a functionalistic perspective ;
- 3- to establish partnerships and a network to be able to handle the whole service process.

The O of the TORQUE model mentions the importance of organisational change and focuses on the last two points of the three strategies.

Most of the studies focus on the organisational aspects of relationship marketing. Gummenson [43] has proposed Imaginary Organisations concept that is built on his relationship marketing definition – relationships, networks and interaction. Within a business-to-business framework, he suggests that even competitors should come

together for customers. He is also the creator of the part-time marketer concept for non-marketing department employees, in his earlier works. According to him it is more appropriate to speak of 'marketing-oriented management' than of 'marketing management'.

4.6.1. Marketing Oriented Management and the Marketing Department

Managing the marketing mix makes marketing seem easy to handle and organise. Marketing is separated from other activities of the firm and delegated to specialists who take care of the analysis, planning and implementation of various marketing tasks, such as market analysis, marketing planning, advertising, sales promotion, sales, pricing, distribution and product packaging.

Both in the marketing literature and in everyday marketing vocabulary the expression 'marketing department', and organisation unit, is used as a synonym for marketing function, which is the process of taking care of the fulfilment of customer needs and desires.

On the other hand, the existence or introduction of such a department may be a trigger that makes everybody else lose whatever little interest in the customers they may have had. The marketing department approach to organising the marketing function has isolated marketing from design, production, deliveries, technical service, complaints handling, invoicing and other activities of the firm. As a consequence, the rest of the organisation has been alienated from marketing. Therefore, it has made it difficult, often even impossible, to turn marketing into the "integrative function" that would provide other departments with the market-related input needed to make the organisation truly market oriented and reach a stage of "co-ordinated marketing" [2].

Furthermore, the marketing specialists organised in a marketing department may get alienated from the customers. Managing the marketing mix means relying on mass marketing. Customers become numbers for the marketing specialists, whose actions, therefore, typically are based on surface information obtained from market research reports and market share statistics. Frequently, such marketers act without ever having encountered a real customer.

The seller, who at the same time may be the buyer in a reciprocal setting, may of course employ marketing specialists, such as sales representatives, market

communication people and market analysts. In addition to them, a large number of persons in functions which, according to the marketing mix management paradigm are non-marketing, such as research and development, design, deliveries, customer training, invoicing and credit management, has a decisive impact on the marketing success of the “seller” in the network. Gummesson[17] has coined the term part-time marketers for such employees of a firm.

4.6.2. Internal marketing & the Company Culture

Internal marketing as a process has to be integrated with the total marketing function. External marketing, both the traditional parts of it and interactive marketing performance, starts from within the organisation. As compared to transaction marketing situations, a thorough and ongoing internal marketing process is required to make relationship marketing successful. If internal marketing is neglected, external marketing suffers or fails. [2]

As Payne [11] mentioned if a company can communicate the value in financial terms to its employees they will give more thought to ensuring that customer satisfaction is achieved. Staff of Domino’s Pizza in the US are taught to see every pizza customer as having \$5,000 tattooed on their forehead – the amount they would spend over the next ten years if they bought two \$5 pizzas a week. It is not enough simply to tell staff that customers are valuable – they must be able to quantify it and visualize it.

4.6.3. Creating a Customer Focused Culture

Anton [44] has proposed several steps for creating a customer focused culture. As may be observed changing the company culture is directly related with the R-Q-U-E steps that are defined before:

- Define all your business in terms of a continuous service to your customers, from pre-sales to post-sales activities. Flatten the organisation and bring it closer to the customer. Think like the customer.
- Identify and differentiate customers in terms of their roles, power, special characteristics, and needs. (As mentioned in the **R** step of toRque)

- Determine customers prioritized expectations related to service product attributes (performance and perception) and outcome. (As mentioned in the Q step of torQue)
- Maintain a current description of the service creation and delivery process with charts, text and measures. Continually train, educate, and develop people as a strategic priority.

To be successful in relationship marketing, management commitment is as important as empowered, motivated and well trained employees. The top level management team should be a part of the overall process.

4.6.4.The O in the TORQUE - Summary

The O step is the last step of the TORQUE Model and as may be observed it is highly dependent on the earlier steps. The organisational change may be categorized into three sub-parts: re-organisation of the company, cultural change and training.

torQue Proposition 1:

Re-organisation is important to achieve Marketing-Oriented Management. The organisation should be flattened to make everyone in the company closer to the customer. Any people working in the company should feel that they are at the same time part-time marketers to help the customer satisfaction increase.

Re-organisation itself is not enough and all the people should be trained deeply on the new company values and procedures.

torQue Proposition 2:

Training is the second important part for the Organisational Change. To deliver clear messages all the processes should be defined in detail.

Last but not least Cultural Change is very important. After all the trainings are completed, the personnel should be a part of the overall corporate strategy.

torQue Proposition 3:

To manage cultural change, training is a must, but is not sufficient. The company's vision and mission statements should be adjusted to the customer-centric

philosophy. And each employee should work as a missionary to increase customer satisfaction and loyalty. Incentives, Performance Objectives may be good tools to achieve this.

The O step (last step) of the TORQUE model is defined in **Figure 4.10**. This figure is also the total picture of the TORQUE Model.

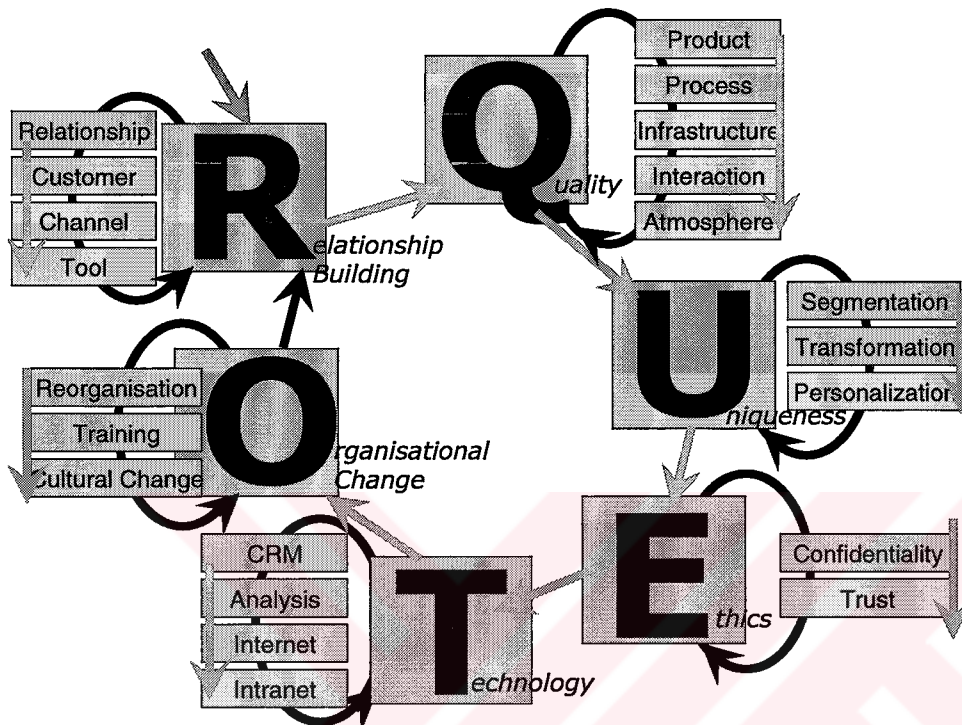


Figure 4.10. The TORQUE Model with T-O-R-Q-U-E defined

The dependent and independent variables of the model, the output of the system will be detailed in the next section.

4.7.TORQUE – IN SUMMARY

In this section the TORQUE Model will be analyzed from another perspective. The input and output of the model, independent variables and dependent variables will be emphasized. (**Figure 4.11**)

4.7.1.Independent Variables

Customer List: The list includes all the customers – their names and Customer IDs. It is an input for the **R** step. [**Figure 4.12.**]

Organisation Chart: The organisation of the company, departments, positions is an independent variable and input for the **O** step. [**Figure 4.12.**]

Channel List: The list includes not only all available channels for reaching customers, but also the possible channel types available in the relevant industry. It is an input for the **R** step. [Figure 4.12.]

Tools List: The list includes not only all available customer interaction tools, but also the possible tool alternatives available in the relevant industry. It is an input for the **R** step. [Figure 4.12.]

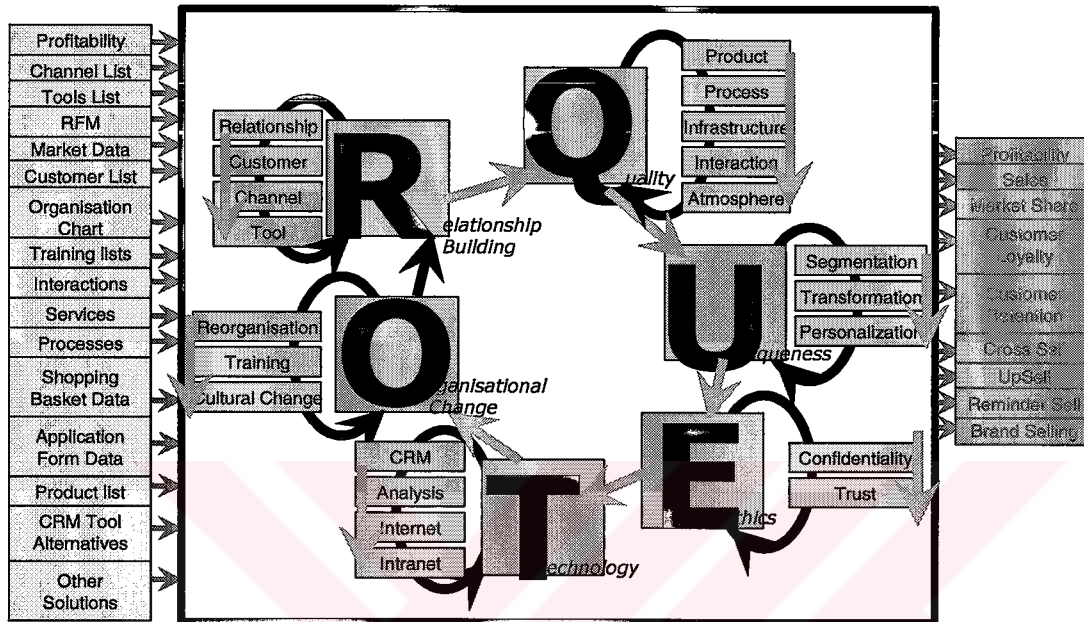


Figure 4.11. Input and Output of the TORQUE Model

Product List: The list includes all the products that may be reached by the customer. It is an important variable for Quality and also personalisable services. It is an input for the **Q** step. [Figure 4.12.]

Services: Type of services are also important to determine the quality gap, and personalisable services. It is an input for the **Q** step. [Figure 4.12.]

Application Form Data: This data may also be used for forming information about the customer. It is an input for the **U** step. [Figure 4.12.]

Interactions: The types of interactions with the customer related to the functions is important to define reengineered processes and personalisation. It is an independent variable and input for the **Q** step. [Figure 4.12.]

Processes: All processes related to customers is important for the **Q** step. [Figure 4.12.]

Training List: List of all available trainings for the success of the project. It is an input of the Q step. [Figure 4.12.]

CRM Tool Alternatives: List of all available CRM tools, CRM methodologies. It is an input of the T step. [Figure 4.12.]

Other Solutions: List of all available internet, intranet, analysis and knowledge management solutions. It is an input of the T step. [Figure 4.12.]

4.7.2.Dependent Variables:

RFM Data: Regency, Frequency and Monetary data of each and every customer. It is an input for the R step. It is also an output of the model. [Figure 4.12.]

Market Data: Main competitors, market shares, company image are some of the figures of this dependent variable. It is an input for the R step. [Figure 4.12.]

Profitability: The total profitability of the company is another dependent input for the R step. It is also an output of the model.[Figure 4.12.]

Targeted Customer List: This list is a result of two independent variables: Customer list and the RFM data. The list includes all the names and Ids of the customers that will be targeted for a relationship. It is the output of the R step and is the most important input for the U step. [Figure 4.12.]

Shopping Basket Data: This data may be used especially for discovering the customer as a unique person. It is an input for the U step. But this input may be effected by the relationship marketing strategy of the company and the contents of the shopping basket may change with techniques like cross-selling, up-selling etc. That is to say it is not only an input but also an output of U step. [Figure 4.12.]

Project Scope: This is a dependent variable that should be formed as a result of different factors. The company should decide the scope of the relationship with the customer. This will be based on independent variables like RFM values, profitability and market data. It will effect other dependent variables like project targets, relationship channels, relationship tools, updated vision, updated mission, roles and responsibilities. In other words it is both an output and input for the R step. It is also an input and output for the Q step. [Figure 4.12.]

Project Targets: What are the targets of the project? Does the company want to increase profitability? Or increasing customer loyalty is the main target? Is it

changing the company image? The targets are defined based on project scope and is dependent on all the variables that scope depends on. It is both an output and input for the **R** step. It is also an input and output for the **Q** step. [Figure 4.12.]

Roles & Responsibilities: Roles and responsibilities will be formed as a result of project targets and project scope. These two variables will interact with the organisation chart. It is an input and output for both **R** and **Q** steps. [Figure 4.12.]

Updated Vision & Mission: Project Targets and Project Scope will be the key variables effecting this variable. It is an input and output for both **R** and **Q** steps. [Figure 4.12.]

Relationship Tools: Project Targets, Project Scope, Channel List and Tools List will build up this variable. It is an output of the **R** step and and input to the **Q** step. [Figure 4.12.]

Relationship Channels: Project Targets, Project Scope and Channel List will build up this variable. It is an output of the **R** step and and input to the **Q** step. [Figure 4.12.]

Personalisable Services: It is the output of the **Q** step. It depends on the services and product list portfolio. In a way it represents the transformation of the products into services. Process re-engineering has also an affect in this variable. It is an input for the **U** step. And when this variable interacts with the targeted customer list, personalisation takes place. [Figure 4.12.]

Personalisation needs: This variable includes all the personalisation needs of the project. It depends on the personalisable services and targeted customer list. It is the output of the **U** step which feeds the **T** step. But this is a bidirectional relationship and technological features may also trigger new tactics for personalisation. [Figure 4.12.]

Transformation needs: This variable includes all the transformation needs of the shopping basket and application form data. It is the output of the **U** step which feeds the **T** step. But this is a bidirectional relationship and technological features may also trigger new tactics for transformation. [Figure 4.12.]

Personalised Information: It is the output of the **U** step. This data may trigger new sales tactics and tools for the system like cross-sell, up-sell, reminder-selling, brand based selling etc. Personal information depends on different variables like shopping

basket data, targeted customer list, personalisable services, application form data, transformation and personalisation. It also acts as input to the E step. [Figure 4.12.]

Trained Employees: This is a variable that effects two steps at the same time: Q step and Q step. It is a direct result of organisation chart, roles and responsibilities, updated mission and vision, processes, interactions, reengineered processes, project scope, project targets, confidentiality philosophy, personalisable services and technical training needs. [Figure 4.12.]

Reengineered Processes: This variable has a similar infrastructure with trained employees. It also fits between Q and Q steps and has bidirectional feeding. Reengineered processes depends directly to roles and responsibilities, updated mission and vision, processes, interactions, project scope, project targets, confidentiality philosophy, personalisable services, trained employees and technical training needs. [Figure 4.12.]

Security: It is the direct result of the personalised information coming from the U step. It is the output of the E step and feeds the T step including the security needs of the project. [Figure 4.12.]

Confidentiality Philosophy: Depends on the security and personalised information. It is an output from the E step and feeds the Q step. [Figure 4.12.]

Ease of use: Depends on the trained employees, organisation chart. It is a need for the success of the project. It is the output of the Q step and an input to the T step. [Figure 4.12.]

Technical Training Needs: This will be an important need after the T step is fully completed. It is the output of this step and an input to the Q step. This depends on the selected CRM application and other technological solutions. [Figure 4.12.]

4.7.3.Outputs:

Customer Retention: This may be calculated as a direct result of the regency (or in combination with frequency and monetary) values. Increasing Customer Retention is an important target for relationship marketing projects. [Figure 4.12.]

Customer Loyalty: Customer loyalty also depends on the RFM parameters and mostly frequency. It is an important factor for increasing profitability. [Figure 4.12.]

Market Share: The number of new customers that are recruited, the increase in the total monetary value will effect the market share of the company. [Figure 4.12.]

Profitability: Increase in the monetary values will effect the total profitability of the company. [Figure 4.12.]

New sales tools: Tools like cross-selling, up-selling, reminder selling and brand selling will be outputs of the system. And the monetary results generated by these tools may be calculated afterwards. [Figure 4.12.]

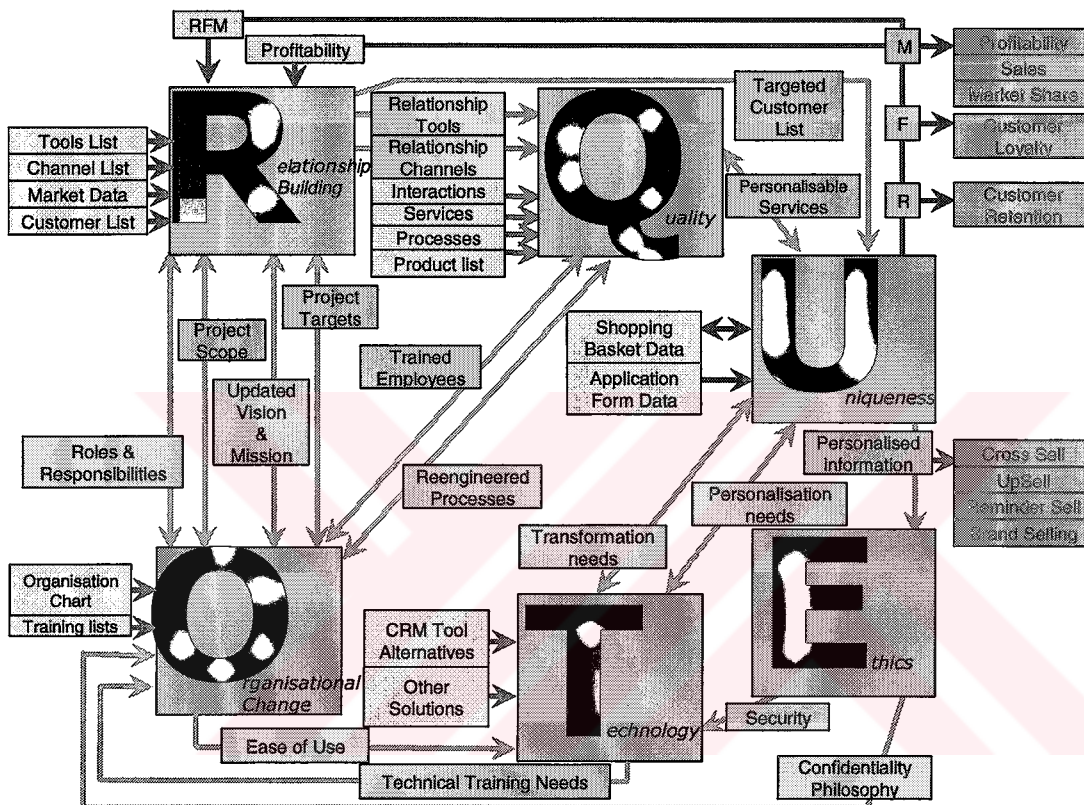


Figure 4.12. Inner logic for the input/output of the TORQUE Model

4.7.4. Propositions:

The following propositions took place in relevant steps of the model:

toRque Proposition 1:

The company should define the relationship:

- What is the reason for building a relationship?
- What is the scope of the relationship?
- What is the eagerness of a customer for building a relationship with the company?

- What are the key properties of a relationship?
- How strong will the relationship be?
- How close will the relationship be?
- Can there be any emotion in the relationship?

toRque Proposition 2:

The company should decide:

- Relationship with all customers or with some of them?
- What is the key criteria of a valuable customer?
- May this criteria be tracked?
- May the customer profile be built?
- May customer specific transactional data be kept?

toRque Proposition 3:

The company should detect:

- The customer data needed (both as profile data and transactional data)
- All the available relationship channels.
- Is the data already available? Is it generatable through the current channels?
- If all the data needed may not be generated, new relationship channels should be developed.

toRque Proposition 4:

The company should determine:

- The customer interaction tools for different channels.
- Joint points for the tools and channels: Different channels should tie and correlate all the information about the customer and have a unique view of him/her.

torQue Proposition:

The company should implement Total Relationship Management and define a quality framework on five areas:

Product/Service – Process – Infrastructure – Interaction - Atmosphere

torqUe Proposition 1:

The company should decide on the level of **segmentation**:

- The size of each segment – segments of one/ten/many
- The differentiation factors of a segment

torqUe Proposition 2:

- The company should develop a delta (a range) for each of the elements in Marketing Mix.
 - Product
 - Price
 - Place
 - Promotion
 - Personnel
 - Process
 - Physical Assets
- The Segment Values should be transformed into Marketing Mix.

torqUe Proposition 3:

After a perfect segmentation and transformation, all these information should be merged and a personalised image of the customer should be formed.

torquE Proposition:

Trust and Commitment are very important concepts in customer-company relationships as any other type of relationship. Laws and traditions should always be in charge. With relationship marketing, a company can get and learn many

details about a specific customer. These information should be kept confidential within the boundaries of the company, and not shared with anyone else.

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Technology investment should be done according to the needs that are clearly defined in R-Q-U-E steps. User-friendly tools will increase the chance of a successful relationship marketing implementation.

The technology step of the TORQUE model may be detailed into four subtitles –

- the CRM package,
- Analysis tools,
- Internet
- Intranet.

Torque Proposition 1:

Re-organisation is important to achieve Marketing-Oriented Management. The organisation should be flattened to make everyone in the company closer to the customer. Any people working in the company should feel that they are at the same time part-time marketers to help the customer satisfaction increase.

Re-organisation itself is not enough and all the people should be trained deeply on the new company values and procedures.

Torque Proposition 2:

Training is the second important part for the Organisational Change. To deliver clear messages all the processes should be defined in detail.

Torque Proposition 3:

To manage cultural change, training is a must, but is not sufficient. The company's vision and mission statements should be adjusted to the customer-centric philosophy. And each employee should work as a missionary to increase customer satisfaction and loyalty. Incentives, Performance Objectives may be good tools to achieve this.

Next section includes a hypothetical implemetation of the TORQUE model.

5.RESEARCH TO BACK UP THE TORQUE MODEL

5.1.AIM OF THE RESEARCH

The aim of the research is to build a working model for implementing relationship marketing. The designed model, which is called TORQUE, is a generic model and may be used for any market and culture. In this work, Turkish retail market has been selected as the base to demonstrate the model in action. As mentioned before retail is one of the key areas where relationship marketing is very important and effective.

5.2.RESEARCH METHODOLOGY

The research is an exploratory study and has been completed in three major phases. The first phase was composed of academic research. More than 50 studies have been scanned. The idea of building a model for implementing relationship marketing arose after the first step. The works had a focus on a specific part of relationship marketing. It was either the organisational effects, or technological needs, or relationship basics. The big picture was missing.

In the second phase, the model is formed. The six steps of the TORQUE model was a compilation of the six major clusters in the academic literature. The dependencies are also mentioned clearly.

In the third phase the model is implemented. For implementation an important player in the Turkish retail market are selected and the implementation has been completed in a hypothetical way. The real implementation of the projects are mapped to the TORQUE model. The author had worked with companies that had implemented projects in this retailer, and had the opportunity to follow them with in the thesis perspective. The internet based projects, including e-shops, are selected as the main areas for implementation as they are good candidates for relationship marketing. The demonstrability of the web pages was another reason for the selection. Most of the figures that are placed in this section are formed from the

web pages of the company. There are also some figures from other companies for comparison reasons. In addition to following the projects as an outsider, interviews with the project owners are completed.

5.3.LIMITATIONS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE WORK

Although the model may be implemented in any market, the retail market is selected as the target. Another limitation is the culture, Turkish market is selected as the base. All these limitations are parameters that may be changed. With the change of the parameters other studies may be completed. (i.e. implementing TORQUE in Turkish finance, healthcare or education sector)

Before going into details of the implementation, first the Turkish Retail Market should be investigated.

5.4.TURKISH RETAIL MARKET

The retail business in Turkey may be subsegmented into three major groups:

- Chain markets (super and hyper markets)
- Discount chain markets
- Stand-alone markets/stores (including groceries)

The markets may be categorized according to their size as summarised in **Table 5.1.**

Table 5.1. Categorization of the markets [45]

	Area (sq. m)	# of Cashiers
HyperMarket	+2500	8+
Big Supermarket	1000-2499	2+
Super Market	400-1000	2+
Small Supermarket	100-399	2
Market	50-99	1

The largest chain markets are Migros, Gima, Tansaş, Yimpaş and Carrefour. The largest discount chain markets are BİM, Real, Endi, Şok, ChampionSA and DiaSA. **Table 5.2.** is a summary of the main chain markets in the Turkish retail business. The numbers in Soysal Retail Catalogue Turkey [46] are April 2002 numbers.

Table 5.2. Important players of the Turkish Retail Business [46]

Chain Market	Other Chain Markets of the Group	# of Stores	Total space sq.m ¹	# of Cities	Stores in other countries ²	Loyalty Card?
BİM		666	333,000	7	-	No
CarrefourSA		10	96,748	7	-	Yes
****	ChampionSA	3	6,755	1	-	Yes
****	DiaSA	93	24,000	1	-	No
Gima		77	96,239	28	1(3 stores)	Yes
****	Endi	56	16,248	4	-	Yes
Kiler		25	85,000	2	-	No
Migros		172	508,550	33	4(19 stores)	Yes
****	Şok	292	103,060	21	-	Yes
****	Bakkalım	718	43,550	3	-	No
Tansaş		194	125,155	15	-	Yes
****	Macrocenter	11	9,766	2	-	Yes
Yimpaş		58	310,000	25	4(13 stores)	No

¹ The list is compiled from 68 different chain markets; 7 of these and their related discount chain markets are selected. The selection criteria was the total space square meters. Market chains with 85,000 and above are chosen and detailed in the list.

² The notation X(Y stores) denotes that the retailer has Y stores in X countries. i.e. Gima has 3 stores in 1 foreign country (Romania). The number of stores in other countries are included in the 'total number of stores' column.

As seen from **Table 5.2** most of the retailers have customer cards. On the other hand, these cards are used as simple discount cards, and they do not have relationship marketing capacities. Some of the cards even do not have a discount property.

From all of these customer cards, two of the cards are observed to start having customer relationship properties in the last two years: Super Card (from Gima/Endi), Migros Club Card (from Migros/Şok).

From these retailers, Gima is selected for the implementation of the TORQUE Model.

5.4.1.A brief look to Gima

Gima is one of the top three FMCG retailers in Turkey. After being privatized in 1996, the company has a much stronger network in Turkey – doubled the number of its stores, new cities, new locations.

Despite these, Gima has decided to build a customer network by using relationship marketing techniques, alternative channels, customer focused strategies. The aim was to change the image, reach to new customers and have a loyal user base. The total number of customers has increased to 112,000 from 63,000.

As a result of these, they have implemented different projects as the arms of the customer focus solution. Supercard, Gima sen-al market, Alo Gima 444 1000 and kiosks are some of these.

Gima has been implementing relationship marketing since two years. With the e-CRM step, the relationship marketing strategy has become very successful for increasing customer loyalty.

5.5.toRque IN RETAIL – THE RELATIONSHIP BUILDING STEP

The implementation of the TORQUE model starts with the first step, namely 'Relationship building' step [Figure 5.1.]. The four main parts of the first step are followed in order.

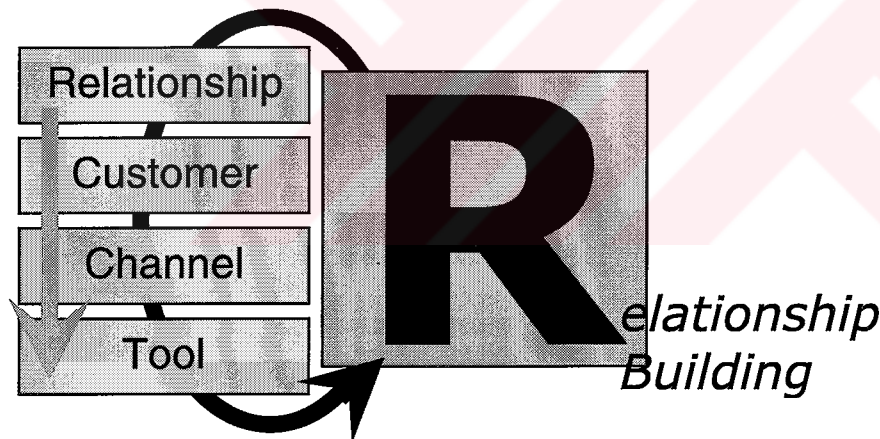


Figure 5.1. The R Step of TORQUE Model

5.5.1.Defining the Relationship

As mentioned before [Section 4.1.], in the R step a company should define clearly

- the reason for building a relationship with its customers
- the scope of the relationship
- key properties of the relationship and
- duality (willingness of the customer)

As in any relationship, to have a two way communication, the customer should also be willing to have a relationship. And to increase their tendency for a relationship, discounts, personalised services are some of the tools that may be used.

After privatization, Gima has the important challenge of reaching to new customers, by keeping the current ones happy. The relationship marketing initiative has started as a result of this need. To keep the existing customers happy, Gima has decided to build a relationship with all of its customer-base. The scope of the relationship would be:

- monitoring the shopping list of each customer,
- their RFM values and
- their shopping experience (place, time and date etc.)

On the other hand, most of the customer loyalty programs in the retail market has a different scope: the main intention is not building relationships with the customer but to analyze their buying patterns. Wal-Mart datawarehousing project is a best practice for this.

A popular example of the Wal-Mart project is the discovery of the beer-diaper correlation. When the basket analysis is done, it has been noticed that the people that buy diapers also buy beer, especially in a special time slot. The special time slot was the late afternoons of the weekdays. A deeper analysis has shown that these were the fathers that are going to home after a long working day, and had a quick visit to the market, bought a diaper for his baby and a beer for himself. After this analysis, Wal-Mart had tried different setting scenarios to increase the revenue by cross-selling. They either put the beers and the diapers near to each other, or add other products into the scenario like baby-creams and crispies. [48]

As may easily be noticed, this type of a loyalty program does not foster a relationship with the customer. Although with the loyalty card, the same scope (shopping list, RFM and shopping experience) may be monitored, the retailer does not focus on building relationships with the customers.[48]

In Turkey, Migros's implementation of relationship marketing is similiar to Wal-Mart.[48] Both projects are led by the technology company NCR Corporation.

5.5.2.Strategic Decision on the Target Customer

After the relationship is defined clearly, the second action of the R step requires to finalize target customer decisions, namely:

- Relationship with all customers or some of them?
- What are the key criteria of a valuable customer?
- May this criteria be tracked?
- May the customer specific transactional data be kept?
- May the customer profile be built?

Gima has decided to have a relationship with all the customers, and they have built a loyalty program based on a loyalty card.

An important part of the decision was to award especially the loyal customers, in parallel to having a relationship with all customers. The loyal customer criteria, in other words the most valuable customer criteria was decided to be set according to the RFM values. Frequency and Monetary values should be the key criteria for loyalty, while Recency and Monetary values were good candidates for awarding criteria.[47]

The loyal customer definition is decided to be any customer that buys minimum 50 Million TL per month (30 USD/month). The average number of visits for a loyal customer to any of the Gima channel is 2.3 times per month. The frequency and monetary numbers affect the loyalty class of a customer. And the recency and monetary value together is the criteria for a customer to be awarded. [47]

When these decisions were finalized, Gima had discovered that they had an asset that was not used. Although these details would be trackable per customer through Gimacard, they were never used. With Gimacard the customer was able to have discounts at the cash register on several products, but nothing else. There were no earned points, no segmentation, no personalisation, and in fact no relation. [47]

It was not possible to generate customer profile through the cards. The only data about the card holder would be available through the application form, in which most of the time, most of the fields were left empty.

Gima had decided to change the philosophy of the Gimacard and redefined it as the key tool for customer communication.

5.5.3.Tools for Customer Communication

After defining the relationship and customer details, the third step of relationship building is to develop tools for communication. Namely:

- The customer interaction tools for different channels should be determined
- Joint points for the tools and channels: Different channels should tie and correlate the information about the customer to have a unique view of him/her.

To determine which tools to use, communication details should be defined clearly:

- the information to be collected and
- the awards and services to be given

To achieve these, Gima has decided to build a new loyalty program based on the loyalty card concept. Gima had focused on the user base at the first stage, and formed a new list, composed of Gimacard and Endicard owners. With the transformation from discount card concept to the relationship card concept, Gima has set a new brand name – Supercard. [49]

There were two important steps in developing the relationship process:

- Get the customer data
 - Application Form – demographic information
 - Transactional Data – shopping experience
- Use the customer data
 - One-to-one relationship
 - Campaign Management
 - Awarding status

The most important action was to develop an effective awarding system to increase the eagerness of a customer for a relationship. For the case of Gima, as mentioned earlier the ancestor cards (Gimacard and Endicard) were discount cards, in other words a person that has one of these cards was able to buy a subset of products at a

discounted price. While Mr X was buying coke for 500,000 TL, Ms Y was able to buy the same can for 450,000 since she holds a GimaCard. [48]

In the Supercard implementation, Gima has decided to continue the discount logic, which is also branded with a new name: ‘Supervizyon Products’. [49]

But except for the discounts there should also be a awarding schedule based on the RFM methodology. Gima decided to award the customers according to their loyalty. For this reason another brand is also formed called ‘Superpoint’s. [49]

Superpoint framework has been designed to affect Monetary, Recency and Frequency values of a customer. There are multiple coefficients to award different segments differently. [Figure 5.2.]

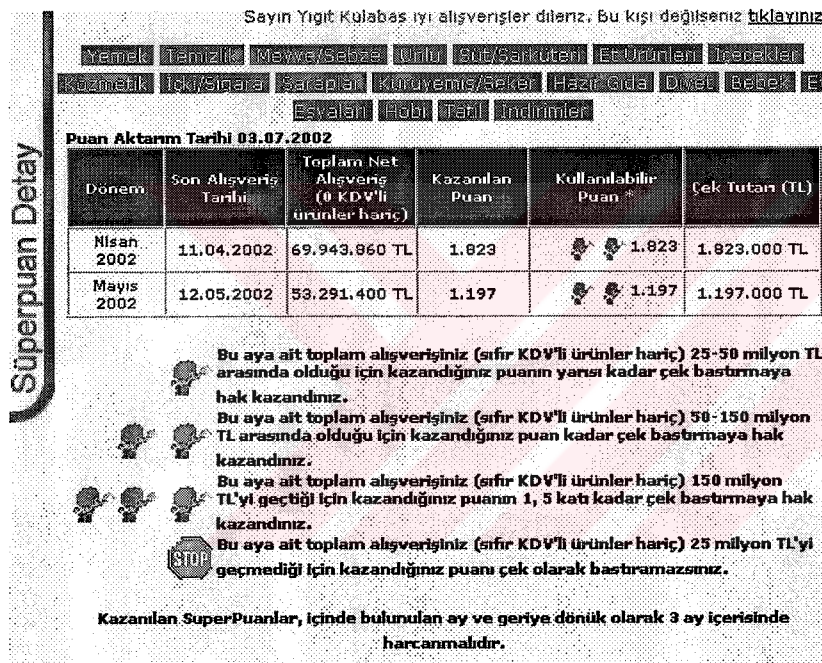


Figure 5.2. Superpoint Details [49]

5.5.4.Interaction with the Customer: Channel Development

As the last step of the relationship building, channel development has to be finalized.

Channel development is not only building new channels, but also moving existing channels into customer relationship orientation. Some of the key steps are:

- The details of the customer data needed (both as profile data and transactional data)
- The determination of the available relationship channels.

- Is the data already available or generatable through the current channels?
- If all the data needed may not be generated, new relationship channels should be developed.

After forming the loyalty card, most of the data needed would be collected. In fact as the famous jargon mentions 'retail is detail'. A customer receipt tells lots of things about the customer: date (week-day, weekend, start of the month etc), hour (morning, noon, afternoon etc.), payment style(credit card, cash etc.), shopping basket (vegetarian, lady, baby etc.). Supercard can manage to track each and every customer with their individual receipts.

Channel development is needed for several reasons:

- Awarding the customer – use of award points
- Campaign Management – one to one marketing
- New customer recruitment

Before the relationship marketing program has started, the only customer contact points for Gima were the shops. By the end of 2000, with the introduction of Supercard, a new channel has formed: Kiosks. Kiosks are placed in all markets, by which customers would be able to turn their Superpoints into cheques. The Gima cheques were usable in all shops at the cash registers. Kiosks were at the same time a good environment for one-to-one marketing. Special promotions would easily be offered to the target groups.[48]

But kiosks were not enough for campaign management, the customer had to come to the market, visit the kiosk to learn whether there are special offers for him/her. For this reason alternative channels were planned:

- internet:
 - e-commerce would be a new channel to increase revenues
 - a customer should give correct profile information to be serviced (the address, telephone number etc. should be correct)
 - e-mailing would be a new tool for interaction
 - customer needs and shopping behaviour would be trackable
 - personalised services would be possible

- convenience for customers
- a platform to recruit new customers
- telesales
 - a brand-new channel type for Turkey
 - the same logistics infrastructure with the internet
 - direct customer contact
 - personalised services would be possible
 - convenience for customers
 - a platform to recruit new customers

With the start of the relationship marketing program by November 2000, Gima has added three new channels to their environment – Kiosks/November 2000, internet/June 2001, telephone/September 2001. The new channels are merged with the market infrastructure and a single view of each customer is formed. The loyalty program is integrated with each channel. Superpoints would be usable in each of these media.

After the relationship building strategy is defined clearly, Q-U and E steps of the TORQUE Model are used to make it a reality.

5.6. torQue IN RETAIL – THE QUALITY STEP

This section analyzes the Quality step [Figure 5.3.] of Gima in their relationship marketing projects. The Q step is an important step to build a strong relationship. The first trial of any new channel/tool is the start of the relationship and has a crucial effect on the perception.

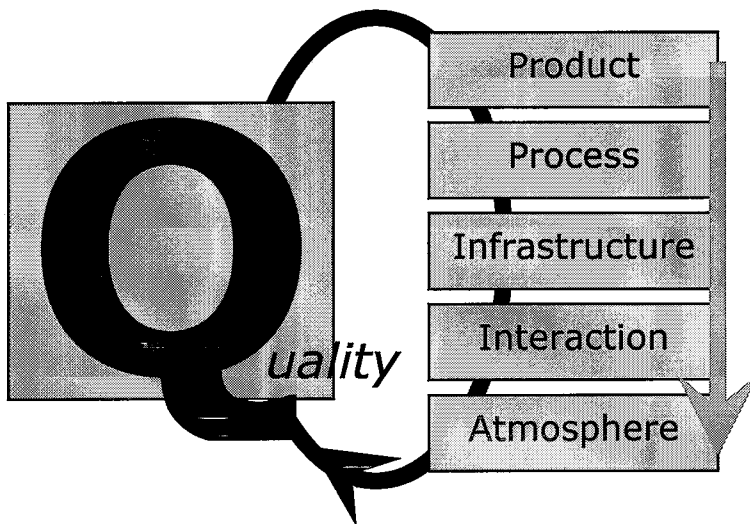


Figure 5.3. The Q Step of TORQUE

Before Gima, their main competitors Tansaş and Migros had initiated e-commerce projects.

Gima used the advantage of being a follower and has done a competitive analysis on loyalty cards and alternative channels. The loyalty program should not be a less functional one than the competitors. As mentioned before loyalty programs may easily be reproduced [21]. For this reason, Gima has started with a standard loyalty card and kiosk based program but focused on internet and telephone channels as the differentiator. The decision was to use the internet infrastructure for the telephone service, for this reason a detailed analysis on internet has been concluded.

5.6.1. Discovering the Quality Gap

Gima had an extensive analysis before starting the project. The main reason of the analysis was to discover the needs and concerns of the customers and defining the quality terms to be considering in product, process, infrastructure and atmosphere. If all are defined well, the possibility of having a quality gap would be near zero.

The analysis made on internet, e-commerce and e-mail marketing was completed on different perspectives:

- Features and functions served by competitors
- Why do the customers buy through the internet?
- Why don't they buy through internet? What should change to make them an internet customer?

One of the studies has shown that there are two important facts about selling through the internet: [50]

- 97 percent of the on-line customers, just visit the sites and do not buy any thing
- 65 percent of the shopping baskets are left without finalizing the order

Another research was on methods for increasing sales through internet. The research suggested eight important procedural steps: [51]

- Show all the extras from the beginning (instead of mentioning them at the end) – product prices, shipment, VAT
- Show what is inside shopping basket – the shopper should see the products s/he has selected and their prices
- Permit changes in the shopping basket – the shopping list may change continuously
- Special Promotions should be available anytime – the customer should feel the promotion before finalizing the order
- The order status should be available – shipment, logistics etc.
- All the forms should be short enough – a fault in filling the form should not make the customer enter everything from the beginning
- Even though the customer does not finish the order and leaves the system, keep the products in the basket – later on s/he may come back
- Award the customer – promote with personalised offers

Another study, which focuses on the design of a web site, has the following suggestions for a successful e-commerce site [52]:

- Fast access to the site
- Easy to find/use design
- Direct links to the products
- Direct links to the customer support
- The ability to see 'what is inside the shopping basket' on each page

- Fast and advanced search
- Help links for usage
- Detailed product information
- Detailed pricing information

Gima has decided to build their e-commerce channel on these principals. But except for these, Gima has also done a local research to discover the customer needs and concerns. The concerns may be grouped into two main categories:

a- Payment - some of the top concerns were about payment

- most of the people did not want to leave their credit card number to an internet site due to the fraud risk. For this reason most of the customers were against shopping on the internet.
- Another group was happy with the installment options of Galaxycard and Maximumcard. Paying the total value in two equal parts, in two consequent months was a plus for most people, especially in the economical crisis.
- Some of the audience would prefer to pay in cash at the door which was not applied in internet shopping.

b- Product – concerns about the shopping list were also important

- Some of the customers would not like to buy
 - Vegetables and fruits without touching,
 - meat without seeing,
 - cheese and olives without tasting etc.
- Some of the customers were unhappy with the ‘alternative’ delivery style – where the order is on the X product, and because of the shortage in the stocks Y product’s delivery. i.e. Pepsi instead of Coke.
- The opportunity to cancel a part of the order due to:
 - a fault in the product (i.e. last usage day)
 - wrong size (i.e. 4+ size diapers vs 3 size diapers)
 - any other reason (i.e. do not want to buy that product any more)

c- Selection – hard to find the product needed

- Most of the internet sites including the competitive ones
 - Do not remember the preferred shortlists
 - Have ineffective search engines – i.e. a search of ‘et’ may return products like ‘Gilette’, ‘paket’, ‘set’ but not ‘kıyma’, ‘pirzola’
 - Hard to surf through

Another important point in the e-business world was the need of a customer support center – a place where the customers are listened. According to the Technical Assistance Research Programs Institute only four percent of the unhappy customers complain, and ninety percent of them do not buy again from the same company. On the other hand according to Travellers Insurance eighty two percent of the customers buy from the same company if their problem is solved. [35]

5.6.2.The Quality Function defined

Gima had defined the quality actions related to product, infrastructure, process, interaction, atmosphere after several researches.

Gima’s product quality vision would be a key contributor to the relationship marketing philosophy. With relationship marketing the product quality would turn into service quality as the product turn into a service. The new channels were designed according to the analysis results.

Gima’s product delivery actions which is a part of the quality vision. Any product bought through the alternative channels (internet or phone) should be picked from the warehouse (not from the inner shop shelves), they should be perfect (i.e. no damages on the tomatoes, the last usage day of the milk should not be in the past), the total service should be perfect and as defined in the procedures.

All the back-stage processes are defined clearly:

- Order retrieval
 - Payment – different payment alternatives with different procedures
 - Delivery – the date and hour preference, packaging, preferred address

- Missing product – informing the customer in advance and ask for alternatives
 - Invoicing – correct address/person, all relevant discounts
- Solving Customer Problems
 - Cancellations – at any time, on any product, for any reason
 - Complaint resolution – call center or any other method
- Rewarding
 - Points, discounts, rewards – collecting and using them
 - Printing cheques at the kiosks
- Personnel
 - On the phone – call center, missing product call or tele-sales
 - At the door – the delivery team
 - On the cash register – the shopping channels

Gima had developed a new payment method ‘pay at the door’ as a competitive advantage. It was just taking the risk of not unpayed/cancelled orders during the delivery. By this way the customer would be able to pay at the door with cash, credit card (without entering its number to the web site) or installment cards (galaxycard, maximum).

Ease of use is one of the key factors for the ‘quality’ in e-commerce. **Figure 5.4.** analyzes Gima sen-al market for ease of use. Some of the key criteria are:

- Direct Links to the products[52]: main product groups are on the home page. In Gima sen-al market, it is possible to reach to the end products from the home page in two steps. Their analysis[47] on the competitive sites showed that the number of these steps is four. **[Figure 5.5.]**
- Shopping Basket: the content of the basket[51] is always displayed on the screen in Gima. They had discovered that the shopper has to go through a menu to see his/her basket in the competitive sites [47]. It is not possible to see the basket and continue shopping at the same time. The customer had to

switch between the screens continuously. Gima's site has been designed according to these facts. [Figure 5.4.]

- Search effectiveness: Gima's search engine is based on content, while most of the competitors has a text based searched engine. For example when the search is done with the word 'et', Gima turns products like 'kıyma', 'biftek' [Figure 5.6.], while the others return products that include the word et like 'paket', 'Gilette'
- It is possible to use the search engine from any page in Gima. [Figure 5.4.]

Easy to find design
direct links to products

What is inside is shown
and kept continuously

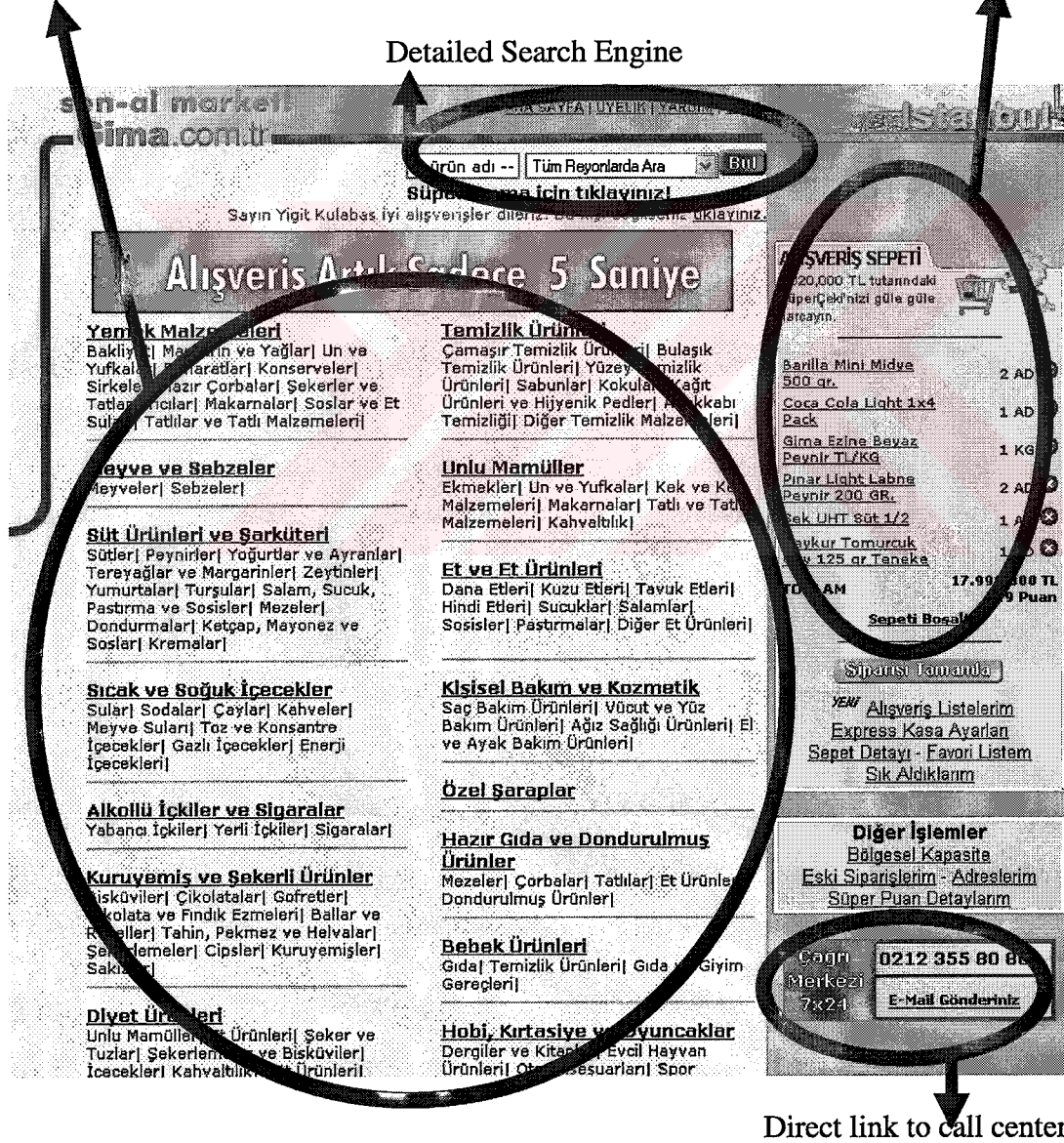


Figure 5.4. The quality factors of the design – Gima

To order bread, the customer should click to the 'Ekmekler' under the 'Unlu Mamüller' group first. This first click is made on the home page.



With the first click the customer is in the breads page. S/he can select the product and directly add into his/her basket.

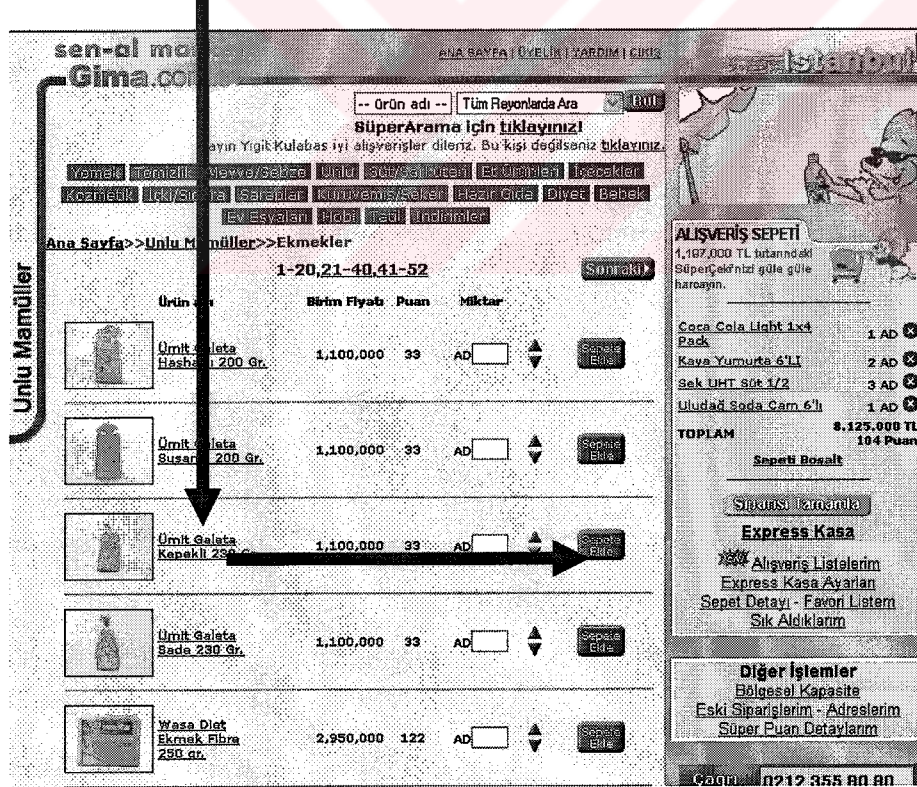
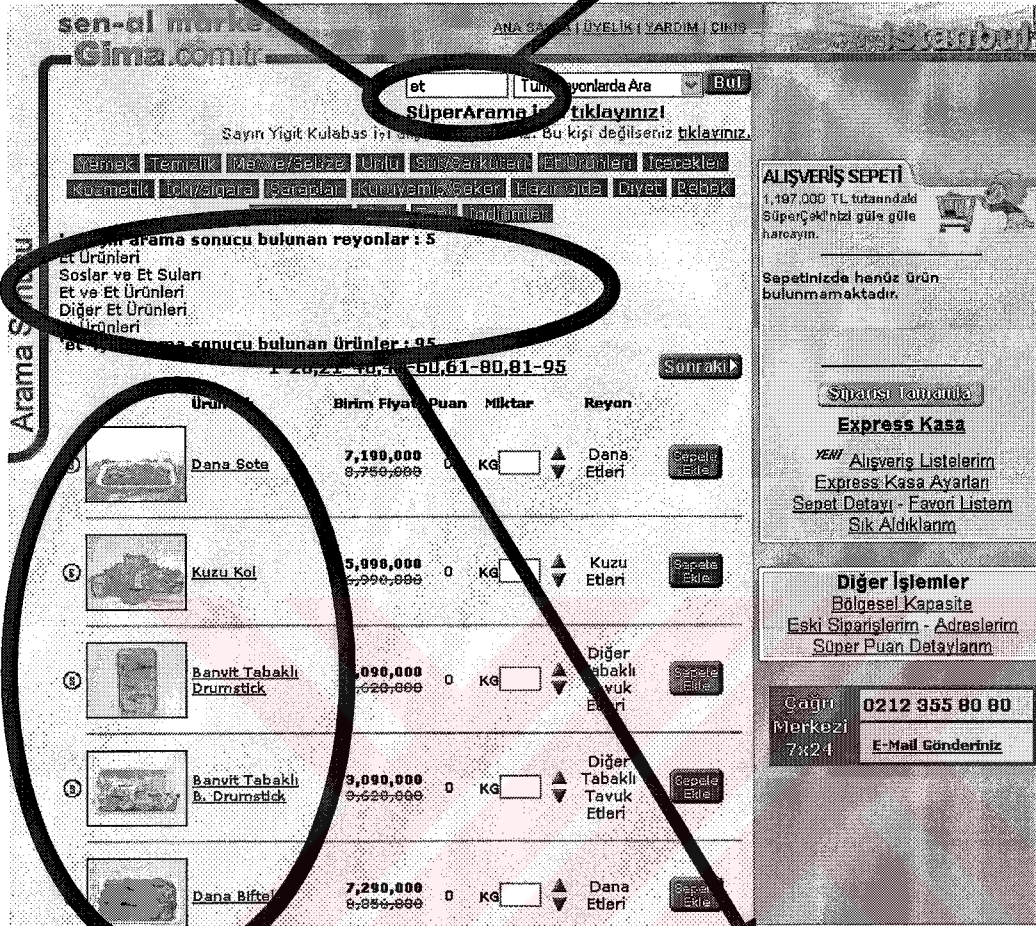


Figure 5.5. Shopping experience - Surfing - Gima

The search link is always on the top, search may be done from any page

The search is made on 'et'



The second part shows the Related products like 'Bifte'

The search has two results, the first part includes the related sections

Figure 5.6. The search engine and its functionality - Gima

Figures 5.4. to 5.6. show the operational quality factors of Sen-al market. The procedural excellence and related quality factors are as important as the operational ones. Figures 5.7. to 5.10. are related to procedural quality factors that the customer face during check-out.

The products, points, numbers
are positioned clearly

Sepet Detayı

Ürün adı	Puan Kazanılan	Birim Fiyat	Miktar		
Sak UHT Süt 1/2	10 10	550.000	AD 1		550.000
Çaykur Temürçuk Çay 125 gr Tenekesi	32 32	1.025.000	AD 1		1.025.000
Barilla Mini Midye 500 gr.	0 0	640.000	AD 2		1.280.000
Coca Cola Light 1x4 Pack	0 0	2.985.000	AD 1		2.985.000
Gima Ezine Beyaz Peynir TL/KG	331 331	7.950.000	Kg 1		7.950.000
Pinar Light Labne Peynir TL/KG	146 146	2.800.000	AD 2		4.200.000

Özel Not: Mağazamızda siparişleyeceğinizi çalışmamıza iletmiş olduğunuz notunuz varsa bu bölüme yazabilirsiniz. (Örneğin: Mağazamıza kere gelmişsinizdir.)

Seçtiğim herhangi bir ürün mağazada yoksa alternatiflerinden getiriniz. (Beğenmediğiniz ürünü kapıda elemanımıza lade edebilirsiniz.)

Seçtiğim herhangi bir ürün mağazada yoksa bana telefon ediniz.

Seçtiğim herhangi bir ürün mağazada yoksa alternatif ürün getirmeyiniz.

Ödeme Kodunuz Varsa Lütfen Giriniz:

Siparişi Kaydet **Siparişi Bitir**

TOPLAM 17.990.000 TL
SÜPERPUAN 519

TOPLAM 17.990.000 TL
SÜPERPUAN 519

Siparişi Tamamla

Yeni Alışveriş Listelerim
Express Kasa Ayarları
Sepet Detayı - Favori Listem
Sık Aldıklarım

Diğer İşlemler
Bölgesel Kapasite
Eski Siparişlerim - Adreslerim
Süper Puan Detaylarım

0212 355 80 80

Merkezi
7x24
Gönderiniz

Opportunities for special requests

Procedure for the Missing product case

Figure 5.7. The quality factors on product selection

sen-al market
Gima.com.tr

ANA SAYFA | ÜYELİK | YARDIM | ÇIKIŞ

-- ürün adı -- Tüm Reyonlarda Ara Bul

SüperArama için tıklayınız!
Sayın Yigit Kulebas iyi alışverişler dileriz. Bu kişi değilseniz [tıklayınız](#).

[Yemek](#) [Temizlik](#) [Meyve/Sabun](#) [Unlu](#) [Süt/Sarımsak](#) [Et Ürünleri](#) [İçecekler](#) [Kozmetik](#) [İçki/Sigara](#) [Saraplar](#) [Kuruyemiş/Seker](#) [Hazır Gıda](#) [Diğer](#) [Bebek](#) [Ev](#) [Eşyaları](#) [Hobi](#) [Tatil](#) [İndirimler](#)

Teslimat Adresi
Siparişinizin teslimat adresini seçiniz.
☒ Aynı teslimat ve fatura adresini kullanıyorum.
Fatura adresinizi bir sonraki ekranda belirtebilirsiniz.
[Yeni Adres Ekle](#)

Adres Adı	Soyad	İsim	Semt	Değiştir	Sil
EV	Yigit	Kulebas	Yigit	İhsaniye(Üsküdar)	Sil

[Geri](#) [Devam](#)

Not: Adres Adı bölümü adreslerinizi birbirinden ayırt edebilmeniz için isimlendirilebileceğiniz bir alandır. Bu bölüme yazdığınız bilgiler teslimat sırasında görüntülenir.

ALIŞVERİŞ SEPETİ
3,020,000 TL tutarındaki
SüperÇek'nizi güle güle
harcamın.

Barilla Mini Midye 500 gr.	2 AD	☒
Coca Cola Light 1x4 Pack	1 AD	☒
Gima Ezine Beyaz Paynir TL/KG	1 KG	☒
Pinar Light Labna Paynir 200 GR.	2 AD	☒
Sek UHT Süt 1/2	1 AD	☒
Çaykur Tomurcuk Çay 125 gr Teneke	1 AD	☒

TOPLAM 17.990.000 TL
519 Puan

[Sepeti Boşalt](#)
[Siparişi Tamamla](#)
[Alışveriş Listelerim](#)
[Express Kasa Ayarları](#)
[Sepet Detayı - Favori Listem](#)
[Sık Aldıklarım](#)

Figure 5.8. The quality factor/procedures on invoicing

sen-al market
Gima.com.tr

ANA SAYFA | ÜYELİK | YARDIM | ÇIKIŞ

-- ürün adı -- Tüm Reyonlarda Ara Bul

SüperArama için tıklayınız!
Sayın Yigit Kulebas iyi alışverişler dileriz. Bu kişi değilseniz [tıklayınız](#).

[Yemek](#) [Temizlik](#) [Meyve/Sabun](#) [Unlu](#) [Süt/Sarımsak](#) [Et Ürünleri](#) [İçecekler](#) [Kozmetik](#) [İçki/Sigara](#) [Saraplar](#) [Kuruyemiş/Seker](#) [Hazır Gıda](#) [Diğer](#) [Bebek](#) [Ev](#) [Eşyaları](#) [Hobi](#) [Tatil](#) [İndirimler](#)

Teslimat Seçeneği
Lütfen aşağıdaki teslim saatlerinden birini seçiniz.

Salı - 12.7.2002	Cumartesi - 13.7.2002	Pazar - 14.7.2002	Pazartesi - 15.7.2002
10:30-13:00 Zaman Doldu	10:30-13:00	10:30-13:00	10:30-13:00
13:30-16:00	13:30-16:00	13:30-16:00	13:30-16:00
16:30-18:30	16:30-18:30	16:30-18:30	16:30-18:30
20:00-22:30	20:00-22:30	20:00-22:30	20:00-22:30

[Geri](#) [Devam](#)

ALIŞVERİŞ SEPETİ
3,020,000 TL tutarındaki
SüperÇek'nizi güle güle
harcamın.

Barilla Mini Midye 500 gr.	2 AD	☒
Coca Cola Light 1x4 Pack	1 AD	☒
Gima Ezine Beyaz Paynir TL/KG	1 KG	☒
Pinar Light Labna Paynir 200 GR.	2 AD	☒
Sek UHT Süt 1/2	1 AD	☒
Çaykur Tomurcuk Çay 125 gr Teneke	1 AD	☒

TOPLAM 17.990.000 TL
519 Puan

[Sepeti Boşalt](#)
[Siparişi Tamamla](#)
[Alışveriş Listelerim](#)
[Express Kasa Ayarları](#)
[Sepet Detayı - Favori Listem](#)
[Sık Aldıklarım](#)

Diğer İşlemler
[Bölgesel Kapasite](#)
[Eski Siparişlerim - Adreslerim](#)
[Süper Puan Detayları](#)

Çağrı Merkezi 7x24 0212 355 80 80
E-Mail Gönderiniz

Gima Hakkında | İnsan Kaynakları | Mağazalarımız | Fiba Şirketler Grubu | Galaxy Card | Maximum Card | Süper Kazanç | Müşteri Hizmetleri | Hizmet Alanları | Güvenlik | Alo Gima

Figure 5.9. The quality factor/procedures on delivery

Loyalty card integration

Ödeme

ANA SAYFA | ÜYELİK | YARDIM | ÇIKIŞ

-- Ürün adı -- Tüm Reyonlarda Ara

SüperArama için tıklayınız!

Sayın Yigit Kulabas iyi alışverişler dileriz. Bu kişi değilseniz tıklayınız.

Yemek | İçecek | Meyve/Sabze | Unlu | Sütsüz/Sakütür | Et Ürünleri | İçecekler

Kozmetik | İçecek/Sinara | Saraplar | Kuru Meyve/Seter | Hazır Gıda | Diyet | Bebek | Ev

Dönem	Kullanılabilir SuperPuan
Nisan 2002	1823
Mayıs 2002	1197

bedelinin 3.020.000 TL'lik kısmını SuperPuanla ödemek

☐ Adresle Kredi Kartı veya Debit Kart ile Ödeme
Kredi kartı bilgisi girilmez gerekmez.

☐ Adresle Nakit Ödeme

☒ Kredi Kartı ile Online Ödeme

Kredi Kartı Üzerindeki İsim: Yigit Kulabas

Kredi Kartı Numarası:

Taksitlendirme: Pazin Ödeme

Galaxy Card ve diğer Finansbank Kredi Kartlarına Taksit Uygulaması 40 Milyon TL'yi aşan online ödemeler için geçerlidir. SüperÇek miktarları dâhil değildir.

Son Kullanma Tarihi (Ay / Yıl): /

CVV No: Örnek için tıklayınız.

Kredi kartı numaramı kaydet: ☐

Geri Siparişi Bitir

ALIŞVERİŞ SEPETİ

3.020.000 TL tutarındaki SüperÇek'nizi güle güle kullanın.

Barilla Mini Midye 500 gr.	2 AD
Coca Cola Light 1x4 Pack	1 AD
Gıda Ezine Beyaz Peynir TL/KG	1 KG
Pinar Light Labna Peynir 200 GR.	2 AD
Sek UHT Süt 1/2	1 AD
Çaykur Tomurcuk Çay 125 gr Tenek	1 AD

TOPLAM 17.990.000 TL 519 Puan

Sepeti Boşalt

Siparişi Tamamla

Alışveriş Listelerim

Express Kasa Ayarları

Sepet Detayı - Favori Listem

Sık Aldıklarım

Diğer İşlemler

Bölgesel Kapasite

Geçmiş Siparişlerim - Adreslerim

Süper Puan Detayları

Çağrı Merkezi 0212 355 80 80 7x24 E-Mail Gönderiniz

Gıda.com.tr Hakkında | İnsan Kaynakları | Mağazalarımız | Fiba Şirketler Grubu | Galaxy Card | Maximum Card | Süper Kasa | Müşteri Hizmetleri | Hizmetlerimiz | Güvenlik | Aile Gıda

6 different payment methods

Figure 5.10. The quality factor/procedures on payment

After the quality step is implemented with well defined procedures, the next step of the TORQUE Model is implemented which is U-Uniqueness.

5.7.torqUe FOR RETAIL

The third step of the TORQUE Model is on Uniqueness. The U step is the differentiation step which is very important in one-to-one marketing. As will be remembered there are three important steps for the uniqueness step: segmentation, transformation and personalisation.[Figure 5.11.]

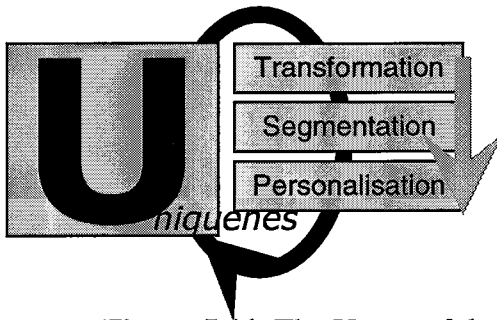


Figure 5.11. The U step of the TORQUE Model

All of the above steps start with getting data about the customer. Loyalty programs and cards are important for this reason. The data should be collected, and then transformed to make it usable information. Defining the data sources is a critical start point in Uniqueness.

5.7.1. Customer Data Sources

There are different data sources that customer information can be derived from. The five main data sources may be found in **Table 5.3.:**

Table 5.3. Customer Data Sources

Information can be derived from	Origin	Channel
Application Form	Loyalty Card	shop/e-shop/phone/kiosk
Shopping Basket	Loyalty Card Usage	Shop/e-shop/phone
Shopping Data	Loyalty Card Usage	Shop/e-shop/phone
Customer Buying Decision Steps	Internet	e-shop/phone
Interaction	Face-to-face	Shop/e-shop/phone

The retailer can reach different types of data in different environments. The two environment – shop and the alternative channels (e-shop, phone, kiosk etc.) can assist each other for these five different sets.

To use these customer data for segmentation and personalisation, the data collected should first be transformed into information. The transformation may be completed with direct procedures, or after deep analyses.

The following five subsections point examples on the information that may be generated from the five data sources – application form, shopping data, shopping basket, shopping behaviour and employee interaction.

5.7.1.1.Application Form

This is the only data the customer leaves manually. Most of the time the data in the application form includes basic information (name, birthdate, sex etc.) and contact information (address, telephone number, e-mail address etc.). The data quality in these forms varies by several factors, mostly shop vs e-shop environments.

- *Shop*: The difficulty in this area is in getting a fully completed form with correct data. Most of the time the customer and the employee responsible from collecting the forms does not care about the correctness of the data. Most of the time, most of the fields are left empty.
- *e-shop/phone/kiosk*: Alternative channels solve some of the difficulties in the data quality. i.e. the address field can not be left blank and should be correct – otherwise it will not be possible to deliver orders at the door. The e-mail address field can not be left blank and should be correct, because all the e-acknowledgements use this e-mail address. The telephone number should be correct. Otherwise it will be impossible to contact the customer when there is a problem with the order.

Fields like name, age, sex, address and other contact information can be generated from the application form. All the data in an application form may symbolize more than its content, and some optional information like horoscope, life-stage may be generated from the data in the application form.

- *Birthdate*: data entrance of 26.02.1970 for birth date should generate information like
age: 32
stage: late-youth
horoscope: pisces
- *Address*: the name of the street/road may symbolize the income segment of the customer. The retailer may request also the company address where the customer works.
- *Name*: A very important information for personalisation. Most people like to be called by his/her name

- Sex: Important especially for segmentation. When combined with the age, sex is a good tool for segmentation – Mid aged lady, young man etc.
- Marital Status: Again important for segmentation and may be collected through application form
- Customer ID: the ID of the application form may be the customer ID.
- Telephone: important for relationship marketing (may be more than one – home, work, GSM)
- e-mail: important for e-marketing

Gima's application form includes most of the fields mentioned above. The data requested is made up of two separate groups – obligatory ones and the optional ones. From this input Gima generates groups according to age and sex. The soft copy of the application form in the internet shop is as in **Figure 5.12**.

Gima does not ask for the marital status or the number of children in the application form. But they generate this information through the shopping basket.

The screenshot shows the 'Yeni Üye Girişi' (New User Registration) form on the Gima.com.tr website. The form is divided into several sections:

- Top Section:** Includes a search bar with 'Ürün adı' and 'Tüm Reyonlarda Ara' buttons, and a 'Bul' button. Below this is a 'SüperArama için tıklayınız!' (Click here for SuperSearch!) banner with various product categories like 'Yemek', 'İçecek', 'Kozmetik', etc.
- Registration Form:**
 - İsim *** (Name): A text input field.
 - Soyadı *** (Surname): A text input field.
 - Kullanıcı Adı *** (Username): A text input field.
 - Şifre *** (Password): A text input field with a note: '(En az 6, en çok 14 rakamdan oluşmalıdır. Örnek: 123456)'.
 - Şifre (Tekrar) *** (Repeat Password): A text input field.
 - İpucu Sorusu *** (Security Question): A dropdown menu with a note: '(Güvenliğiniz için ipucu sorunuzun ve cevabınızın şifreniz ile ilgili olmamasına dikkat ediniz.)'.
 - İpucu Yanıtı *** (Security Answer): A text input field.
 - Doğum Tarihi *** (Date of Birth): A date picker with a note: 'Örnek: 17/8/1970 veya 17.8.1970'.
 - Cinsiyet *** (Gender): A dropdown menu with the option 'Lütfen Seçiniz'.
 - E-mail *** (Email): A text input field.
 - Ev Tel. *** (Home Phone): A text input field with a note: 'Örnek: 2xx-1111111'.
 - Cep Tel. *** (Mobile Phone): A text input field with a note: 'Örnek: 5xx-1111111'.
 - İş Telefonu *** (Work Phone): A text input field.
 - SuperCard No *** (SuperCard Number): A text input field with a note: '(SüperKazanç Sistemi'nin sunduğu avantajlardan yararlanabilmeniz için SuperCard numaranızı girmeniz gerekmektedir. SuperCard'ınız yok ise size ilk alışverişinizde ücretsiz bir SuperCard teslim edilecektir.)'.
 - Şirket adına alışveriş yapıyorum.** (I am shopping for my company.): A checkbox.
 - Devam** (Continue): A button at the bottom of the form.
- Right Sidebar:**
 - ALIŞVERİŞ SEPETİ** (Shopping Basket): A section showing the current basket status.
 - Sipariş Tavanı** (Order Limit): A section with a 'Express Kasa' (Express Checkout) button.
 - Diğer İşlemler** (Other Operations): A section with links for 'Bölgesel Kapasite', 'Eski Siparişlerim - Adreslerim', and 'Süper Puan Detaylarım'.
 - Giriş Merkezi** (Login Center): A section with a phone number '0212 355 80 80' and an 'E-Mail Gönderiniz' (Send your email) button.

Figure 5.12. Gima Application Form

This information is also used at the kiosks. Gima knows the owner of the loyalty card that operate the system. A good example of using customer data and building a relationship is playing 'Happy Birthday' song to the customer at the kiosk on his/her birthday.

5.7.1.2.Shopping data

This is the data produced from the shopping action. The shopping action includes data like date and time, the payment style, total shopping value.

The e-shop generates more data than the shop environment. The shopping duration is one of these, because it is possible to monitor when the customer has entered the site, started shopping, and finished shopping. It is possible to monitor whether the customer has ordered from work or home, and where/when the shipment is preferred.

This data should also be transformed into information. Some examples of the transformations are summarized as follows.

- *Date preference:* The shopping day is 20.10.2001. It is a Saturday. The customer had shopped four times in the last thirty days, which means that s/he is a semi-frequent buyer. Three of these shoppings have occurred on Sunday, and the last one is on Saturday. The customer is a weekend customer. Other values like no preference, Saturday, working-day etc may take place.
- *Hour preference:* The check-out time is 19:10. It is an evening hour. The customer had shopped four times in the last thirty days, and all of these shoppings have occurred between 18.30-20.00. The customer is an evening customer.
- *Time preference:* It is the join of the two above. The customer may be a working-day customer (for the date preference) and an evening shopper (for the time preference). Most probably s/he shops on the way to home after leaving the office.
- *Duration:* For the e-shop case it is possible to say that the customer has entered the shop at 21:11 and left at 22:19. The duration of the site visit is 1 hour and 8 minutes. The active visit lasts 12 minutes (during the other 56

minutes the customer may work on other programs on his/her PC or visited other sites in parallel, or left the computer and involve in some other activity.) It is hard to calculate shopping duration in a regular shop.

- **Delivery:** This data may be achievable through internet or phone sales. The delivery address, the preferred time for delivery may help. i.e. the delivery address may be in another city, this delivery address is selected several times a month, in fact the customer is shopping for his/her parents
- **Frequency:** based on orders per month. i.e. 4 if s/he has four different orders. May affect 'loyalty' formula.
- **Value per order** (in millions) i.e. if the total value of the 4 orders is 100 millions, the value per order is 25.
- **Shop Preference** based on whether there is a preferred shop or not. i.e. e-market if s/he is an internet shopper. S/he may prefer the nearest market near home or near job. Or s/he just prefers the one with a parking area.
- **Payment Preference** does s/he pay with cash or credit card? Is this a repeated action?

Gima gets these data and make analysis in different perspectives like value per order, payment preference, time etc. They use these information to develop strategic decisions and effective tactics for relationship marketing. A good example is as follows: After noticing that they have got the 19th order through e-mail market from the same customer in the same month, Gima had delivered her a bouquet of flowers with her order as a compliment.

5.7.1.3.Shopping basket

This data is about what is in the basket. It is possible to monitor not only what is in the basket, but also what is not. The shopping basket data is the least factor that varies between shop and the alternative channels. Some examples are:

- **Product Groups:** The retailer can rate the customer according to his interest in the product groups. It can be a percent rate like (food & beverage 80%, stationary 5%, cosmetics 15%) or segment-by-segment analysis (food & beverage – high, stationary– low, cosmetics – medium etc.) the rates can be calculated from order values or number of items.

- Sub-segment customer: The retailer can rate the customers tendency to all or some of subsegments. Some of the subsegments may tell a lot:
 - Baby Products (i.e. dippers): yes? There is a baby in the house
 - Lady Products (i.e. lady peds): yes? There is a lady in the house
 - Masculin Products (i.e. razors) : yes? There is a man in the house
 - Alcohol Products (i.e. beer): none? Non-alcoholic (very religious?)
 - Cigarette. None? Non-smoker
 - Meat: none? Either vegetarian or have a good butcher
 - Vegetable: none? Shops from an open market
 - Stationary: yes? Most probably there is a child in the house
- Brand customer: The retailer can keep customer preferences if any.
 - i.e. Beverage: Coca-cola / Beer: Efes pilsen / Shampoo: Pantene /
Detergent: Ariel / Coffee: Nescafe etc.
- Consumption rate: The retailer can keep the frequency of the orders by subsegment
 - i.e. Olive-oil: 1 lt every 5 days / Coca-cola: 300 cc per day /
Shampoo: 1 box per 33 days

To turn these data into relationships, the retailer should be ready to use the data. Gima have basic segment groups like vegetarian, parents, no-alcohol etc. There are good examples for using this information. A good example is the baby pool campaign. One of the major stores of Gima has called the headquarters and mentioned that their stock is full of baby swimming pools, and they would be happy to distribute these as a lottery or any other method to the internet buyers. Gima alternative channels team had another suggestion: preparing a special e-mail and sending this only to the customers that are parents with a small baby. The slogan would be 'Would you like to make your baby feel fresh in this hot summer days?'. The stock was sold-out in less than 24 hours. [47]

Another important detail is the personalised e-mails sent to customers. Most of the e-retailers send a standart e-mail to all internet customers every two weeks. Gima also sends the e-mail every two weeks but the e-mail is personalised. They not only

give the list of discounted products but also mention the products that are in the customers favorite list. At the same time, they eliminate some of the products from the list – they do not send wine discounts to the non-alcohol group, or meat promotions to the vegeterians.

5.7.1.4.Customer Buying Decision Steps

It is hard to collect customer information during the shopping process in a regular shop. In which products does the customer make a comparison between brands, on which ones there is a de facto standard? How is s/he affected by the price oriented campaigns?

The internet side is very effective especially in discovering customer buying decision steps. Although these information may be used for relationship marketing very actively, right now neither Gima nor any of the competitors use it heavily. Gima is planning to use this information and sell it as a tool to vendors. i.e. Contact with P&G saying that they know the profile of the customers that buy Gima branded detergents, and suggest preparing a special campaign to these customers promoting P&G products at a fee. They will not give any information about the customers to the vendor, but use the tactics that effect their decision on buying for the promoted brand.

- *Price Sensitivity:*

- Is there a campaign in the selection?

- Is s/he interested in the pricing campaign ad? (monitored by e-shop only)

- Does s/he use the favorites list to select the products? (e-shop only)

- Has s/he checked other products in the segment before selecting the product? (i.e. before buying Ariel 500 gram, has s/he checked the prices of other detergants, or did s/he go and select Ariel directly?) (e-shop only)

- if so how much time did s/he spend comparing products & prices (e-shop)

- *Brand Sensitive:*

- Has s/he selected the product from the favorites list? (e-shop only)

- Did s/he select the product via search engine by brand name? (e-shop only)

- Has s/he bought any competitive product before?

-Is there any competitive product name in the favorite list? (e-shop only)

- Ad/Link Sensitive:

-Has s/he clicked on any of the links/ads on the site? (e-shop only)

-Did s/he connect to the site via link/ad? (e-shop only)

- e-shop tools:

-Does he use the search engine, favorites list, old shopping lists, or any other services?

-Has s/he cancelled any of his orders? (e-shop only)

- Campaign sensitive:

-Is s/he affected by one-to-one marketing? (e-shop)

-Is s/he affected by cross sell opportunities? (e-shop)

-Is s/he affected by up-sell opportunities? (e-shop)

-Is s/he affected by price/discount campaigns?

-Is s/he affected by bundling campaigns?

-Is s/he affected by gain-point campaigns?

5.7.1.5.Interaction

Interaction is also a very important step and is related to employee performance. The key employees in here are the cashier for the shop, and the delivery team for the e-shop. Most of the time they can catch additional data about the customer. In the shop, the cashier can enter the information like 'the card owner shops with his/her couple', while the delivery staff can input the information like 'the delivery house is a typical upper-class family house'

Gima (or other key player in the Turkish Retail market) does not use and plan to use this channel in the near future.

5.7.1.6.Summary

Table 5.7a and Table 5.7b summarizes the data sources and the properties of the data collected. (*LC means Loyalty Card*):

Table 5.4a Data sources and the content of the data collected

Data source	Data collected by the LC	+ data with the internet effect
Application Form	Basic and demographic data	Its correctness is assured
Shopping Data	Date, time, value, payment	+ duration
Shopping Basket	What is in the basket?	What is checked and not in the basket?
Shopping Behaviour	Campaign effectiveness	+ price comparisons+ buying process
Interaction	w/ cashier	w/ door drop service, call center

Table 5.4b Data sources and key properties

Data source	Frequency	Data Collection	From data to information	Problem with the data
Application Form	Once	Manual	Transformation	Non-complete
Shopping Data	Frequent	LC & Computer	Analysis	
Shopping Basket	Frequent	LC & Computer	Analysis	
Shopping Behaviour	Frequent	LC & Computer	Analysis	Hard to monitor
Employee Interaction	Rare	Employee input	Transformation	Hard to collect

5.7.2.Segmentation

Segmentation is the second step for uniqueness. As the examples of the previous section point, the same data may generate different kinds of information. For this reason the retailer should decide which segments to form and serve.

A good example is the birthdate:

- Birthdate: 26.02.1970

Information that may be generated from this data is:

age: 32

stage: late-youth

horoscope: pisces

By defining the segments to form and serve, the targets for the raw data are well defined. i.e. most of the retailers will not use the horoscope property of a customer, and for this reason the horoscope value will not be formed. But age is crucial in most cases.

Customer Scorecard concept may be used as a tool for defining the basic characteristic properties of a customer. The fields of the scorecard may come from segmentation strategies.

The aim of the customer scorecard is to have a unique information set for each customer that is:

- continuously updated

- easy to use and
- easy to segment

A sample customer scorecard may be found in **Table 5.5**. Most loyalty programs have similar back-up tools that make each customer differentiable.

Table 5.5 Sample Customer Scorecard

Name: Onur Tekin
Customer ID: 2335612
Age: Young Adult
Sex: Male
Loyalty rate (between 0-5): 3
Price sensitive: Low
Brand sensitive: High
Payment Preference: Credit Card
Date Preference: Weekend
Hour Preference: Afternoon
Shop Preference: e-market
Active consumer segment: Food & Beverage

Gima has similar tools for tracking customer information. Data mining or campaign management applications also use these type of data frequently.

5.7.3. Personalisation

Personalisation is the most important part of the Uniqueness step. In other words personalisation makes the relationship ‘unique’.

Personalisation starts with the welcome. Any customer that connects to the web site, or call the telephone shop should be called by his/her name and personalised services should be proposed.

To achieve personalisation, the parameters to play with are product, place, price, promotion, personnel, physical assets and procedures.

Figure 5.13. shows the personalisation features of Gima’s main page.

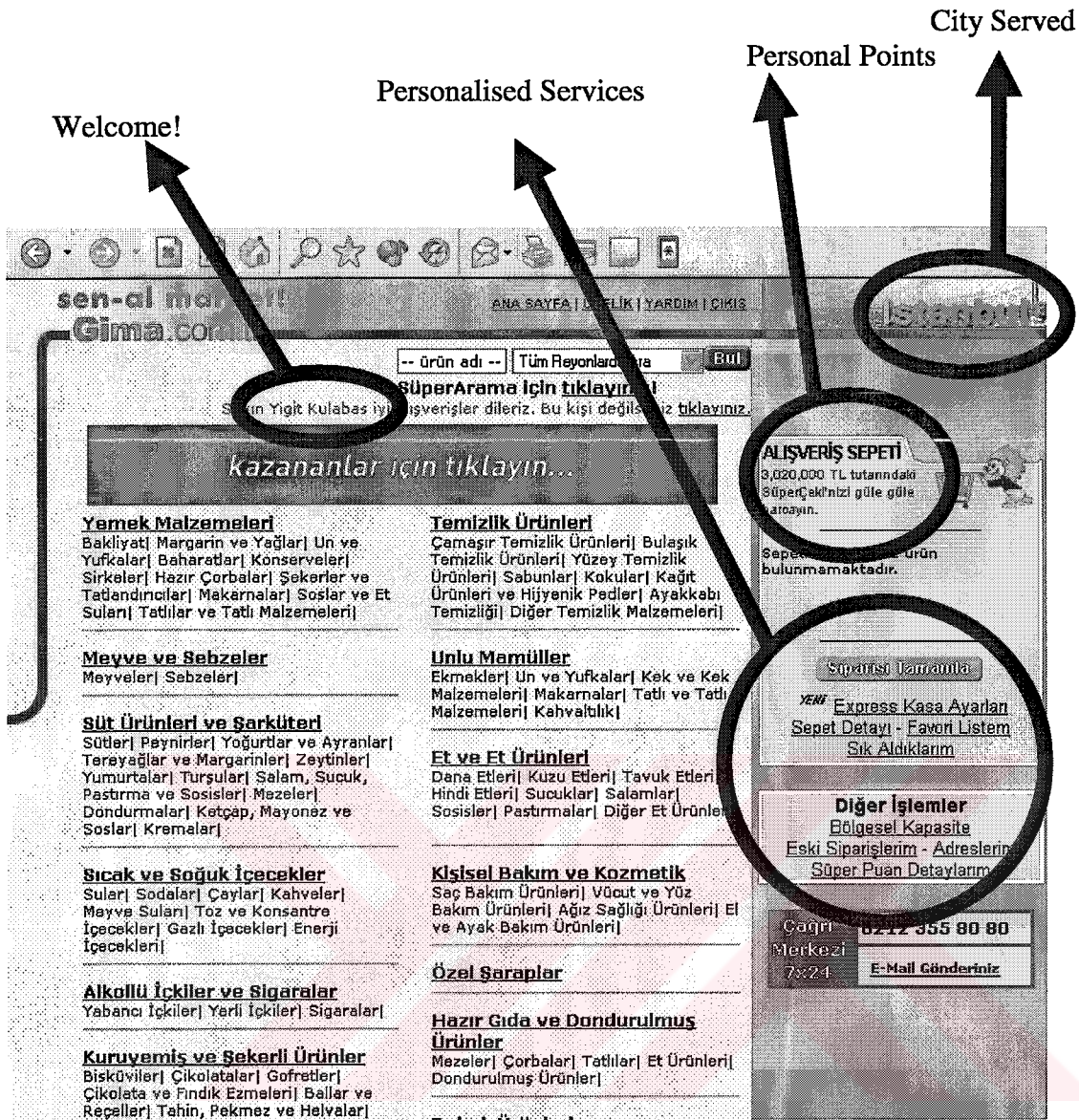


Figure 5.13. Welcome page for Gima

The personalisation of the products is a hard job especially for a retailer. But turning products into services is doable. Especially for an internet shop there are techniques for this transformation like 'My favorites List', 'My old shoppings', 'Products that you buy frequently.' The first list may be prepared by the customer personally. The other two are prepared and updated automatically after each shopping activity. Gima provides services like 'My favorites list', 'My old shoppings' and 'Products that I buy frequently'.

Figure 5.14., 5.15. and 5.16. is a snapshot of 'the products that I buy frequently list', 'favorite list' and 'my shopping list's.

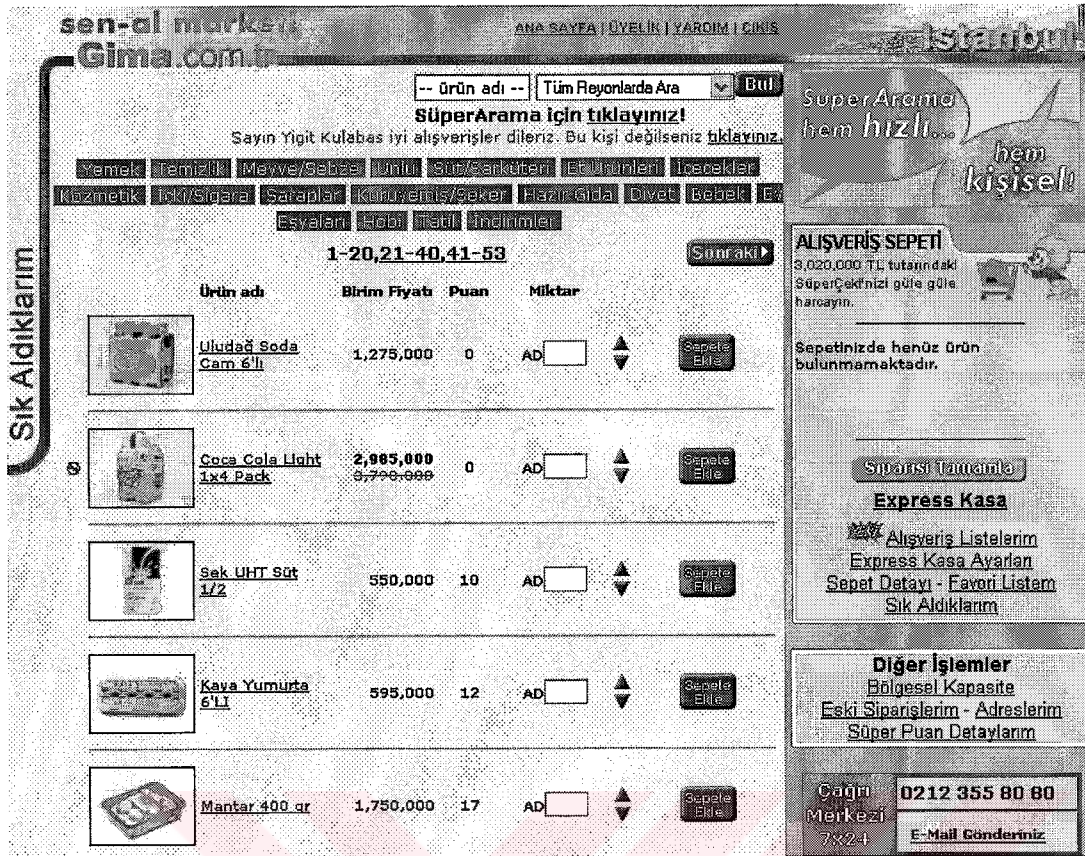


Figure 5.14. 'Products that I Buy Frequently' List

The importance of these lists may be summarized with three points:

- Personalised lists increase the loyalty of a customer: it is time consuming to shop by visiting and searching products on different web sites. It is especially difficult when the search engine is poor.
- The lists act as a personalised search engine: instead of visiting different parts of the web site, the customer may directly select one of these lists, write the total number requested next to each product in the list.
- The list may remind the customer some new products that the customer did not plan for this shopping experience.

The difference between 'My favorites' list and 'Products that I buy frequently' list is that the first one is formed manually by the customer, it is not done automatically. 'My favorites' list may even include products that the customer never bought before. [Figure 5.15]

The customer may easily buy 'Sek Süt' through 'My Favourites' list by adding a number to here

The screenshot shows the Gima.com.tr website interface. On the left, a sidebar contains a link labeled 'Favori Listesi' (My Favourites). The main content area displays a table of items added to the favorites list. The table has columns for 'Ürün adı' (Product name), 'Birim Fiyatı' (Unit price), 'Puan' (Score), and 'Miktar' (Quantity). The items listed are:

Ürün adı	Birim Fiyatı	Puan	Miktar
Sek UHT Süt 1/2	550,000	10	AD
Çaykur Tomurcuk Çay 125 gr Teneke	1,025,000	32	AD
Barilla Mini Midya 500 gr.	940,000	0	AD
Coca Cola Light 1x4 Pack	2,985,000	0	AD
Kabak	195,000	0	KG
Gima Ezine Beyaz Peynir TL/KG	7,950,000	331	KG

An arrow points to the 'AD' field next to 'Sek UHT Süt 1/2'. On the right side of the page, there is a section for 'ALİŞVERİŞ SEPETİ' (Shopping Cart) and a link for 'Favori Listem' (My Favourites).

Figure 5.15. My Favorite List

A new service again by Gima is 'My Shopping Lists'. [Figure 5.16] It is an

The screenshot shows the Gima.com.tr website interface. The 'Alışveriş Listelerim' (My Shopping Lists) section is highlighted with a red circle. The section contains a description of the service and a link for 'Yeni Liste Yarat' (Create New List). The text in the section reads:

Alışverişlerinizi daha hızlı tamamlamanız için yeni bir özellik daha sunuyoruz! Artık her siparişinizde aynı ürünleri aramak ve sepetinize eklemekle zaman kaybetmeyeceksiniz. Bir kara alışveriş listenizi hazırladıktan sonra tek tuşla istediğiniz tüm ürünleri sepetinize ekleyebileceksiniz. Dilerseniz işyeriniz için ayrı, eviniz için ayrı listeler oluşturabilir; istediğiniz listeyi seçerek siparişinizi tamamlayabilirsiniz.

Alışveriş listenizi sepetinize ekledikten sonra Express Kasa'dan çıkış yaptığınız süpermarket alışverişinizi saniyeler içinde tamamlamanın keyfini sen-al markasıyla yaşayacaksınız! Express Kasa Ayarlarınızı oluşturmak için tıklayınız.

On the right side of the page, there is a section for 'ALİŞVERİŞ SEPETİ' (Shopping Cart) and a link for 'Favori Listem' (My Favourites).

Figure 5.16. My Shopping List

extension of the favorites lists, and it is a time saving system. The customer may prepare several lists like weekly food basket, monthly food basket etc. And when one of these lists is selected, the shopping experience may be completed in seconds.

To make the functionality of these services more visible, the following results may be compared. The results are achieved with four alternative shopping methods. It is assumed that the shopping list is composed of twenty products from six product groups:

1- The products are selected one by one by visiting and surfing all six product groups: the list is completed in more than twenty minutes

2- The products are selected one by one using the search engine: completion time is more than fifteen minutes

3- The products are selected from the favorite list (it is assumed that all products are in the list): list is formed in less than five minutes

4- The products selected were already formed as a standard shopping list: the check-out is done in less than one minute.

The second important tool for pricing. It is possible to personalised prices for any product but Gima yet does not use personalised pricing. The points that are collected may be accepted as a personalised tool used for pricing.

Place is also important. The customer may select different addresses for delivery and invoicing. In fact, the customer may have different addresses. It should be possible for a customer to enter their own addressbook.

The last two may also be mapped to the procedures and physical assets steps. Payment is an extension of pricing while delivery is an extension for place. Express Check-out is a new designed service to gain time by Gima. It helps a customer to personalise their check-out. **[Figure 5.17]**

sen-ol market
Gima.com.tr

ANA SAYFA | ÜYELİK | YARDIM | ÇIKIŞ

-- Ürün adı -- Tüm Reyonlarda Ara

SüperArama için tıklayınız!
Sayın Yigit Kulabas iyi alışverişler dileriz. Bu kişi değilseniz [tıklayınız.](#)

[Yemek](#) [Temizlik](#) [Meyve/Sepes](#) [Unlu](#) [Sütsanlküler](#) [Eşyalar](#) [İpecekler](#)
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[EvEşyaları](#) [Hobi](#) [Tabii](#) [İndirimler](#)

EXPRESS KASA AYARLARI

Bu sayfada tüm teslimat ve ödeme ayarlarınızı yapıp bundan sonraki tüm alışverişlerinizde kolayca sipariş tamamlayabilirsiniz. Siparişi sonlandırmak için alışveriş sepetinde bulunan "Express Kasa" linkini tıklamanız ve sadece teslimat saatini seçmeniz yeterlidir.

Aranma Secenekli

- ☐ Seçtiğim herhangi bir ürün mağazada yoksa alternatiflerinden getiriniz.
(Beğenmediğiniz ürünü kapıda elemanımıza iade edebilirsiniz)
- ☒ Seçtiğim herhangi bir ürün mağazada yoksa bana telefon ediniz.
- ☐ Seçtiğim herhangi bir ürün mağazada yoksa alternatif ürün getirmeyiniz.

Teslimat Adresi

☒ Ev Adresim / İhsaniye(Üsküdar) / İstanbul

Fatura Adresi

☒ Ev Adresim / İhsaniye(Üsküdar) / İstanbul

Puan Ödemesi

☐ YOK
☒ VAR

Ödeme Tipi

☒ Adreste Kredi Kartı veya Debit Kart ile Ödeme
(Kredi kartı bilgisi girerseniz gerekmez.)
☐ Adreste Nakit Ödeme
☐ Kredi Kartı ile Online Ödeme

ALİŞVERİŞ SEPETİ
3.020.000 TL tutarındaki
SüperÇek'inizi güle güle
harcayın.

Sepetinizde henüz ürün
bulunmamaktadır.

Siparişi Tamamla

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[Sepet Detayı - Favori Listem](#)
[Sık Aldıklarım](#)

Diğer İşlemler
[Bölgesel Kapasite](#)
[Eski Siparişlerim - Adreslerim](#)
[Süper Puan Detaylarım](#)

Çağrı Merkezi
7x24 **0212 355 80 80**
E-Mail Gönderiniz

Figure 5.17. Express Check Out in Gima

Promotion is the last but the most important part for personalisation. It is possible to communicate with each customer by e-mail. But it is hard to personalise the content. Most of the time, retailers prefer to send un-personalised e-mail letters to all customers. Time to time the letters also include the customers name.

When the content of the emails are personalised, it will be much more helpful to increase revenue. Gima gives a great importance to personalised promotions in other words communications. They not only send the list of the discounted products but also map it to the frequently bought by the specific customer. [Figure 5.18]

Gima Sen-al Market'ten İndirimler! İdeefixe'den İndirim Kodunuz da Bu Mail'dir - Message (HTML)

File Edit View Insert Format Tools Actions Help

Reply Reply to All Forward

From: duyuru.sen-almarket@gima.com.tr Sent: Pzt 05.08.2002 01:39

To: Yigit Kulabas

Cc:

Subject: Gima Sen-al Market'ten İndirimler! İdeefixe'den İndirim Kodunuz da Bu Mail'dir

 **Gima e-Vizyon**

Sık Alıştıklarınızdan İndirimli Güçlü Güçler

 **Kurukahveci Mehmet Etenli Türk Kahvesi 100 gr**
875.000 TL
750.000 TL

 **Barviti Tahırlı Drumstick**
3.620.000 TL
3.090.000 TL

İhtiyaçlarınızı karşılamak için ürünlerinizden indirimi

 **Domestos 2'li 810 GR %20 indirimli**
3.950.000 TL
3.160.000 TL

 **Duru Beyaz Sabun 800 gr**
1.690.000 TL
1.320.000 TL

 **Raid Böcek Savar 335 ml**
2.550.000 TL
2.850.000 TL

 **Yumru 2'li Havlu Ultra**
2.050.000 TL
1.390.000 TL

 **Ulker İçim Homojenize Yoğurt 2750 gr**
4.075.000 TL
3.290.000 TL

 **Lipton Yellow Label Bardak Poşeti 100'ü 200gr**
7.850.000 TL
6.170.000 TL

Arko Bronz Güneş Ürünleri % 20 indirimli

 **Eti Cicibebe 1kg**
3.190.000 TL
2.795.000 TL

Sayın Yigit Kulabas

Mağazalarımızdan, Gima sen-al market'ten ve Alo Gima'dan kazanmış olduğunuz toplam SuperPuanınız 19.07.2002 itibarıyla 1197 dir. Bunun karşılığı olan 1.197.000 TL'yi sen-al market'te veya Alo Gima 444 10 00'da hemen kullanabilirsiniz.

Sen-al market kullanıcı adınızı yigit.kulabas@gima.com.tr Alo Gima müşteri numaranızı: 29850679 (SuperCard'ınızın son 8 hanesidir.)

Belirlediğiniz şifre her iki kanalda da geçerlidir.

Süpervizyon indirimleri 1 - 14 Ağustos tarihleri arasında geçerlidir.

Gima sen-al market'te SüperVizyon indirimindeki yüzlerce yeni ürünün tamamını bir arada görmek için tıklayınız.

Bunları biliyor muydunuz?

Gima sen-al market üyeleri için IDEEFIXE'den özel indirim!

www.ideefixe.com'dan yapacağınız alışverişinizde, size özel, %10'a varan ek İNDİRİM var.

Türkiye'nin en büyük online kültür ürünleri mağazası IDEEFIXE'nin Kitap, Müzik, Video, Sahaf ve Poster dükkanlarından yapacağınız 50.000.000 TL'ye kadar olan siparişlerinizde %10; 50.000.000 TL ve üstündeki siparişlerinizde ise 5.000.000 TL indirim KAZANACAKSINIZ!

Hediye Çeki Numaranız: KK0115010530523

Detaylı bilgi için tıklayınız.

Coca-Cola Sofrada, Hediyesi Mutlaka!

31 Ağustos 2002'ye kadar Gima Mağazaları, sen-al market, Alo Gima 444 10 00'dan SuperCard'ınızla bir defada yapacağınız her 3.500.000 TL'lik Coca-Cola ürünleri alışverişinizle beyaz eşya veya mutfak aletleri kazanma şansını yakalayacaksınız.

Detaylı bilgi için tıklayınız.

Figure 5.18. Personalised Promotions

Another personalisation in the promotions framework is putting a barrier to wrong messages. A meat campaign should not be shared with a vegetarian person or a baby specific campaign should only be sent to parents.

Uniqueness as a whole is an important step of the TORQUE methodology. And it should be established on the stable relationship strategies and quality functionality – namely R and Q steps. The next step is as important as the current step, which is E ethics.

5.8.torquE – ETHICS: THE POINT RELATIONSHIP STARTS

The fourth step is the E step – which is Ethics, an important dependency for any kind of relationship. Ethics is one of the hot areas for marketing academicians at the same time. That is why this step is a key milestone for relationship marketing. As will be remembered there are two important actions in this step: confidentiality and trust. [Figure 5.19.]

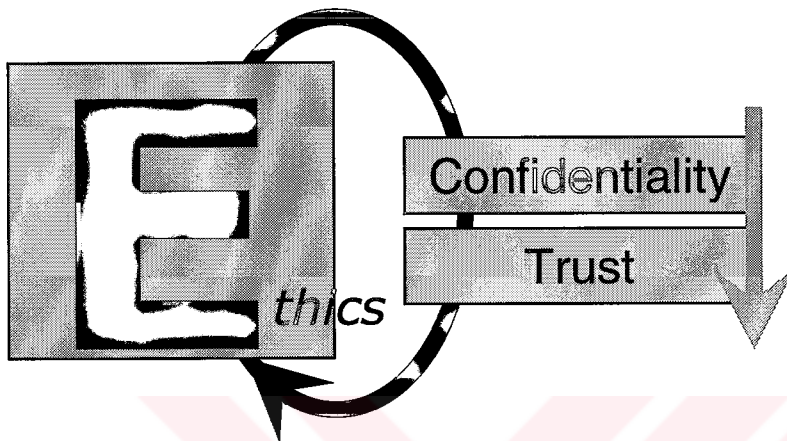


Figure 5.19. The E step of the TORQUE Model

The confidentiality step is composed of technological and organisational actions. The technology part is directly related with security. During shopping on the internet or via phone, the customer leaves lots of information including his/her credit card number. Problems with the security even may move the internet site out of business.

The customer does not just leave his / her credit card number, but in a way his / her life style. The shopping experience is full of hints and to find these hints is the main target of relationship marketing. But these hints should be kept as a secret and should not be saved with any one else.

To keep the customer experience as a secret, most of the actions are again technology oriented. The security starts with a password, the customer should assign a password to his/her loyalty card to shop through internet. This password makes him/her differentiable among other customers. When it is forgotten, there should also be a special question/answer set for each customer. The customer mentions this question and its answer in the application form.

There should also be organisational initiatives that makes the personnel feel the importance of privacy. There may be cases arising from the personnel fault, and also cases caused by wrong marketing campaigns. A good example is the one made by Beymen where 'the people that bought a particular product were congratulated and a special targeted marketing campaign had started with a letter sent to the homes these people. The product was a luxurious product used by ladies. In some of these houses the lady of the house opened this letter, and noticed that although her husband had bought this product, she never saw or used it. It was a present for another lady.' Cem Boyner, CEO of Boyner Holding had given this example in a relationship marketing seminar.

Gima pays importance to confidentiality. The customer information is not shared with anyone including the staff. Sen-al market has extended security properties. Gima had not experienced a major security problem yet.

For the case of trust there are many actions that a retailer should take. To achieve this the company should try their best to:

- fulfill the given promises (i.e. if the customer has chosen 20:00-23:00 time frame for delivery, the order should be delivered at this time)
- have technical availability (i.e. the site should be up and working 24 hours a day, the mobile credit card network should work etc.)
- have product availability (i.e. the chosen products via internet or phone should be in the stocks and sellable)
- Product / service quality (i.e. no outdated or broken products)

Gima is very successful in the ethics step. They believe in the value of the customer and their trust is very important.

Except for these, although in some cultures it is forbidden, the retailer may use and share customer information to increase its revenue and profits. One wrong example is selling the customer database to a third party. A better one is designing a campaign on brand X only to the people that prefer brand Y.

Gima has started this action by positioning alternative products to its 'Gima' branded products. The companies that have the alternative products would pay a special fee to Gima, to design a special campaign for the buyers of the 'Gima'

branded products. Gima does not share these customer information with these companies. Such campaigns are shared directly with the customer.

After the strategic steps namely R-Q-U-E, more tactical steps like T-Technology and O-Organisational change should be taken.

The next section is on the implementation of T-Technology step in Gima.

5.9. Torque – FROM DATA INTO INFORMATION

The fifth step of the TORQUE Model is Technology. [Figure 5.20.] There are very important tools in this phase, like CRM solutions, analysis tools, internet and intranet.

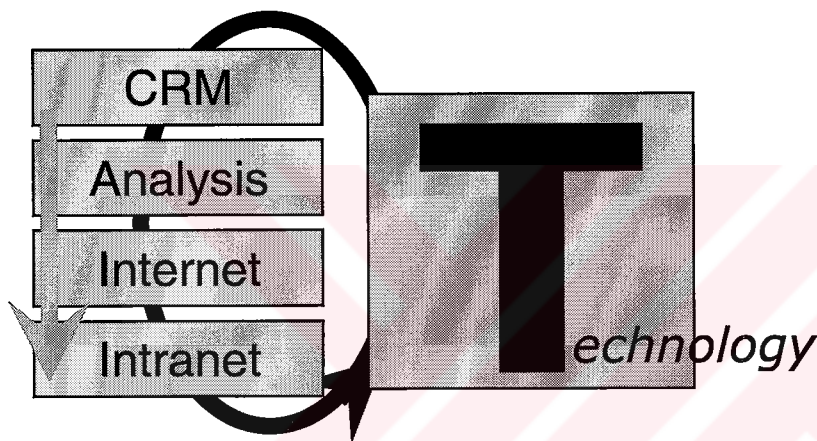


Figure 5.20. The T step of the TORQUE Model

One of the misfalls of relationship marketing is this step. The problem may arise from overemphasized role of technology. As Desmond [5] mentioned ‘Where would relationship marketing be without [technology]?’ But this does not make technology to rule the relationship marketing.

Most of the time, the companies start from the T step of the TORQUE methodology – which is wrong. They first meet with technology vendors and are open to guidance by them. Technology vendors would position their product/solution features and in most cases the company builds their relationship marketing strategy on these features. This may make the company spend more money to technology (they may pay extra money for tools that they will not use in the future), business groups may be out of the picture and the project may be managed by the IT

department which may turn relationship marketing into a tactical tool – not a strategic methodology.

Gima has followed the TORQUE model in the right order namely R-Q-U-E-T-O. That is to say, the important projects had started with the lead of the business groups and with the involvement of the technology groups. Supercard, Gima Sen-al Market, Alo Gima 444 1000 and Kiosks are good examples to these.

Gima sen-al market is a project led by the business departments. The R-Q-U steps are defined clearly before starting the project or investing into technology. Gima has started with a deep business analysis, knowing that they will not be the first Turkish retail shopping site on the internet. They had to differentiate and have started differentiation by building different payment methods. They focused on the R and U steps. They built the Q step by analyzing world-wide best practices.

Interactivity was the key to success of many dotcom companies, including Amazon - the most successful dotcom company. Amazon was not the earliest dotcom company that sold books and music. It was not one of the first ten, and in fact they are only one of the first thirty sites that started selling books and entertainment. But they were the first to start interactivity, personalisation and functions like my favorites, my shopping list, suggestion list (cross-sell).

When they reached to the T step, everything was clearly defined. What they needed technologically was an internet-shopping package that involved:

- e-shopping infrastructure
 - Catalogue Management
 - Search Engine
 - Shopping Basket
- e-Customer Relationship Management
 - Profile System
 - Targeting System
 - Campaign Management
 - Cross Selling
 - e-mail marketing

- e-analysis
 - Clickstream analysis
 - Pre-defined reports
 - OLAP functionality

The next step was talking to technology vendors. The list were composed of mainly two groups. Some of the companies were proposing solutions that will be developed from zero, and some of them proposed packaged solutions. The business team, with the involvement of the IT team, has decided to go with a packaged solution. The final short-list was composed of two alternatives: Broadvision e-commerce suit and Microsoft Commerce Server. Both packages had the desired functionality. Both packages had extra features that the other one did not have. And the cost ratio was one(Microsoft) to five(Broadvision). They had decided to use Commerce Server and made the investment in Microsoft Technologies. The project has been finalized in two months time and the launch was done in May 2001.

Today being an alternative channel, Gima Sen-al Market is a very strategic tool that has recruited new customers, formed a new and modern image for Gima. It is one of the most profitable shops, the shop with the highest revenue per basket (when compared to the regular shops), and in fact the highest revenue shop among 84 shops in particular days (mostly on Mondays). [48]

But as mentioned before the technology step is not only composed of the internet shop. There is need for CRM systems, analysis tools and intranet solutions.

There are different CRM solution suits in the industry that have complete functionality. The most popular vendors are Siebel, Pivotal, SAP, Oracle, Onyx and Clarify. Most of these vendors are also represented in Turkey. There are also local vendors with local packages. Some of the vendors are Tepum, Bizitek and Time. Most of these packages are designed for functions like contact tracking, issue tracking, order management, sales lead tracking. These functionality is a perfect fit for companies built on the account management concept. Good examples are pharmatecual industry (relationships with the doctors), banking industry (relationships with the clients), computer industry (account management).

For the retail case the most important functionality is loyalty card management, and for this reason Gima has not invested in a CRM suite. They have developed loyalty card focused CRM solutions based on database technologies.

Gima has integrated the inhouse developed CRM solution with the Sen-AI Market environment. By this way they used the e-CRM properties of Commerce Server, namely profiling system, targeting system, campaign management, cross selling and e-mail marketing functionalities on the loyalty card user-base. With the profiling system they may define that the loyalty card owner is a vegetarian, and they do not send meat based campaigns to this list.

Gima has invested in NCR based Kiosk systems as a loyalty card interaction channel.

Except for these, some other technological investments are done on mobility. The mobile POS devices have a crucial role in home-delivery projects especially in e-marketing.

Last but not least, Gima has a call center for customer problems and issues. Gima has started a new channel that makes ordering by the telephone possible. The project Alo Gima uses the same infrastructure with the Sen-AI Market including Commerce Server. The only additional investment were the Call Center operation and the operation is outsourced to a third party company called CSC.

5.10.torque – THE WORKFORCE IS THE KEY TO SUCCESS

At the last step of the TORQUE methodology, organisational change, deep training and cultural change is needed. [Figure 5.21.]

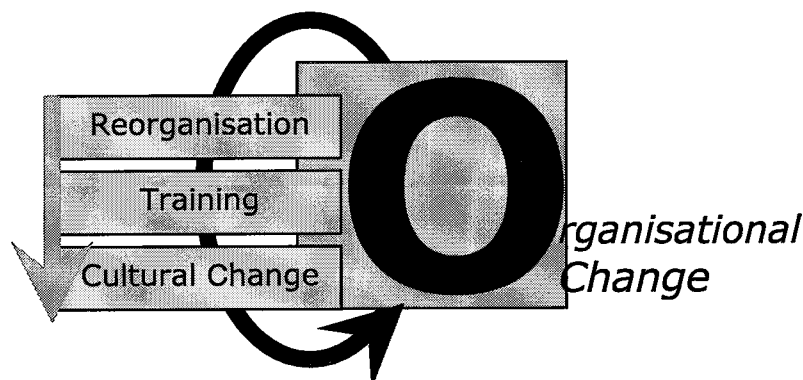


Figure 5.21. The O step of the TORQUE Model

Having an executive sponsorship is one of the important points as mentioned earlier. Gima started with a commitment from the top management team.

Gima had an organisational change with the start of the project. A group called alternative delivery channels had been formed. The team was a part of the marketing group, reporting to the VP of Marketing. A cross group collaboration initiative is formed with the information technologies(IT), logistics & operations and human resources groups. All had active roles with the strategy set by the business group.

IT was the owner of the technology selection, third party software house management, operational excellence of the e-shop, call center and the loyalty card programs. The logistics & operations group had the expertise of warehouse management and order logistics. They have adjusted their knowhow to personalised orders.

Istanbul is selected as the first city to serve. All orders from different parts of the city was served from four large Supermarkets: Şişli and Bakırköy for the European side, Anadoluhisari and Kartal for the Asian side. The selection was done according to the size and ease of parking (for the delivery cars) specialties of the shops.

Gima has invested in mini-buses for delivering the orders. The buses were organised to serve four times a day. The number of the mini-buses has increased by the increased workload.

There had been an intensive training for all the operations team. They had a training with a common base to five different groups:

- 1) Cashiers: With the start of the loyalty card (Gimacard/Supercard) initiative all the cashiers were taught to ask for the card to each customer that comes to the checkout point. That question would be the most effective one to increase the awareness of the program. The importance of the profile information is mentioned clearly. To increase one-to-one communication each cashier should call the card owner by name, although it is ignored most of the time.
- 2) Order Retrieval Team: One of the tough parts of shopping on the internet or phone is buying without touching. Even a minor problem related to the selection of the products would cause the customer never to buy remotely

again. The food should be fresh, no out-dated products, no misselections – wrong size, wrong brand or wrong package. Packaging, selecting the products from warehouse not from the shelves, the procedures to be followed when the selected items are out of stock (the alternative products that may be offered; the methodology - calling the customer and informing him/her), were part of the training of the order retrieval team.

- 3) **Delivery Team:** This team is the team that visits the customer at his/her home. They interact the customers directly, face-to-face. Their dress up, wording and especially attitude matters. This is one of the most important groups that should be trained deeply. Except for trainings on interactions, they have to be trained on using mobile POS devices.
- 4) **Call Center Team (Customer Care and Support):** This is the center where all customer complaints, requests are made. It is important to listen to the needs of the customers, feed the comments to the CRM system and especially correlate them with their loyalty cards.
- 5) **Call Center Team (Sales- Alo Gima 444 1000):** This team is different than the customer care team. They should focus on cross-sales, increasing revenue, listening to the key customers.

Gima had offered training with technical and/or procedural orientation. With the customer oriented cultural change, the trainings also had to include the customer perspective.

With a successful customer oriented training, all of the above teams may get more data from the customer on each interaction. To get extra information from the customer, the employees should be well trained, should observe and ask to-the point questions when needed. This part is hard to achieve. To give an example

- **Cashiers:** It is the check-out time. How does the cardholder shop? (alone, in couple, a family affair?) Are they affected by the check-out product stands? (i.e chewing gums, chocolates, razors etc.) Any customer complaints? There can be many more observations.
- **Delivery Team:** The location and class of the house; how many people are there in the house? Any customer complaints?
- **Call Center:** Any customer complaints? Characteristic symptoms?

- Customer Care Service: Any customer complaint? Backlogs? Cancelled orders? Any customer filled form?

To summarize, relationship marketing is highly dependent on the personnel. Well trained and well-equipped staff may make a relationship marketing project very successful, while the opposite makes the strategy die before going alive.

5.11.IMPLEMENTING TORQUE – THE BIG PICTURE

After going into the details of the TORQUE model, the big picture should also be analyzed. A successful implementation of TORQUE may bring increased revenues, increased profits, robust relationships and loyal customers.

Some of these results achieved in Gima may be summarized as follows: [47]

- The users of the sen-al market may be divided into two group:
 - Existing Customers of Gima
 - New Customers – recruitment

The percentage of the two groups are %50-%50. In other words Gima had achieved its targets on expanding their market share.

- The personalised mailings are done on Mondays which is the least preferred date for shopping. The revenue increases %35-40 on these days and has an important factor on increasing the total monetary values.
- Sen-al market is one of the top five most selling shops among all Gima markets. On Mondays Sen-al market is the most selling one. This shows the success of the new alternative channel.
- Average basket value of a Sen-al market shopper is 2-2.5 more than a Gima market shopper. This shows the effect of personalised tools on monetary and profitability values.
- Personalised tools increases the loyalty of the customers. The regency and frequency of the shopping activities has increased. There are shoppers who had given nineteen orders in one month.

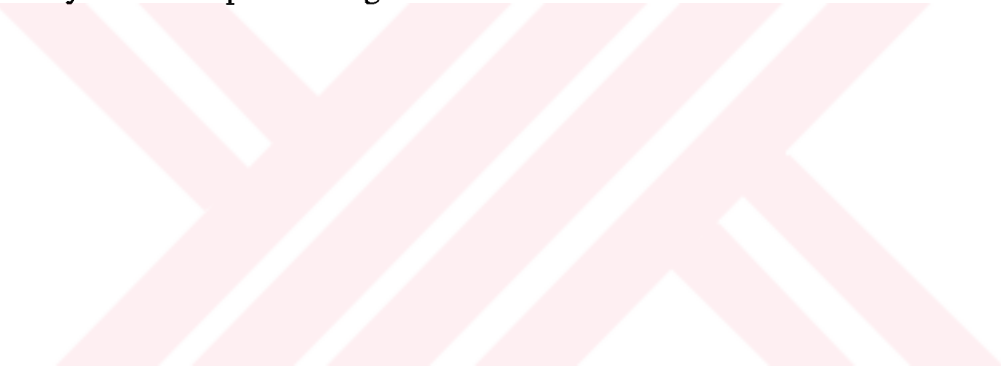
- The users of the sen-al market enjoys the new personalised services. For example after the “Express Check-out” feature is launched, without any pR or announcement, in the first date 300 users had completed their settings.
- Redeeming superpoints enforces frequency and regency. The points accelerate if the shopping is done frequently, and they disappear if not used recently.
- Training of the delivery employees has an important impact on the success of the project.
 - The customers feel safe about the quality of the owner.
 - The cultural effect can also be felt – some customers mention that they want to be served by the same person as in the last time. Or even there are customers that ask for extra activities like changing the bulb (an old lady asked for it), or helping feeding the baby.

Some actions that may be applied to increase profitability and revenue with the TORQUE model. These may be grouped as follows:

- Change shopping habits: The customer scorecard says that he has a preferred shop. That particular shop is very crowded at weekends. The customer is a weekend customer. The retailer wants the shop to be less crowded. A special discount just for him and his segment – buy from Monday to Friday and have an extra 5% off. No need to position the promotion to the working-day customers, no need to lose revenue.
- Change buying habits: The customer scorecard says that he has never bought vegetables/fruits before. The scorecard also says that he is an e-market customer. He may either think that the open market has fresh and cheap vegetable or the reason may be just because vegetables/fruits may not be bought via internet without touching them. Send him 1 kg specially selected tomatoes as a present from the retailer.
- Cross-Selling: The customer scorecard says that the washing machine in the house is non-automatic (he always buys Alo for non-automatic washing machines). Send him a special e-mail with a great promotion to sell a full-automatic washing machine.

- **Up-Selling:** The customer scorecard says that there is a baby in the house. Send him a special e-mail positioning portable swimming pool.
- **Reminder-Selling:** The customer scorecard says that the consumption rate for olive oil is 5 days/liter. Send him a reminder that it has been 2 weeks since you have bought 2 liter olive oil. It is either finished or will finish in a short time. Would you like us to send you a new one? (critical –attention to permission marketing. Should not bother the customer)
- **Brand-Selling:** The customer scorecard says that he is a Coca-Cola customer. Pepsi will be eager to recruit him and offer a special rate. (very critical- attention to the competition ethics)

Gima yet did not start using most of the above actions but again they have increased their revenues, profits and loyalty by relationship marketing. **Figure 5.22.** is a customer e-mail sent by Gima, which includes not only a campaign but also Gima's achievements by relationship marketing.



Gima sen-al market 1 yaşımda : KDV YOK ! - Message (HTML)

File Edit View Insert Format Tools Actions Help

You forwarded this message on 03.06.2002 14:07. Click here to find all related messages.

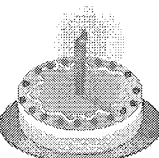
From: duyuru.senalmarket@gima.com.tr
To: Yigit Kulabas
Cc:
Subject: Gima sen-al market 1 yaşımda : KDV YOK !

Sent: Pat 03.06.2002 10:03

KDV YOK
(sadece 2 gün)

Gima sen-al market 'ten
1.yıldönümünde en büyük kampanya

Gima sen-al market'i Türkiye'nin en büyük online süpermarketi yapan sizlere 1. doğumgünümüzde teşekkür etmek istedik.

 4 Haziran 2001 sen-al marketin doğumgünü! Sen-al market 1. yaşını süper bir kampanya ile kutluyor. 3 ve 4 Haziran'da sadece sen-al markette 80 Milyon üzeri alışverişlere KDV YOK!

KDV YOK
(sadece 2 gün)

En büyük ilgi gören promosyonlardan KDV YOK! sadece 2 gün için geçerli. KDV YOK kampanyasından faydalanmak için 3 veya 4 Haziran günlerinde 50 milyon veya üzeri sipariş verin, KDV matrahı kadar indirimden hemen faydalanın. (Teslimat günü olarak dilediğiniz günü seçebilirsiniz.) Alışverişe başlamadan mutlaka bölgesel kapasiteyi kontrol edin. Zira bu mali onbinlerce kişi okuyor.

Not: SuperPuan kullanırsanız, KDV YOK kampanyasından faydalanabilmek için son ödenecek miktarın 50 Milyon veya üzeri olmasına dikkat ediniz.

1 yılda neler oldu neler...

- 4 Haziran 2001'de sitemizi açtığımızda 48 adet sipariş aldık. (Açıldığı gün bu kadar satış yapan hiç bir site yok!)
- Türkiye'de nakliye ücreti alınmaksızın ilk defa kapıda ödeme sistemini başlattık. (Önce tüketicilerin güvenliğini kazanmaya çalıştık.)
- Türkiye'de vade farksız taksitli online alışveriş başlattık.
- 1 yılımız dolmadan 100.000'nin üzerinde sipariş teslim ettik. (Türkiye'de online satış yapılmaz savını sizler reddettiniz.)
- Sürekli alışveriş yapan alışveriş dostlarımızın sayısı hergün arttı. (1 yıl dolmadan 151 defa sipariş veren bir alışveriş dostumuz var.)
- Sık aldıklarınızı, indirim girenleri size haber verdik, her şeyi kişiselleştirdik. (Bugün 2 haftada bir 75.000 kişiye kişiselleştirilmiş 75.000 farklı mail geliyor.)
- KDV YOK! dedik. (Bazıları KDV indirilsin dedi, biz KDV matrahı kadar indirim verdik.)
- Rakip yapıyor diye değil, siz istiyorsunuz diye yenilikler yaptık. (Her talep ettiğiniz yeniliği yapmaya çalıştık. Rakipsiz olmanın yolunun tüketiciden geçtiğini hep aklımızda tuttuk.)
- Hiç ama hiç uykuya dalmadık. (7 gün 24 saat soracağınız soruların cevabını verecek bir müşteri ilişkileri görevlisi hep vardı.)
- Otomobiller verdik. (Dünyada internette otomobil kazananlar, sadece sen-al market sürücüleri.)
- Çok kanallı ilk perakendeci olduk. (Sipariş internette başlayıp, telefonda bitirme imkanı sadece Gima'da.)
- Her ay milyarlarca TL bedava alışveriş yaptınız. (Tüm kanallardan topladığınız SüperPuanları sen-al markette harcayarak bedava alışveriş yaptınız.)
- Türkiye'nin dört bir yanını sardık. (Kendi lojistiği ile en doğuda, en batıda, en kuzeyde, en güneyde sadece sen-al market var.)
- Çok duygusal anlar yaşadık. (Diyarbakırdan bir müşterimiz, "Kendimi ilk defa İstanbul'daki biriyle eşit hissettim." dedi. Tarifless duygulandık.)
- SüperArama sistemini başlattık. (Demek aramada bile kişiselleştirme oluyormuş.)
- Her şeyi görerek alın istedik. (Sitede resim bulundurma oranını %92'lere çıkardık.)
- Kopyalamadık, yarattık. (Çünkü öneriler hep sizlerden geldi.)
- Aradığınızı bulun istedik. (Aradıklarınızı buldunuz, aramadıklarınızla zaman kaybetmediniz.)
- Altınörümcek web yarışmasında ödüle layık görülen tek online Süpermarket olduk. (Ashında ödülü sadece sizin adınıza biz aldık.)

2 yılımda hızımızı hiç kesmeden yeniliklere devam edeceğimize emin olmanızı isteriz. Unutmayın sen-al markette hep öndesiniz.

Figure 5.22. Gima's achievements in Relationship Marketing

6.CONCLUSION, IMPLICATIONS and FURTHER STUDIES

The hypothetical TORQUE Model is developed as an operational methodology to implement relationship marketing. This study may be analyzed in two different perspectives. First what does it mean for the marketing literature and then the teorical and pratical effects of the model.

To go into details of the first perspective, it should be emphasized that although there is extensive academic work on relationship marketing, the number of operational studies is scarce. This model is developed to demistify relationship marketing with a solid implementation methodology. It is in a way a bridge between relationship marketing and well-known important business areas like organisational change, total quality management, marketing ethics.

From the second perspective the research points that relationship marketing may easily be implemented to get practical results like increased revenues, more loyal customers, increased market share and profitability. Some of the tools to achieve these may be summarised as up-selling, cross-selling, reminder selling, changing buying and shopping habits.

The TORQUE examples in this thesis, namely Gima has extensive results by implementing relationship marketing. The e-shop site, sen-al market was developed as a convenience tool for the existent customers and a prestige tool to recruit new customers. With the relationship marketing strategy today 50 percent of the web-customers come from the existing origin, while the rest 50 percent are totally new recruitments. Every two Mondays, personalised mailings are done, and the sales go up 35 to 40 percent. When a new feature is designed and launched the most loyal customers use it immediately– in the first 24 hours more than 300 people had completed their settings after the express check-out service has been launched. In less than one year timeframe Gima Sen-al Market has reached to 21,000 customers with 54 percent women ratio.

On the other hand, it is impossible to discover all customers with all details. A good example is the lady that called the call center complaining about the meat campaigns being sent to her. She was a vegetarian and the system could not track her. When the analysis is done, it is discovered that she has bought liver from the e-market. The lady is informed about the situation and the answer was 'It was bought for my cat.'

The TORQUE model includes six major areas and in fact it is an abbreviation for the words Technology, Organisational change, Relationship building, Quality, Uniqueness and Ethics. The dictionary meaning of torque is 'the rotating force' in short and as a marketing term it is proposed as 'the rotating force to bring the customer back' in this thesis.

Technology is just a tool for relationship marketing. It is not the target. Datawarehousing may be the ultimate dream of the IT Manager but the real need comes from the business decision makers who want to make analysis.

Organisational change, especially cultural change is a must for a relationship marketing to be successful. All employees should know and feel that customers are the only factor that make the company go into future.

Relationship building is the starting point of the model. It should be based on robust ideas, and the aims/targets should be well defined.

Quality is the core of not only relationship marketing but also any continuous business. This affects relationship marketing sharply.

Uniqueness is the key for the success. The more personalisation brings the more tight relationships and loyalty.

Ethics, last but not least is another factor that affects the continuity of any relationship.

Although the model is named TORQUE, the model does not start from the T step. R step is the starting point of the loop as most of the independent variables/inputs enter the model from here. For this reason an alternative name R-QUOTE could have been used instead of TORQUE, meaning a "quote" on Relationship Marketing and covering all these steps. But TORQUE name is preferred for the model, as there is an infinite loop in the model and each step triggers the other, so having the R step as the first step is not very important after the model starts working. And the

meaning of the TORQUE word, with its new interpretation for marketing, will have an impact to the literature.

The TORQUE Model may be implemented in any industry from retail to finance. Although this thesis includes the retail spectrum, future studies may be completed in other sectors on TORQUE. The research has been implied to a Turkish company and its Turkish customers. Implementations for different cultures may also lead to interesting results. The model may be checked with qualitative data. This is an initial proposal for an extensive model and new features may be developed for each step.

TORQUE is designed to propose a complete model for implementing relationship marketing. It is different from other works in the literature, by focusing on the full picture.

To summarize, TORQUE is the rotating force to make the customer come back.



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APPENDIX 1:

Gummenson's thirty relationships - 30R [31]

R1. The classic dyad: the relationship between the supplier and the customer. This is the parent relationship of marketing, the ultimate exchange of value which constitutes the basis of business.

R2. The many-headed customer and the many-headed supplier. Marketing to other organisations – industrial marketing or business marketing –often means contacts between many individuals from the supplier's and the customer's organisation.

R3. Megamarketing: the real “customer” is not always found in the marketplace. In certain instances, relationships must be sought with a “non-market network” above the market proper – governments, legislators, influential individuals – in order to make marketing feasible on an operational level.

R4. The classic triad: the customer-supplier-competitor relationship. Competition is a central ingredient of the market economy. In the competition there are relationships between three parties: between the customer and the current supplier, between the customer and the supplier's competitors, and between competitors.

R5. Alliances change the market mechanisms. Alliances mean closer relationships and collaboration between companies. Thus competition is partly curbed, but collaboration is necessary to make the market economy work.

R6. Market mechanisms are brought inside the company. By introducing profit centres in an organisation, a market inside the company is created and internal as well as external relationships of a new kind emerge.

R7. The service encounter: interaction between the customer and front line personnel. Production and delivery of services involve the customer in an interactive relationship with the service provider's personnel.

R8. Interfunctional and interhierarchical dependency: the relationship between internal and external customers. The dependency between the different tiers and departments in a company is seen as a process consisting of relationships between internal customers and internal providers.

R9. Relationships via full-time marketers (FTMs) and part-time marketers (PTMs). Those who work in marketing and sales departments – the FTMs – are professional relationship-makers. All others, who perform other main functions but yet influence customer relationships directly or indirectly, are PTMs. There are also contributing FTMs and PTMs outside the organisation.

R10. Internal marketing: relationships with the “employee market”. Internal marketing can be seen as part of RM as it gives indirect and necessary support to the relationships with external customers.

R11. The non-commercial relationship. This is a relationship between the public sector and citizens/customers, but it also includes voluntary organisations and other activities outside of the profit-based or monetarized economy, such as those performed in families.

R12. Physical distribution: the classic marketing network. The physical distribution consists of a network of relationships which is sometimes totally decisive for marketing success.

R13. The electronic relationship. An important volume of marketing today takes place through networks based on IT. This volume is expected to grow in significance.

R14. Megaalliances. EU (the European Union) and NAFTA (the North America Free Trade Agreement) are examples of alliances above the single company and industry. They exist on government and supranational levels.

R15. Quality providing a relationship between production and marketing. The modern quality concept has built a bridge between technology and marketing. It considers the company's internal relationships as well as its relationships to the customers.

R16. Personal and social network. The personal and social networks often determine the business networks. In some cultures even, business is solely conducted between friends and friends-of-friends.

R17. The two-dimensional matrix relationship. Organizational matrices are frequent in large corporations, above all in the relationships between product management and sales.

R18. The relationship to external providers of marketing services. External providers reinforce the marketing function by supplying a series of services, such as those offered by advertising agencies and market research institutes, but also in the area of sales and distribution.

R19. The relationship to the customer's customer. A condition for success is often the understanding of the customer's customer, and what suppliers can do to help their customers become successful.

R20. The owner and financier relationship. Owners and other financiers can sometimes determine the conditions under which marketing works. The relationship to them may influence the marketing strategy.

R21. Parasocial relationships via symbols and objects. Relationships do not only exist to people and physical phenomena, but also to mental images and symbols such as brand names and corporate identities.

R22. The law-based relationship. A relationship to a customer is sometimes founded primarily on legal contracts and the threat of litigation.

R23. The criminal network. Organised crime is built on tight and often impermeable networks guided by an illegal business mission. They exist around the world and are apparently growing but are not observed in marketing theory. These networks can disturb the functioning of a whole market or industry.

R24. The mental and physical proximity to customers vs. the relationship via market research. In mass marketing the closeness to the customer is often lost and the customer relationship is based on surveys, statistics and written reports.

R25. The customer as member. In order to create a long-term sustaining relationship, it has become increasingly frequent to enlist customers as members of various marketing programmes.

R26. The relationship to the dissatisfied customer. The dissatisfied customer perceives a special type of relationship, more intense than the normal situation, and often badly managed by the provider. The way of handling a complaint – the recovery – can determine the quality of the future relationship.

R27. The green relationship. The environmental and health issues have slowly but gradually increased in importance and are creating a new type of customer relationship through legislation, the voice of opinion leading consumers, changing behaviour of consumers and an extension of the customer-supplier relationship to encompass a recycling process.

R28. The knowledge relationship. Knowledge can be the most strategic and critical resource and “knowledge acquisition” is often the rationale for alliances.

R29. The mass media relationship. The media can be supportive or damaging to the marketing. The way of handling the media relationships is often crucial for success or failure.

R30. The monopoly relationship: the customer or supplier as prisoners. When competition is inhibited, the customer may be at the mercy of the provider – or the other way around. One of them becomes a prisoner.

RESUME

Yiğit Kulabaş was born in 1970 in İzmir. His childhood has passed in three major cities - İzmir, Ankara and Antalya. After finishing Antalya Anatolian Highschool, he started Bilkent University Computer Engineering department with scholarship.

In 1992 he has become a computer engineer and immediately after graduation, he started working for NCR Türkiye. He has completed NCR Corporation's four month sales and marketing training program (The Eagle Program) in Dayton USA.

He worked in NCR for four years, until 1996. 1996 was also the year which he has achieved Master of Science degree from Bilkent University.

After NCR, he has worked for Oracle Turkey for two years. In 1998 he has transferred to Microsoft Turkey and he continues to work there as the 'Solutions Group Manager'.

He has started the PhD program in İstanbul Technical University in 1996 in Management Engineering Department. Focusing into CRM based solutions and relationship marketing, he had followed important projects with the thesis in mind. He was working for NCR when Migros started the datawarehousing project (1996); for Oracle when Migros started the e-market project (1998); and for Microsoft when Gima started the e-market project.

Yiğit Kulabaş is married and has a son of 18 months. He wants to continue his academic career and also publish his first novel in the near future.