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ELECTRONIC CUSTOMER
RELATIONSHIP MANAGEMENT:
A STUDY ON TURKISH ONLINE BOOKSTORES

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Finally, I wish to express my love and thanks to all my family. Therefore, I dedicate this thesis to my family; Ayşe and Hitami Yılmaz, who have provided me constant support, endless love, patience and encouragement throughout my whole life. I am particularly grateful to them.

<div align="right">İlker Ümit YILMAZ</div>

ÖZET

Tezli Yüksek Lisans

Elektronik Müşteri İlişkileri Yönetimi Uygulamaları:
İnternet Üzerinden Satış Yapan Türk Kitap Sitelerinde Örnek Çalışma

İlker Ümit YILMAZ

Sosyal Bilimleri Enstitüsü
İşletme Anabilim Dalı
İngilizce İşletme Yönetimi Programı

90'lı yılların sonunda, Müşteri İlişkileri Yönetimi hem akademik hem de iş çevrelerinde popüler bir terim haline geldi, araştırmacılar ve yöneticiler Müşteri İlişkileri Yönetimi uygulamaları hakkında fikir ve tecrübelerini şevkle paylaştılar. Eş zamanlı olarak, internet tamamı ile yeni bir iş kanalının doğmasına neden oldu. İnternetin bilgi ve ticaret için bir kanal olarak kullanılabilirliği, iş dünyasına interneti bir Müşteri İlişkileri Yönetimi aracı olarak kullanma olanağını sundu. Bu olanağın akademik ve iş çevrelerince anlaşılması yeni bir kavramı ortaya çıkardı: Elektronik Müşteri İlişkileri Yönetimi. Bu çalışmada, Elektronik Müşteri İlişkileri Yönetimi uygulamalarının internet üzerinden satış yapan Türk kitap sitelerindeki durumu ve bu uygulamaların elektronik servis kalite bileşenleri, müşteri memnuniyeti, genel servis kalitesi, satın alma davranışı ile ilişkisi incelenmiştir. Bu incelemeler için iki alt çalışma gerçekleştirilmiştir: "Elektronik Müşteri İlişkileri Yönetimi İçerik Analizi" ve "Elektronik Müşteri İlişkileri Yönetimi Uygulamaları ve Elektronik Servis Kalite Bileşenleri".

Anahtar sözcükler: Müşteri İlişkileri Yönetimi, Elektronik Müşteri İlişkileri Yönetimi, Elektronik Ticaret, Elektronik Servis Kalitesi

ABSTRACT

Master Thesis

Electronic Customer Relationship Management:
A Study on Turkish Online Bookstores

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In the late 1990s, Customer Relationship Management (CRM) gained widespread recognition in the academic area and business field, researchers and practitioners enthusiastically have shared their viewpoints and experiences in applying CRM. Simultaneously, the Internet opened a completely new business channel. The use of the Internet as a channel for commerce and information presents an opportunity for business to use Internet as a tool for CRM. Realizing this opportunity by business and academic areas brought the term Electronic Customer Relationship Management (E-CRM) out. This thesis attempts to analyze the availability of E-CRM features on Turkish online bookstores and their relationship to E-Service quality dimension, customer satisfaction, overall service quality and purchase intentions. Two studies are performed to analyze these issues: "E-CRM Content Analyze" and "E-CRM Features and E-Service Quality Dimensions".

Keywords: Customer Relationship Management, Electronic Customer Relationship Management, E-Commerce, E-Service Quality

ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT:
A STUDY ON TURKISH ONLINE BOOKSTORES

ABBREVIATIONS

AOL: America Online

ATM: Automated Teller Machine

CLV: Customer Lifetime Value

CRM: Customer Relationship Management

DVD: Digital Versatile Disk

EDI: Electronic Data Interchange

EPC: Electronic Product Code

ERP: Enterprise Resource Planning

E-Commerce: Electronic Commerce

E-CRM: Electronic Customer Relationship Management

E-Service: Electronic Service

GUI: Graphical User Interface

ISDN: Integrated Services Digital Networks

IT: Information Technologies

ITV: Interactive Television

LVA: Loyalty Value Added

PC: Personal Computer

PDA: Personal Digital Assistant

ROI: Return on Investment

R&D: Research and Development

SME: Small and Medium-Sized Enterprises

VAN: Value-Added Networks

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CHAPTER 1
INTRODUCTION

In the late 1990s, Customer Relationship Management (CRM) gained widespread recognition in the academic area and business field, researchers and practitioners enthusiastically have shared their viewpoints and experiences in applying CRM. CRM can be defined as a combination of methodologies, processes, software, and systems that are used to help an enterprise to manage customer relationships in an organized and effective way. The term "customer" can include suppliers, sales leads, employees, as well as paying customers.

Recently, both the business and academic communities realized that the internet could be used to secure economic, strategic and competitive advantages. The internet has also provided companies with tools to adapt to changing customer needs. Companies that do not use the internet as a business channel are viewed as not delivering value added services to their consumers, and thus can be perceived to be at a competitive disadvantage. In contrast, companies that are taking advantage of internet (by at the very least having a Web site) are viewed as progressive and continuously trying to meet the current needs of consumers.

From the consumer's perspective, Internet-based services significantly reduce the costs of searching, widen the selection of vendors, deliver lower priced products/services, allow greater control over products/service offered and increase convenience (Anderson & Srinivasan 2003).

The use of the Internet as a channel for commerce and information presents an opportunity for business to use the internet as a tool for customer relationship management. Realization of this opportunity by the business and academic communities has given us the term Electronic Customer Relationship Management (E-CRM). Dyche

(2001) defined E-CRM as: "E-CRM refers to electronic customer relationship management or, more simply, CRM that is web-based."

Khalifa and Shen (2005) have made a clear definition of E-CRM: "With the rapid growth of electronic business and proliferation of Internet-based services, a new concept is born: E-CRM. It encompasses all the processes needed to acquire, build and maintain customer relationship through e-business operations."

1.1 Motivation for the Study

Although there is a widespread agreement that CRM and E-CRM has direct and indirect impact on customer satisfaction (Anton and Hoeck, 2002; Connelly and Yoger, 2001; Cusack, 1998; Rust and Zahorik, 1993; Swift, 2001; Tschohl, 2001) the significance of E-CRM and the various E-CRM features that influence customer satisfaction, such as, customer perception of web site design, reliability, responsiveness, trust, personalization, overall service quality, and purchase intentions, have not been fully researched.

Previous studies have examined the impact of Internet technology on relationship marketing (Pitta 1998; Strauss and Frost 1999; Wang et al. 2000; Zineldin 2000; Geissler 2001); Internet consumer satisfaction (Cho and Park 2001; Feinberg and Kadam 2002; Kim and Lim 2001; Szymanski and Hise 2000), and Internet influence on customer loyalty (Dowling 2002; Foster and Cadogan 2000; Lee-Kelley et al. 2003; Mittal and Lassar 1998). However, these studies did not attempt to investigate E-CRM attributes, particularly in relation to enhancing customer satisfaction.

The main aim of this thesis is to analyze the availability of electronic customer relationship management (E-CRM) features on Turkish online bookstores. Their relationship to the E-Service dimension, customer satisfaction, overall service quality and purchase intentions is also investigated.

Three sub-objectives are defined in order to reach the aim of the study.

1) What is the state of E-CRM in Turkish Online Bookstores?
2) What is the relation between the usage of E-CRM features and E-Service Quality Dimensions (web site design, reliability, trust, personalization), overall service quality, customer satisfaction and purchase intentions?
3) Which E-CRM features are related to customer satisfaction?

Two studies are performed to research these three sub-objectives: "E-CRM Content Analysis" and "E-CRM Features and E-Service Quality Dimensions". First study is performed to research the first sub-objective; second study is performed to research the second and third sub-objectives.

1.2 Thesis Outline

The thesis is divided into five chapters. Chapter one contains a brief description of CRM and E-CRM. It also describes the scopes of the study. In the next chapter of the thesis, an overview of CRM and E-CRM is given. Firstly, definition and components of CRM and E-CRM are mentioned. Then, the characteristics, objectives and benefits of CRM and E-CRM are reviewed.

Chapter three focuses on the implementation of CRM and E-CRM. Success factors, obstacles, evaluation and the future of CRM and E-CRM are discussed. At the end of chapter three, E-Service quality is reviewed.

Chapter four concerns methodology and findings of the study. Firstly, the three sub-objectives of this thesis and a brief literature review are given. Then two studies are performed to research these three sub-objectives. Finally, chapter five summarizes the findings of this study and suggests future research directions.

CHAPTER 2
CONCEPT OF CRM AND E-CRM

2.1 Definitions of CRM and E-CRM

In this part of thesis, first the literatures on the definition of CRM, then the literature on the definition on E-CRM are reviewed and several different definitions of CRM and E-CRM are given, since there is no agreement on the definition of CRM. An interesting finding about the definition of CRM is that Zablah et al. (2004) identified more than 40 distinct definitions of CRM in the literature.

The term Customer Relationship Management gained widespread recognition in the late 1990s. Researchers and practitioners both in the academic area and business field enthusiastically have shared their viewpoints and experiences in applying CRM (Anton, 1996).

CRM is a combination of methodologies, processes, software, and systems that helps an enterprise to manage customer relationships in an organized and effective way. The term "customer" can include suppliers, sales leads, employees, as well as paying customers.

Storbacka and Lehtinen (2001) have defined CRM as a method to develop customer relationships. According to Storbacka and Lehtinen the history of CRM starts before the industrial revolution. By that time craftsmen and artisans got their training from older generations. They also generally controlled the entire production process since they often worked alone or in small companies. Besides, the craftsmen knew their customer personally and therefore knew each customer's needs and how each customer uses their products. Information on customers was usually stored in the memory of the craftsmen this was an early form of CRM.

According to Wilson, Daniel and McDonald (2002) CRM is a concept that enables an organization to tailor specific products or services to each individual customer according to his or her needs. In the most advanced scenario CRM can be used to create a personalized, customized, one-to-one experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities, based on the preferences, previous behavior and history of customer.

Bose (2002) has stated that CRM is an integration of technology and business process used to satisfy the needs of customer during any given interaction. In brief, CRM is a process by which a company makes good use of customer information to enhance customer loyalty.

According to Hamilton (2001) CRM is the process of storing and analyzing the vast amount of data produced by sales calls, customer service centers, actual purchased, supposedly yielding greater insight into customer behavior. CRM also allows businesses to treat different type of customers differently – in some cases, for instance, by responding more slowly to those who spend less or charging more to those who require more expensive hand-holding.

In some organizations, CRM is simply a technology solution that extends separate databases and sales force automation tools to bridge sales and marketing functions in order to improve targeting efforts. Other organizations consider CRM as a tool specifically designed for one-to-one customer communications, a sole responsibility of sales/service, call centers, or marketing departments (Peppers and Rogers, 1999).

There are some definitions of CRM which define CRM as a technological system for information handling and analysis. Another narrow definition of CRM is to consider CRM only as seeking customer retention by using a variety of after marketing tactics that lead to customer bonding or staying in touch with the customer after a sale is made (Vavra, 1992). But, According to Fayerman (2002) the critical interface is somewhere

between CRM technology and marketing and an understanding of the perspective from both of these areas is a requirement for cross-functional integration. Greenberg (2001) has also supported the definition of Fayerman. According to Greenberg (2001) has indicated that CRM is an enterprise-wide mind set, mantra and set of business processes and policies that are designed to acquire, retain and service customers. CRM is not a technology, though. Technology is a CRM enabler.

There are also a few authors who use the term CRM as interchangeable with relationship marketing (Parvatiyar & Sheth, 2001; Peppers & Rogers, 1999).

Gummesson (1999) has also indicated that CRM builds on the philosophy of relationship marketing. This emphasis on relationship marketing, as opposed to transactions, is redefining how companies are interacting with their customer.

Hobby (1999) has defined CRM as a management approach that enables organizations to identify, attract and increase retention of profitable customers by managing relationships with them.

Swift (2001) has also defined CRM as an approach. He defined CRM as an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability. The word enterprise in the definition is of a great importance since CRM is an approach that must be integrated into everything a company does and must involve the entire company.

Chye and Gerry (2002) have defined CRM as the process of predicting customer behavior and selecting actions to influence this behavior to benefit the company, usually leveraging on information technology and data-base related tools. They further claimed that CRM has been a new lease of life because of the growth of Internet and E-Business.

Since face to face contact is impossible on the net, CRM based on information technology and databases is crucial in the online business environment.

As indicated before CRM is not only a technology matter. But it demands a perfect usage of technology as well. Information Technologies affects businesses in many different ways. Primarily, it can facilitate communication, information sharing and collaboration processes with customers or within a company or a network. This is an important factor since, independent of marketing approach; companies can not operate effectively unless they have the capability to communicate rapidly, accurately and over a great distance. The communication also needs to be two-way, integrated, recorded and managed (Zineldin, 1998).

Bose and Sugumaran (2003) have used a broader perspective to make their definition. "CRM is about managing customer knowledge to better understand and serve them. It is an umbrella concept that places the customer at the center of the organization. Customer service is an important component of CRM; however, CRM is also concerned with coordinating customer relations across all business functions, points of interaction and audiences. "

Although E-CRM is a younger term than CRM, there are also several different definitions for E-CRM. Since it is hard to say that there is an agreement on one definition, several different definitions of E-CRM are given.

A new term for taking care of customers via Internet, E-CRM, is recently applied by some organizational and academic communities (Ragins and Greco, 2003). E-CRM can be defined as a combination of hardware, software, processes, applications and management commitment. Dyche (2001) has made another definition by using CRM term: "E-CRM refers to electronic customer relationship management or, more simply, CRM that is web-based."

Dyche (2001) has also defined two different types of E-CRM: operational E-CRM and analytical E-CRM. Operational E-CRM is concerned with the customer touch points. These can be inbound contacts through a telephone call or a letter to a company's customer service center or outbound contacts such as a sales person selling to a customer or an e-mail promotion. Thus, customers touch-points can be everything from in-person, Web-based, e-mail, telephone, direct sales, fax, etc. Analytical E-CRM requires technology to process large amounts of customer data. The intent is to understand, via analysis customer demographics, purchasing patterns, and other factors so as to build new business opportunities.

Khalifa and Shen (2005) have made a clear definition of E-CRM: "With the rapid growth of electronic business and proliferation of Internet-based services, a new concept is born: E-CRM. It encompasses all the processes needed to acquire, build and maintain customer relationship through e-business operations. Important CRM concepts such as customization, personalization, making the customer less passive and more active, many-to-many marketing are either enabled or made easier to implement with E-CRM tools.

E–CRM is a part of E-business, which describes the use of electronic means and platforms to conduct a company's business. Electronic business has been heavily influenced by the Internet, which enables firms to serve the customers faster, more accurately, over a wide range of time and space, at a reduced cost, and with the ability to customize and personalize customer offerings (Kotler, 2003).

A lot of authors use the terms CRM and E-CRM interchangeably. But there is also some authors try to make a clear distinction between terms CRM and E-CRM like Pan and Lee (2003). According to Pan and Lee (2003) CRM was considered an approach or business strategy providing seamless integration of every area of business that touches the customer- namely, marketing, sales, customer service and field support- through integration of people process and technology. E-CRM on the other hand, taking

advantage of the revolutionary impact of the Internet, E-CRM has thus broadened it and it now expands the traditional CRM techniques by integrating technologies of new electronic channels, such as web, wireless, and voice technologies, and combines them with e-business applications into the overall enterprise CRM strategy.

2.2 Components of CRM and E-CRM

In the "Definition of CRM and E-CRM" section, it has been indicated that CRM can not be define as only a process or only a technology issue. In this part of thesis, components of CRM are reviewed.

Couldwell (1998) has defined CRM as a combination of business process and technology that seeks to understand a company's customer from the perspective of who they are, what they do, and what they are like. Goldenberg (2000) has made a similar definition but he has also considered people factor as a part of CRM success. "CRM success requires the seamless integration of every aspect of business that touches the customer; including people, process, and technology. Each component presents significant challenges, but it is the ability to integrate all three that makes or breaks a CRM system."

CRM is a combination of people, processes and technology that seeks to understand a company's customers (Figure 1). It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes (Chen and Popovich, 2003).
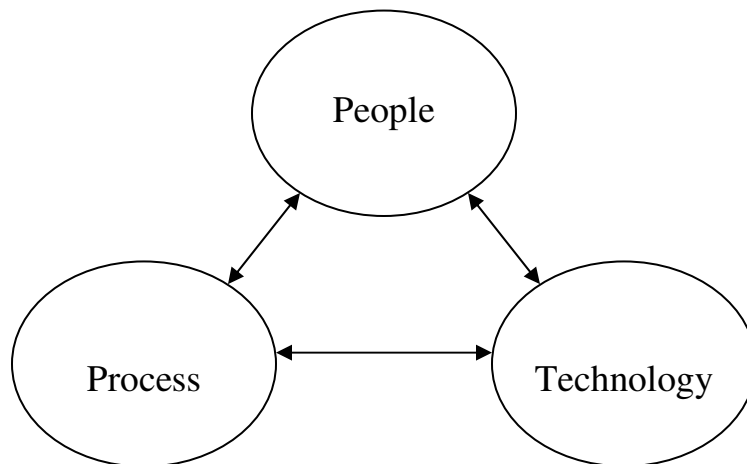
Figure 1 Elements of CRM

Limayem (2004) has tried to develop the right mix of people, process, and technology. Figure 2 shows the right mix of CRM components according to Limayem.

Right Mix of Technology, Process and People
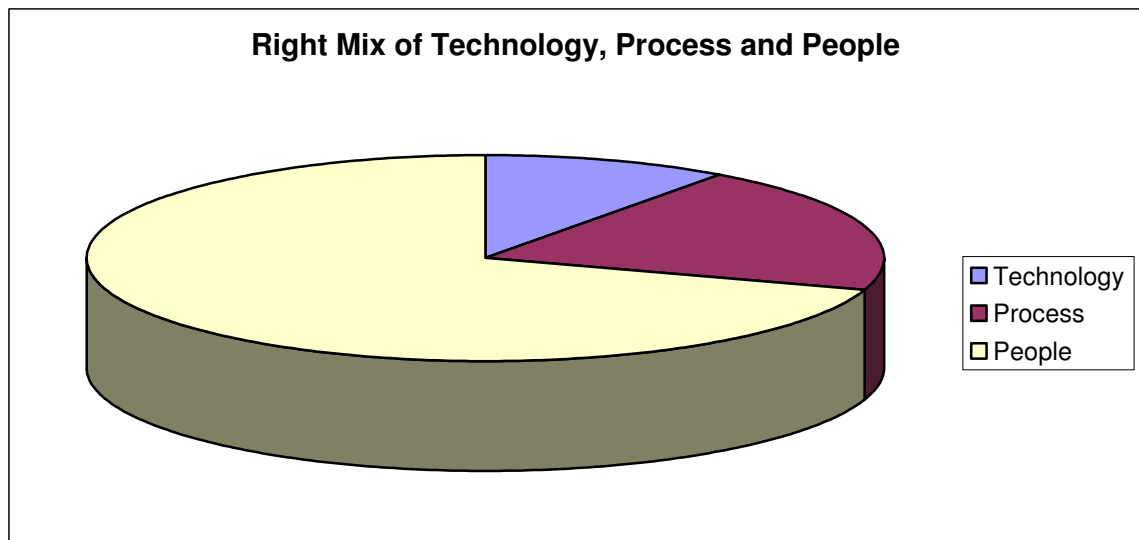
Figure 2 Right Mix of Technology, Process and People

2.2.1 People

The people component is the most difficult component given the sensitivity of users to change. CRM systems, which support and/or automate integrated customer processes, often, imply changes in the way users do their day-to-day jobs. Users who have not properly understood the reasons for the change, who do not participate in formulation of the change, who do not receive sufficient information about the change, or who do not get sufficiently trained on the change will often be adverse to that change. The story of "the rotten apple spoiling the lot" is relevant here since negative feedback can substantially harm a CRM system's success (Goldenberg, 2000).

Chen and Popovich (2003) have indicated the importance of people factor. Technology and business processes are both critical to successful CRM initiatives; it is the individual employees who are the building blocks of customer relationships. There

are several underlying dimensions surrounding management and employees that successful CRM implementations require.

CRM initiatives require vision and each and every employee must understand the purpose and changes that CRM will bring. Re-engineering a customer-centric business model requires cultural change and the participation of all employees within the organization. Some employees may opt to leave; others will have positions eliminated in the new business model. Successful implementation of CRM means that some jobs will be significantly changed. Management must show its commitment to an ongoing company-wide education and training program. In addition to enhancing employee skills and knowledge, education boosts motivation and commitment of employee and reduces employee resistance. Additionally, management must ensure that job evaluations, compensation programs, and reward systems are modified on a basis that facilitate and reward customer orientation. After all, how people are measured will determine their behavior. (Chen and Popovich, 2003).

An organization's customer management, people need to be recruited, managed, developed and motivated within a supporting structure. Implementation of enterprise technology, such as CRM, requires changes to organizational culture (Al-Mashari and Zairi, 2000).

Top management commitment is an essential element for bringing an innovation online and ensuring delivery of promised benefits. Top management commitment, however, is much more than a CEO giving his or her blessing to the CRM project. Customer-centric management requires top management support and commitment to CRM throughout the entire CRM implementation. Without it, momentum quickly dies out. Furthermore, top management should set the stage in CRM initiatives for leadership, strategic direction and alignment of vision and business goals (Herington and Peterson, 2000).

2.2.2 Process

According to Payne, Christopher, Clark, Peck (1999), value is created for customers and consumers through "process". Processes are "the way we do things". It means they are linked sets of activities that enable market demand to be satisfied.

Customer relationship marketing techniques focus on single customers and require the firm to be organized around the customer, rather than the product. Customer-centric organizations seamlessly integrate marketing and other business processes to serve customers and respond to market pressures. Firms that evolve to this stage will benefit from a marketing-manufacturing interface, resulting in the flexibility to meet changing customer needs efficiently and effectively (Prabhaker, 2001).

The process component of CRM is the most delicate because inappropriate automation of the CRM business process will only speed up the errant process. While most companies do have customer-facing business processes in place (i.e., processes that directly interface with the customer during the purchase, payment, and usage of the company's products and services), many times these business processes need to be updated or even replaced (Goldenberg, 2000).

The CRM process is a continuous process. Schumacher and Meyer (2000) consider it as a circular flow with four phases (Figure 3).
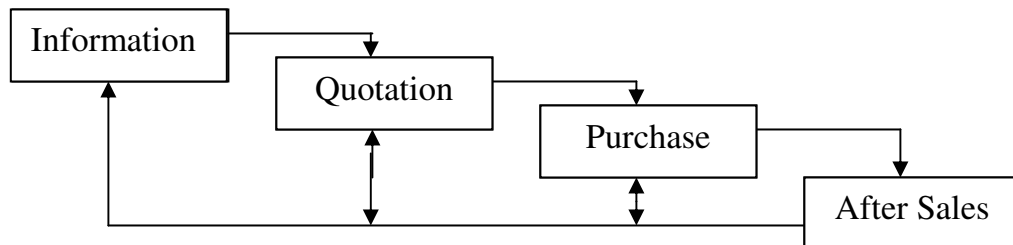
Figure 3 Continuous CRM Process

The process begins with the collection of relevant information about customers, which are evaluated by data analysis. The extracted cognitions are converted into marketing actions, which will be adapted to the individual customer needs. A quotation is made to the customer, which is matched to the customer needs. If the customer agrees with the quotation, he or she purchases the product. After that the After-Sales-phase starts, which should provide and gain information. The reaction of the customer offers the possibility to extract information for new analysis and provisions. Thus the circular flow is closed (Schumacher and Meyer, 2000).

To realize effective process change, a company needs first to examine how well existing customer-facing business processes are working. Then the company needs to redesign or replace broken or non-optimal process with ones that have been created and/or agreed upon internally. In other words, while it is not wrong from an educational perspective to look at built-in processes within a CRM software package, new processes tend to stick better when the process had been internally driven (Goldenberg, 2000).

Processes are often difficult to implement and manage formally in an environment with many sales and marketing people. But clearly, consistent processes are essential to all areas of customer relationship management and despite the technological perspectives discussed in the previous section; the philosophical bases of CRM are relationship marketing, customer profitability, lifetime value, retention and satisfaction created through business process management (Chen and Popovich, 2003).

2.2.3 Technology

CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behavior, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Using technology to "optimize interactions" with customers, companies can create a 360

degree view of customers to learn from past interactions to optimize future ones (Eckerson and Watson, 2000).

In the perspective of the customer, technology can help companies directly match customer desire for customization in the products and service they seek and provide personalized after-sale service and support base on customer profile data., technology, from the viewpoint of the company can enable it identify customers which are most valuable for relationships. It will also equip employees with rich, abundant and relevant information about customers for effective marketing. The customer relationship leader must admit and accept the fact that for CRM to be successful and beneficial, the CRM technology is given strategic orientation. Effective leadership is a requirement in making sure that CRM technology becomes functional, well integrated and ultimately embraced by the entire organization so that the overall success is driven along (Galbreath and Rogers, 1999).

The technology component is the most overwhelming given the ever expanding number of technology offerings and alternatives. There are two issues related to technology: dealing with CRM software vendors and staying on top of CRM technology trends. When dealing with CRM software vendors, remember that these vendors face incredible competition (and analyst/venture capital pressure) that may force them to stretch the truth from time to time. Understand this and then make them demonstrate their promises in real time. As concerns the second issue related to technology, namely staying on top of CRM technology trends, this has become increasingly difficult as a result of the proliferation of CRM technologies available in the marketplace. Rather than making the error of trying to keep up with each new technology, companies are well advised to track those technologies that are most likely to impact the CRM industry's future as well as their own company's CRM efforts (Goldenberg, 2000).

Innovations in network infrastructure, client/server computing, and business intelligence applications are leading factors in CRM development. CRM solutions deliver repositories of customer data at a fraction of the cost of older network technologies. CRM systems accumulate, store, maintain, and distribute customer knowledge throughout the organization. The effective management of information has a crucial role to play in CRM. Information is critical for product tailoring, service innovation, consolidated views of customers, and calculating customer lifetime value (Peppard, 2000).

2.2.3.1 Categories of CRM Technologies

The CRM technologies can be divided into three functional categories, operational CRM, analytical CRM, collaborative CRM (Trepper, 2000).

1) Operational CRM: customer-facing applications that integrate the front, back, and mobile offices - including sales-force automation, enterprise marketing automation, and customer service and support.

Dyche (2001) has indicated that the majority of self-described CRM products on the market today fall into the operational category.

2) Analytical CRM: Applications that analyze customer data generated by operational tools for the purpose of business performance management. Analytical CRM is inextricably tied to a data warehouse.

Analytical CRM also known as back-office or strategic CRM, involves understanding the customer activities that occurred in the front office. Analytical CRM requires technology to compile and process the mountains of customer data to facilitate analysis) and new business processes to refine customer-facing practices to increase loyalty and profitability (Dyche, 2001).

3) Collaborative CRM: collaborative services such as personalized publishing, E-mail, communities, conferencing, and Web-enabled customer interaction centers that facilitate interaction between customers and businesses. Collaborative CRM is used to establish the lifetime value of customers beyond the transaction by creating a partnering relationship.

2.3 Characteristics and Objectives of CRM and E-CRM

According to Xu et al. (2002), CRM has four characteristics:

Sales Force Automation: CRM applications can help sales force by effectively managing information about the customer, deals, products and competitors. The customers' sales process is configured into the application. The order placement and tracking are integrated, so that each customer's sales cycle can be monitored and tracked. This provides a singular view of each customer which contains all contact information and sales history, available to everyone who has access to the system. Besides, sales force has the access to product, pricing, promotion and discount information and how to make those marketing campaigns successful. Sales force productivity is greatly enhanced with the tools of e-mail, Internet access, etc. Therefore sales force automation greatly empowers sales.

Customer Service and Support: CRM improves the customer retention rate by real time tracking, monitoring and measuring the levels of customer service. It also helps the organization in incorporating exemplary customer service. It also makes it possible for the company to assign each query to the appropriate expert, who can resolve the customer call once the query from customer comes up. Customer problems can be solved efficiently through proactive customer support.

Field Service: By using the CRM system, remote staff can quickly and effectively communicate with customer service personnel to meet customers' individual expectations. Customers' requests are logged, assigned, monitored and traced to ensure the qualities of customer service. Available and skilled engineers are quickly assigned to each problem. During the assignments, skill sets, availability, workload, geography, and parts and tools availability are all sufficiently taking into consideration. The knowledge base and detailed instructions for problem solving are all instantly available on the first service call. CRM also helps the company to reduce the service inventory cost to the

lowest possibilities by automating fulfillment, replenishment, and cycle-counting functions.

Marketing Automation: With the help of CRM systems marketing automation is possible. These results into right message being send to right customer, at the right time and through appropriate channel. CRM provides the most up-to-date information on customers' buying habits so that the most effective marketing campaigns to cross-sell to current customers and attract new customers can be achieved. Various technologies offered by CRM systems like database, data mining, interactive communication and market intelligence can be combined to enable companies to better address customers' individual needs. This results in value innovation and capture of the market before the competitors.

Peppers (1999) summarizes the following as the basic strategies and objectives of CRM initiatives:

Customer Identification: The organization must be able to identify the customer via marketing channels, interactions and transactions for a period of time in order to provide value to the customer by serving his or her need at the right time with a right product or service.

Customer Differentiation: Every customer has his or her own needs and demands and therefore from the organization's point of view, customers have their own lifetime value.

Customer Interaction: One of the most important objectives of CRM by an organization is to keep track of customer behavior and needs over time. This is because, from a CRM point of view, the customer's long-term profitability and relationship to the company is very important. This is the reason why a company should continue to learn about its customers and in an continuous manner.

Personalization: This can be defined as treating each customer differently or uniquely and that is the motto or major objective of CRM. Though the process of personalization, the organization can increase customer loyalty.

2.4 Benefits of CRM and E-CRM

In this part of thesis, the benefits of CRM and E-CRM are covered. Since CRM and E-CRM are closely related and similar, it is difficult to differentiate benefits of both. In simplicity, connecting the Internet to CRM has made this term: E-CRM. It provides ability to take care of your customer via web. It is possible to argue E-CRM is the future style of CRM. To build a better structure, first the literature on the benefits of CRM is summarized, then the literature on the benefits of E-CRM.

Helfert and Vith (1999) have presented three different sets of benefits or outputs of CRM that ideally emerge for a supplier from a relationship with a customer: sales, product/service development and the access to new markets (Table 1).

Table 1 Benefits/Outputs of Customer Relationship Management

Benefits/Outputs of Customer Relationship Management		
Sales	Product/Service Development	Market Access
• Higher absolute sales volume • Sales continuity • Sales growth Higher levels of profit margins	• Ideas for new products • Ideas for improvements of existing products	• Broadened market access Leads to new customers • Good references from existing customers • Existing customers bring the supplier and new customers together

Gray and Byun (2001) have defined the main benefits of CRM as below:

- Improve the organization's ability to retain and acquire customers.
- Maximize the lifetime value of each customer.

- Improve service without increasing cost of service.

Gray and Byun (2001) have studied CRM as a composition of for continuous processes and each process provides distinctive benefits to the organization. To obtain all of these benefits, sales, marketing, and service functions need to work together. They summarized all the benefits in a table.

Table 2 Benefits of CRM

CRM Strategy	Identification	Differentiation	Interaction	Customization/ Personalization
Source of benefits	Clean data about customer Single customer view	Understand customer	Customer satisfaction and loyalty	Customer satisfaction and loyalty
Benefits	Help sales force Cross selling	Cost effective marketing campaign Reduce direct mailing cost	Cost effective customer service	Lower cost of acquisition and retention of customer Maximize share of wallet

A similar study carried out by Swift. According to Swift (2001) firms can gain from CRM in several ways. The benefits stated by Swift can be summarized as below:

- *Reduced costs of customer Acquisition*: The cost for recruiting customers will decrease since there are savings to be made on marketing, Mailing, contact, follow-up, fulfillment, services and so on.

- *No need to acquire so many customers to preserve a steady volume of business*: The number of long-term customers will increase and consequently the need for recruiting many new customers will decrease.

- *Reduced cost of sales*: The costs regarding selling are reduced owing to existing customers are usually more responsive. In addition, with better knowledge of channels and distributions the relationship become more effective, as well as that cost for marketing campaign is reduced.

- *Higher Customer Profitability*: As the relationship with the customer develops and grows older it results into increased profits for the business. This is because of the probability of increased purchases, reduced transaction costs, up-selling cross selling and referrals.

- *Increased Customer retention and loyalty*: The customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also often take initiatives which increase the bounding relationship, and as a result the customer loyalty increases as well.

- *Assessing Customer Profitability*: By implementing CRM the business in a position to assess which of its customers are profitable and which are not. This is essential because ones it is decided which customers are profitable then the business can focus in the retention of these customers.

Ryals and Knox (2001) argue that CRM creates value for the customer. The customer benefits from product and/or service offers which are targeted to meet individual needs and from improvements in customer service. There are a number of ways in which customer service can be improved through CRM. This includes reliability, security, efficiency, and communication as well as quality control and service monitoring. CRM systems also act as an 'organizational memory' about the customer. This can benefit the customer by reducing the amount of repetitive form-filling that the customer has to do. Customer preferences can also be kept on record, making placing an order quicker and easier for the customer.

Xu, Yen, Lin and Chou (2002) have emphasized the positive affect of CRM on internal processes which in turn increase efficiency. They have indicated the positive affects of CRM on four internal processes. Findings can be summarized as below:

- From a marketing perspective, identifying and targeting best customer based on frequency and monetary scoring, managing marketing campaigns with clear goals and quantifiable objectives, creating and managing solid sales leads for field and telesales representatives, increasing marketing and cross-selling opportunities, enabling tight and accurate targeting and one-to-one marketing increases returns on marketing investments.

- From sales perspectives, improving telesales, field sales and sales management through real time information sharing among multiple employees, increasing sales efficiency through wireless and Internet-based order entry, improving territory management with real time account information updates, improving the entire sales force.

- From the field service perspective, ensuring customer satisfaction and retention by solving customer problems quickly, managing of people and materials within the service organization.

- From the perspective of customer support, strengthening shared relationships with individualized customer care based on specific customer history and preferences, improving the call center efficiency and help desk support's quality through automated scripting based on known solutions.

Xu, Yen, Lin and Chou (2002), have also indicated that there are companies that adopt CRM systems just because it is the most advanced technology and they think they have to have it since their competitors have it.

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According to Kim, Suh and Hwang (2003), customer value described both tangible and intangible and the tangible benefits gained from CRM activities, which help to arrange the relationship with the customer successfully. They also say that, customer value can be achieved through value added by relevant information in virtual communities, a loyalty program and an attractive bundling of different products for instance.

In a recent study, Curry and Kkolou (2004) refer to the major benefits and reasons for adoption of CRM which include: customers from the competition will come to prefer your organization; a simplified, customer-focused internal organization will simplify the infrastructure, shrinking the workflow and eliminating non-productive information flow; and profits will increase from more/more satisfied customers and a more compact, focused company.

E-CRM applications help organizations assess customer loyalty and profitability on measures such as repeat purchases, money spent and longevity. CRM applications help answer questions such as "What products or services are important to our customer? How should we communicate with our customers? What are my customer's favorite colors or what is my customer's size?" In particular, customers benefit from the belief they are saving time and money as well as receiving better information and special treatment.

Sculin, Allotra, Lloyd and Fjermestad (2002) indicated that the following objectives can be achieved with a proper E-CRM implementation:

- *Increased Customer Loyalty*: An effective E-CRM system lets a company communicate with its customers using a single and consistent voice, regardless of the communication channel. This is because, with E-CRM software, everyone in an organization has access to the same transaction history and information

about customer. Information captured by E-CRM system helps a company to identify the actual cost of winning and retaining individual customers.

- *More Effective Marketing*: Having detailed customer information from an E-CRM system allows a company to predict the kind of products that a customer is likely to buy as well as the timing of purchases. In the short to medium term, this information helps an organization to create more affective and focused marketing/sales campaigns designed to attract the desires customer audience.

- *Improved Customer Service and Support*: An E-CRM system provides a single repository of customer information. This enables a company to serve customer needs quickly and efficiently at all potential contact points, eliminating the customer's frustrating and time-consuming "hunt" for help. With an E-CRM application, a company can also:

  - More accurately receive, update and close orders remotely
  - Log materials, expenses and time associated with service orders
  - View customer service agreements
  - Search for proven solutions and best practices
  - Subscribe to product-related information and software patches
  - Access knowledge tools useful in complementing service orders

- Greater Efficiency and Cost Reduction: Data mining, which is the analysis of data for exploring possible relationships between sets of data, can save valuable human resources. Integrating customer data into a single database allows marketing teams, sales forces, and other departments within a company to share information and work toward common corporate objectives using the same underlying statistics.

Jiang (2003) has investigated CRM and E-CRM applications in Airline industry. He has indicated that for the airlines implementing CRM, it becomes possible to single out customers who are profitable, gaining an understanding of their preferences to improve retention and increase the volumes sold. These valuable customers can become advocates for the airline and its products. Finally, CRM helps an airline to build loyalty.

Jiang (2003) also indicated that, with E-CRM, airlines can increase sales and customer loyalty. This strategy can improve sales effectiveness, bring higher value to all of airline's key business relationships, help airline to understand what each client relationship is truly worth, develop and reinforce a consistent experience for customers, improve management effectiveness, improve tactical and strategic planning, respond faster to competitive challenges, use critical resources more efficiently, and reduce administrative burdens and overall cost.

Adebanjo (2003) has summarized the potential benefits of E-CRM as below:

- Reducing the cost of contacting customers by making customer details readily available, customer contact personnel have better opportunities to resolve customer enquiries in less time, thereby freeing them for other productive work.

- Transferring some responsibility to the customer (e.g. product configuration, order tracking, online customer details collection) reduces administrative and operational costs for the organization and therefore, increases the value that an E-CRM solution will deliver to the organization.

- Integration of E-CRM applications with back-office systems such as production, finance and supply chains can improve work flow and consequently, the efficiency of the organization, thereby delivering cost savings. For example, field salespeople could use hand-held devices to initiate orders, check stock, track orders, request invoices ad check production status with minimal effort and cost.

- E-CRM applications have the potential to improve sales by customer profiling, automated campaign management, e-mail marketing, etc., thereby improving the bottom line for the organization.

- Improving the overall interaction with customers would lead to better service and improve customer satisfaction, loyalty and ultimately customer life-time value.

Finally, Chen and Chen (2004) made a list of tangible and intangible benefits of E-CRM as below:

Table 3 Tangible and Intangible Benefits of CRM

Tangible Benefits of E-CRM	Intangible Benefits of E-CRM
Increase revenues and profitability	Increase customer satisfaction
Reduce internal cost	Improve customer service
Higher employee productivity	Streamlined business process
Reduce marketing cost	Closer contact management
Higher customer retention rates	Increased dept and effectiveness of customer segmentation
Protected marketing investments	Acute targeting and portfolio of customers
Maximized returns	Better understanding of customer requirements

CHAPTER 3
IMPLEMENTING CRM AND E-CRM

3.1 Success Factors of CRM and E-CRM

Alt and Puschmann (2003) have defined 6 success factors in CRM:

Evolution path: As a first step, most companies implemented a system for operational CRM, e.g. call center or sales force processes. This corresponds to existing research which considers a centralized database providing consistent and up-to-date information as a prerequisite for CRM. Analytical CRM rests upon this foundation and covers data mining and churn analysis functionality. Only little use was made of collaborative CRM which indicates an evolution path from operational, analytical to collaborative CRM and a stepwise implementation of CRM.

Time frame: Most successful practice organizations have gone through a rapid system evaluation phase and completed the system introduction phase within approximately 7 months. However, filling the database with meaningful information and achieving adoption in the areas of marketing, sales, and service was considered to take a minimum of 2 years. Successful companies split these long-term CRM projects into manageable subprojects lasting a maximum of 6 months.

Organizational redesign: Prior to the introduction of a CRM system all successful practices established CRM concepts for the definition of processes and organizational structures. The former includes the identification of interaction points along customer life cycles which are also established in literature and the definition of uniform customer data and procedures across various interaction channels. However, organizational redesign also needs to consider structural issues, i.e. to establish a centralized responsibility and authority for defining cross functional standards. Contrary to centralized organizations, highly decentralized organizations leave the

implementation lead to country organizations and prevent conflicts with the existing culture.

System architecture: Virtually all the CRM systems in the benchmarking were standard packages, while no system offered a comprehensive operational, analytical and collaborative CRM functionality. Advanced CRM companies integrated specialized systems for operational, analytical, and collaborative CRM into a best-of-breed architecture. Following the evolution path described above, mature CRM concepts also required an integration architecture for seamlessly exchanging information. A restrictive attitude was observed concerning the change requests collected among CRM users. All successful practice representatives agreed that customization of Standard packages was disproportionate to the achieved benefits.

Change management: Convincing employees of the benefits of CRM methods and systems is regarded as an important success factor reported in literature. The benchmarking presents a more specific picture, since convincing call center staff proved to be not as difficult as to obtain the buy in within the sales force. Among the instruments observed were early involvement in the introduction project and the creation ment in the introduction project and the creation of incentives to use the system on a daily basis.

Top management support. For establishing customer orientation on a corporate level (board members with customer responsibility), implementing inter-organizational process and system standards and for supporting the adoption of the CRM systems within the organization (penalizing non-use, setting an example) top management support was a key requirement. Top management sponsors also ensure that short-term setbacks in the CRM project can be overcome. This is especially important since unlike other IT projects (e.g. e-Procurement projects), the introduction of CRM projects is not motivated by quantitative efficiencies but legitimized out of strategic motivations (e.g. strategic necessity, customer retention).

3.2 Major Troubles of CRM and E-CRM

There are several articles and book about the rewards and benefits (increased sales, improved customer satisfaction and etc.) of CRM strategies. Negative effects are less often discussed. Also very little research has been published on whether such investments have made substantial returns to the company. In this chapter of the thesis, the literature on major problems faced during implementation of CRM strategies is summarized.

According to the 2004 Global CRM Study from IBM Business Consulting Services (BCS), 85 percent of companies in America, Europe and Asia — large and small, across every industry — are not feeling fully successful with CRM.

A similar study is carried out by Dickie. Dickie (1999) has investigated 202 CRM projects and found that only 30.7 percent of the organizations said that they had achieved improvements in the way they sell to and service customers.

According to one study done by Gartner, as many as 55% of all CRM projects are not delivering results (Rigby, Reichheld, & Schefter, 2002). Also, in a survey of senior executives during 2001, one in every five users reports that their CRM initiative has not only failed to deliver profitable growth, but has damaged long-standing customer relationships (Rigby et al., 2002).

Moreover, another and broader survey estimates that 70 percent of companies will ultimately fail (Giga, 2001). The Giga survey indicated that companies generally underestimate the complexities of CRM, lack clear business objectives and tend to invest inadequately in the provision of CRM software.

Scullin, Allora, Lloyd and Fjermestad (2002) have outlined the potential problems with E-CRM implementation and how to avoid them:

- Mismatch between a company and the vendor's CRM software. Every effort must be made to find a vendor whose product is flexible enough to emulate the company's best practices and does not force the company to adopt the vendor's best practices. Realistically, no single software solution will handle all E-CRM needs equally well. Therefore, each company should select the solution that best handles the critical customer-facing functions and maintains robust links to the existing ERP system.

- A poor understanding of the company's business processes. Each of the business processes should be reviewed, analyzed and documented before shopping for a vendor.

- E-CRM implementations that take more than 90 days have a high failure rate. A company should be skeptical about implementations that are considerably longer than the 90 days.

- Vendor stability should be a criteria used in selection. Check the financial stability of the vendor to assess whether or not it is likely to be able to survive a softening economy.

- Rejection by end users is always is a possibility when business functions are retooled. If the new processes required for a successful E-CRM implementation are not developed with the knowledge, help and acceptance of the employees who will be relied upon to use them, the project is doomed.

- Size of project. Some E-CRM implementations have failed because their initial scope was too broad. In light of the state of the American economy in the fall of 2001, it would be prudent to start small with a pilot E-CRM implementation. The risk associated with a failed pilot is much lower than for a full rollout, and it

gives your company the opportunity to evaluate the positives and negatives of the pilot as you plan for a larger scale implementation.

Xu, Yen, Lin and Chou (2002) have summarized the challenges of CRM implementations with a table:

Table 4 Challenges of CRM

End user-driven methodology	IT departments might not have knowledge base or power to influence corporate decision making.
Lack of appropriate executive sponsorship	CRM projects are very likely to be driven by a functional head such as the vice president/director of sales or marketing and consequently rarely produce an enterprise view of customers.
Lack of cultural preparation	Investing in CRM technology without a customer-oriented cultural mindset will fail to yield an acceptable ROI.
Inappropriate application design approach	Designing CRM applications to model a single functional view rather then an enterprise customer view will often result in failure.
Over-automation	Making functionality the primary design driver leads to over-automated business functions.
Lack of appropriate network infrastructure	The network infrastructure must be capable of providing total network available to support the enterprise CRM application. Inadequate infrastructure is a leading cause of failure for CRM implementations.

The Data Warehousing Institute (2002) has cited two top technical challenges facing companies implementing CRM solutions as 1) managing data quality and consistency and 2) reconciling customer records. The study goes on to show that 41% of CRM projects were experiencing difficulties or were considered a potential flop.

Kotorov (2003) has indicated that many management specialists have rushed to implement CRM systems without being aware of the complexity of the issue and knowing that CRM benefits cannot be actualized without effort, required resources and commitment.

Gartner, Inc -a leading provider of research and analysis on the global information technology industry- (2003), has summarized top ten causes of CRM failures:

• The board has little customer/CRM understanding or involvement

• Rewards and incentives are tied to old, non-customer objectives

• Staff culture does not have a relentless focus on the customer

• Limited or no input from the customers' perspective

• Thinking software is the solution; architecture and integration are forgotten

• Lack of specifically designed, mutually reinforcing processes, i.e., strategy

• Poor quality customer data and information

• Little coordination of multiple departmental initiatives and projects

• Creation of the CRM team is left for last; business staff are lacking

• No measures or monitoring of benefits and no testing

According to Fjermestad and Romano (2003), CRM is a very complex combination of technology, software, people, and business processes. In order to get the most out of an implementation it is recommended that the systems designers and implementation managers design for usability and know how to manage, reduce, and overcome resistance.

Fjermestad and Romano (2003) have also indicated that, the organizations that had limited success in implementing E-CRM did not initially realize how much of an effect people could have on system success. The key reasons for successful E-CRM implementations, from the analysis, were that the organizations' focus was on people and iterative, incremental approaches. By applying the basic usability and resistance principles proposed in this framework, organizations should achieve higher levels of success.

One reason CRM practice is at a standstill and why so many companies are failing to see a return on their CRM investment is that, because of its celebrity, the label "CRM" has been loosely (and often incorrectly) applied to anything that suggests customer-centricity. It is almost impossible to hear a common definition of CRM from industry experts, even among executives within the same company. (Newell, 2003)

Newell (2003) has also given examples for CRM misunderstanding. According to him, some think CRM is a matter of technology. Some still believe it's just the process of segmenting customers. Some think it's a matter of selling efficiency. Many marketers still think CRM is just an advanced stage of database marketing--using your customer database to find which customers would be the right ones for a specific product offering. They don't yet understand that relationship building must start with an understanding of the customer's needs. They talk about "share of wallet" but fail to realize that you can't get access to the customer's wallet if you don't first have access to the customer's heart and mind. As our customer said in the beginning of this chapter, CRM ought to be about

making her life easier. Do that first, and then you'll gain access to your customer's heart and mind.

Ang and Buttle (2002) have also indicated the misunderstanding of CRM. According to him, CRM suffers from a lack of clear definition. There is no consensus about what is meant by the term CRM. Different constituencies having an interest in CRM have different emphases. Technology firms , like Siebel and PeopleSoft, want to sell software solutions into client organizations; consultants, like PwC and Accenture want to profit from helping clients generate strong business outcomes from their CRM investments; clients typically want CRM to improve both cost and revenue sides of the profit equation.

Another reason to why companies still have difficulties in using CRM technology is too slow and cumbersome business process. Many companies are still very "command and control oriented" which means controlling the customers impact on the organization rather than aiming to give better service to the customers (Stone, Woodcock and Macthynger, 2000).

3.3 Evaluation of CRM and E-CRM

Measuring CRM performance is a challenge: it is difficult to define the causal connections between CRM activities and the company's economic results. These difficulties result from the manifold relationships between functional areas such as marketing, sales and service, and CRM processes and systems. In addition, many CRM benefits are of a qualitative nature and it is therefore difficult to prove their influence on financial results. Performance measurement in CRM can either focus on calculating the monetary benefit of CRM investments, or on measuring and managing the success of CRM activities and processes (Reichold, Kolbe, Brenner, 2004).

According to Yeniyurt (2003) success is a multidimensional concept and it can vary throughout the time and depending on the analysed company, and the sector to which it belongs. So, most of the traditional measures does not provide the expected results since they view the business world from a one-dimensional point of view. In a networking economy firms need holistic systems that mirror every relationship both inside the company and with external agents. Trends in performance measurement point in two different directions.

1. Improving financial measures in order to enhance their explanatory power

2. Developing complete systems, including both financial and non-financial metrics, such as scorecard methods

Kim, Suh and Hwang (2003) have offered a framework to evaluate CRM effectiveness using the Balanced Score Card. They substituted the traditional four perspectives by others mirroring a customer-centric philosophy in CRM evaluation. Each perspective is evaluated by appropriate metrics.

The four perspectives Kim, Suh and Hwang (2003) have used are: the *Customer Value* perspective that measures the financial benefits gained from customers, the *Customer Satisfaction* perspective that measures the level of satisfaction achieved by products and services, the *Customer Interaction* perspective that measures the operational excellence of internal processes and multi-channel management and the *Customer Knowledge* perspective that measures the quality of customer knowledge and data analysis.

Table 5 Measures for Customer Interaction

Measures for Customer Interaction	
Objectives	Measures
• Appropriate response to customer request	• Marketing campaign • Total cost for promotion • Frequency of content update
• Integration of business process	• Number of payment methods
• Improving channels management	• Number of response channel to customer inquiry • Total cost for managing channel
• Maximizing the effectiveness and efficiency of organizational operations	• Average delivery time after order fulfilment
• Customizing products and services	• Response time to customer inquiry • Transaction conducted by members • Product diversity • Detailed product information • Timeless sales in popular product

Table 6 Measures for Customer Knowledge

Measures for Customer Knowledge	
Objectives	Measures
• Collecting appropriate customer information • Analyzing customer data • Acquiring new customers • Understanding customer needs • Improving skills of employee • Improving CRM techniques	• Customer acquisition • Number of Customers • Web page views per day • Visit per day • Net sales/employee • Technological Capacity • Frequency of hardware upgrade • R&D investments • Customer profile research budget • Security level

Table 7 Measures for Customer Value

Measures for Customer Value	
Objectives	Measures
• Improving Customer Retention	• Number of retained customers
• Profits increase	• Net sales • Ordinary sales • Asset/Employee • Profit/Employee
• Improving customer service and support	• Channel interface

Building an attractive virtual community	• Usability • Attractiveness • Navigation efficiency • Contents search • Consistency of site structure

Table 8 Measures for Customer Satisfaction

Measures for Customer Satisfaction	
Objectives	Measures
• Improving service quality	• Brand image • Service level • Number of daily inquires
• Establishing relationships with customer	• Customer satisfaction

Jain, Jain and Dhar (2003) have indicated that popular measures of CRM often used by practitioners are: sales, profits, market share, new customers, customer turnover or defection rate, cost reduction, service time and customer complaints. Data on these factors can be collected from sales reports, balance sheets or field visits. They have also offered ten factors which represent the behavioural dimensions of the customer-supplier relationships to evaluate the effectiveness of supplier's CRM effort.

- *Attitude to serve*: Refers to the great importance of the employees of the selling company. The employees must have an attitude that signal that they exist for their customers.

- *Understanding expectations*: Delivering the products and services that meet or exceed customer expectations is the key to winning customers. It places greater

emphasis on understanding needs or expectations and tracking the changing preferences and evolving needs.

- *Quality perceptions*: Customer's perceptions about the selling organization's efforts to deliver quality.

- *Reliability*: Winning the customer confidence is vital for the selling organization. The ability of the seller's representatives to establish a relationship of trust and faith greatly influences perceived quality.

- *Communication*: The desire to be understood better and informed well is commonly observed among customers. The seller's representatives are expected to communicate effectively with customers. The content, style and timing of communication need to be managed carefully to avoid over-promising or under-promising to the customers.

- *Customization*: Organizations are expected to deliver a product or service in response to a particular customer's need..

- *Recognition*: Showing respect to the customers to make them feel important is an important element in relationship building.

- *Keeping promises*: Organizational commitment has been reported as a major influencer on the continuity of relationships with customers.

- *Satisfaction audit*: Obtaining feedback from customers and regularly measure customer satisfaction is an essential step for successful CRM-implementation.

- *Retention*: Customers retention is the corner store of relationship management and offers immeasurable benefits to both the seller and the buyer.

An additional measurement criterion focusing on CRM initiatives is the Loyalty Value Added (LVA). LVA means the increase of net cash flow that is caused by structural changes in customer interaction (Reiter 2001).

Customer Lifetime Value (CLV) is another method that became popular in recent years. Customer Lifetime Value is usually defined as the total net income a company can expect from a customer (Novo 2001).

Payne (2000), states efforts to design cross-functional frameworks, such as the Balanced Score Card approach are a useful step forward but are not yet well-enough developed to address the complexities of CRM. This author suggests using four categories of metrics to measure CRM performance: strategic metrics, customer metrics, operational metrics and output metrics.

According to Almquist, Heaton and Hall (2002) many companies find it hard to measure the specific financial impact of CRM because there are many variable that affect financial performance that can not be isolated. As a result, few firms measure the success of their CRM-initiative. Among the companies that do measure the results of their CRM-initiatives, customer loyalty is a common variable to measure. The authors have also indicated that since profitability varies from customer to customer, the goal should not be to increase customer loyalty across the board, but rather to acquire, retain and develop the most valuable customers. The first step is to understand the costs to acquire and maintain customers and the value created by improvements in customer interactions. The selling enterprise can then create metrics such as customer lifetime value and customer-level return on investment that will help to identify the most valuable customers.

3.4 The Future of CRM and E-CRM

Winer (2001) has defined the current position of CRM:"With the increased penetration of CRM philosophies in organizations and the concomitant rise in spending on people and products to implement them, it is clear that it will be seen improvements in how companies work to establish long-term relationships with their customers. However, there is a big difference between spending money on these people and products and making it all work: implementation of CRM practices is still far short of ideal. Everyone has his or her own stories about poor customer service and emails sent to companies without hearing a response."

Then he defined his idea about future of CRM: "More companies are recognizing the importance of creating databases and getting creative at capturing customer information. Real-time analyses of customer behavior on the Web for better customer selection and targeting is already here (e.g., Net Perceptions) which permits companies to anticipate what customers are likely to buy. Companies will learn how to develop better communities around their brands giving customers more incentives to identify themselves with those brands and exhibit higher levels of loyalty."

According to Bose (2002) three trends will affect CRM in the future. But he also indicated that "no one can predict the future with certainty". The trends are presented below:

Extend CRM to channel partners

Companies are increasingly collaborating with other parties along the value-chain, consequently, there is a need for channel relationships. Hence, the next step is to extend CRM to business partners within the product value-chain, this is called Partner Relationship Management. CRM is already capable of integrating companies horizontally and vertically as long as the chain is a single firm. However, firms can

benefit from increased sharing of information between each other. Unlike previous decades where enterprises prized independence, the next decade will be one of business alliances and competing, end-to-end value chains. Enterprise value chains comprised of powerful business alliances partners will exceedingly compete as single entities for customers (Bose, 2002).

Visual Tools

Interpreting data and relationships between data can be difficult, especially while analyzing "soft" data such as consumer preferences and marketing effectiveness. New visual tools specifically for analyzing large data warehouses are now more widely available (Whiting, 2000). Previously, database administrators had to tediously pull names from the database using SQL queries. Most visual tools go quite a bit further than traditional OLAP (on-line analytical processing) technologies (Bose, 2002).

Consolidation of CRM Vendors

There is common with vendor consolidation within the CRM industry. To ensure a smooth integration of hardware and software, companies offering core technologies are acquiring or partnering with CRM specific vendors.

Greenberg (2001) has indicated verticalization as one of the trends that will affect the CRM in the future. He indicated that there is no ideal way of designing a CRM system, since each company has its unique needs depending on what customers they are aiming at and in what market they compete. As a result of the functionality of a CRM system differ significantly from industry to industry, even if they may follow the same basic principles when revised briefly. However, today most CRM vendors do not aim at any particular vertical industry niches; instead the adaptations are made during the implementation phase. Consequently, there is an increasing need of specialized solutions since it implies less tailoring of the system to fit to your business. In addition, it is

valuable to engage a CRM vendor who really knows and understands your specific business. As you would expect, some analysts speculate that the underlying software of E-CRM will soon become a less important factor than the industry expertise of the vendor.

3.4.1 New Technologies and the Affects on CRM and E-CRM

There is a strong relationship between development of information technologies and CRM and E-CRM. Mutter (2001), has tried to identify the effects of the individual IT-developments on E-CRM. He also identified the technological development for each trend during next two to five years.

3.4.1.1 Multimedia/Interactivity

The limitation of information system for management of structured data is dissolving. Improved Technologies for the representation of text, images audio and video, together with higher transmission rates in the area of telecommunications, allow attractive and interactive content presentation, particularly in the Internet area.

The affects on E-CRM can be summarized as below:

- Multimedia Systems, with their simple and intuitive operation, address an ever-increasing user base, increase acceptance of electronic services and customer willingness to pay for the content.

- Interactivity improves the ability to react to customer requests in accordance with specific circumstances and to treat different customers independently.

- Novel 3D worlds help to present products in an attractive manner and offer the customer the option to contact other customers in virtual rooms. Suppliers create virtual sales facilities and serve the digital representation of their customers.

3.4.1.2 Standardization

Standardization eases system-to-system communication, but also content coordination and access control to system logic. The term can be explained as: In an environment characterized by globalization and decentralization, distributed information systems must use standards in order to be able to use understand each other and to be able to jointly work on process tasks.

The affects on E-CRM can be summarized as below:

- Commonly recognized interfaces and specifications facilitate joint management of process tasks and the free exchange of information objects between supplier and customer.

- The implementation of standards will bring with it a push for E-CRM since efficient solutions are no longer being barred by technical limitations.

- Standards enable customers to universally access the systems of all suppliers. Once standardized, the system can comprehend transmitted customer profiles, accept the offered method of payment, and manage transaction request such as online availability checks, delivery terms, etc.

- By simplifying business transactions, standardization contributes to an increase in the acceptance of online offers.

- The expected push towards standardization provides the user with shorter, simpler and more accurately to plan implementation projects.

3.4.1.3 Connectivity/e-Home

Large companies have advanced their internal networks and connections with business partners relatively far. Development continues for small and medium-sized companies, as well as for private households.

The affects on E-CRM can be summarized as below:

- New and low priced infrastructure technology (e.g. Internet, ISDN, Online services, ITV) lower the entry barriers for the use of online offerings and create new potentials for SME and private suppliers.

- SMEs increasingly forego expensive VANs and traditional EDI connections, and use cheap Internet services (Internet EDI, email, etc.) instead, increasing their competitive power.

- The interface to the customer is increasingly moved into the household. Private customers are connected via phone, TV, Internet or online services (such as AOL, T-Online) to global networks, and obtain digital services (such as e-mail, home banking, home shopping, video-on-demand, travel reservations, mobile computing) via the new media.

- New high-capacity storage media (e.g. DVD) facilitate the distribution of voluminous multimedia information. This leads to new potentials in the home area (such as simplified distribution of storage-intensive interactive multimedia applications).

3.4.1.4 Intelligent Systems

The tools and software solutions used for customer management (e.g. EPC, configurators, and search engines) have their own "intelligence", understand customer requests, and solve standard tasks for the customer, but also increasingly more complex processes such as configuration and product evaluation.

The affects on E-CRM can be summarized as below:

- Intelligent agents simplify process management with the customer and will penetrate the customer relationships in many ways.

- Intelligent systems support the trend toward customer self service and self customer qualifications, helping companies save personnel.

- Intelligent product catalogues that help the customer with the evaluation and configuration of products and price calculation tools match the customer requirements (derived from cookies, digital certificates or information from the user-login) with ever increasing precision.

3.4.1.5 Integration

In the past, information systems were for the most part isolated and managed limited tasks in individual departments/organizational units (such as order entry, accounting). Then, there was a trend towards the development of integrated systems that solve several business tasks with one database. Today, the goal is to integrate applications (information systems) that work in the network autonomously and in a specialized manner with other applications through suitable interfaces, but leaving them autonomous.

The application necessary for the support of the supplier-customer relationship (e.g. the transaction system of a supplier with web presence) must also be coordinated in order for them to properly understand and process not only information objects such as order, complaint, cancellation, but also speech, text and video.

- Coordination of distributed system which work on the net in a specialized and autonomous manner facilitates transactions of distributed business processes in the supplier-customer relationship.

- Web Technology forms the standards GUI for many business applications. The web browser integrates and presents data stored on any system and facilitates access to business applications through standardized functions.

- Integration of business systems by standardized access logic makes new business models feasible (Such as Just-In-Time, Built-To-Order, Direct Distribution).

- Computer telephony integration improves the potentials for communication with a business partner.

3.4.1.6 Multimode Access

Independent of the end devices and telecommunication infrastructure used (e.g. Internet, mobile radio communications, and phone connection), customers have access to information and services offered by suppliers via Internet, telephone, PDA, game console, automated teller machine or ITV. Standardized access protocols (such as the Wireless Application Protocol-WAP) support this trend.
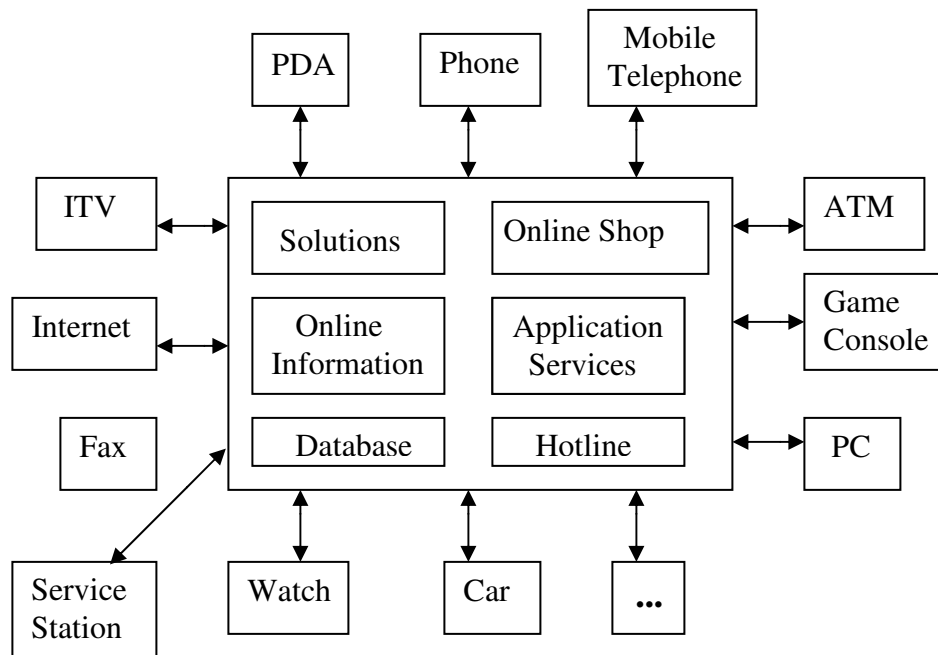
Figure 4 Multimode Access

The affects on E-CRM can be summarized as below:

- In the future, companies will offer customers various options to access their services. Depending on the situation, the customer can access information and services by fax, via Internet, etc. either with a computer, PDA, mobile phone or TV.

- Independent of the technical aids the customer uses, similar services will available to him.

3.4.1.7 Security

Table 9 shows core requirements for security in the conduct of business transactions over open networks. New security standards and concepts as well as new services (e.g. Trusted Third Parties), which allow compliance with the indicated requirements, will be widely available in the market in the near future.

Table 9 Core Security Requirements for Practicable Solutions

Security Requirements	Description
Confidentially	It must be guaranteed that data cannot be accessed by third parties during transmissions (keyword coding). The actual connection data must also remain secret.
Authenticity	It must be guaranteed that the parties participating in a transmission are indeed who they say they are (clear identification)
Data Integrity	It must be guaranteed that data are not altered/supplemented during transmission or are lost during transmissions (unadulterated data).
Verifiableness	It must be guaranteed that the transmissions of data can not be disputed by any of the participating parties (this is accomplished through a combination of the aforementioned requirements).

The affects on E-CRM can be summarized as below:

- Digital signatures and digital certificates secure the authenticity of business partners.

- Higher control entities issue digital certificates only to trustworthy individuals or companies and even secure purchases from unknown companies.

- The resolution of security problems soon leads to a further increase in the acceptance of online offers.

3.5 E-Service Quality

E-service quality can be defined as overall customer evaluations and judgments regarding the excellence and quality of e-service delivery in the virtual marketplace (Santos, 2003). Research over the past two decades has demonstrated that service quality influences consumption decisions, but only recently these findings have been applied to e-commerce (Yang and Jun, 2002; Wolfinbarger and Gilly, 2003). For example, service quality measures have been applied to assess the quality of virtual community web sites (Kuo, 2003), satisfaction with e-commerce channels (Devaraj et al., 2002), and determinants of web site success (Liu and Arnett, 2000). Online shopping is a complex process that can be divided into various sub-processes such as navigation, searching for information, online transactions, or customer interactions.

Customers are unlikely to evaluate each sub-process in detail during a single visit to an online store, but rather will perceive the service as an overall process and outcome (van Riel et al., 2001). Furthermore, for online customers, high standard e-service quality is the means by which the potential benefits of Internet can be realized (Yang, 2001). Because it is much easier to compare product technical features and prices online than through traditional channels, e-service quality becomes a key factor for customers (Santos, 2003). Online customers thus expect equal or higher levels of service quality than traditional channels customers.

According to Lee and Lin (2005), there are six E-Service quality dimensions:

3.5.1 Web Site Design

Web site design quality is crucial for online stores (Than and Grandon, 2002). Web site design describes the appeal that user interface design presents to customers (Kim and Lee, 2002). The influence of web site design on e-service performance has been studied extensively. For instance, Cho and Park (2001) conducted an empirical

research of a sample of 435 Internet users to examine the e-commerce user-consumer satisfaction index (ECUSI) for Internet shopping. They found that the customer satisfaction is assessed using the quality of web site design. A recent empirical study found that web site design factors are strong predictors of customer quality judgments, satisfaction, and loyalty for Internet retailers (Wolfinbarger and Gilly, 2003).

3.5.2 Reliability

Reliability represents the ability of the web site to fulfill orders correctly, deliver promptly, and keep personal information secure (Parasuraman et al., 1988; Janda et al., 2002; Kim and Lee, 2002). The importance of reliability has been emphasized by the information technology-based service. Moreover, Zhu et al. (2002) argued that reliability dimension has a direct positive effect on perceived service quality and customer satisfaction by electronic banking systems. Online stores must provide mistake-free service and secure online transactions to make customers feel comfortable using online shopping.

3.5.3 Responsiveness

Customers expect online stores to respond to their inquires promptly (Liao and Cheung, 2002). Responsiveness describes how often an online store voluntarily provides services (e.g. customer inquires, information retrieval and navigation speed) that are important to its customers (Parasuraman et al., 1988; Yang, 2001; Kim and Lee, 2002). Researchers examining the responsiveness of web-based services have highlighted the importance of perceived service quality and customer satisfaction (Yang and Jun, 2002; Zhu et al., 2002).

3.5.4 Trust

Online shopping context comprises the interaction customers and online stores (Bakos, 1991). Numerous studies have emphasized the importance of online trust between customers and online stores (McKnight et al., 2002; Krauter and Kaluscha, 2003). Trust is a significant antecedent of participation in commerce generally, and especially in online settings because of the increased ease with which online stores can behave opportunistically (Reichheld and Schefter, 2000). Moreover, trust is defined as customer willingness to accept vulnerability in an online transaction based on their positive expectations regarding future online store behaviours (Kimery and McCard, 2002). That is, trust encourages online customer purchasing activity and affects customer attitudes toward purchasing from an online store (Gefen, 2000; Gefen et al., 2003).

3.5.5 Personalization

The lack of real-time interaction tends to prevent potential customers from purchasing through online shopping (Yang and Jun, 2002). Personalization involves individualized attention, personal thank you notes from online stores, and the availability of a message area for customer questions or comments (Yang, 2001). Previous studies have examined the influence of the customer service provided by Internet retailers on customer perceptions of service quality and satisfaction (Wolfinbarger and Gilly, 2003).

3.5.6 Purchase Intentions

As Internet has spread it has become a popular marketing channel (Cho and Park, 2001). Analyzing customer evaluations of online shopping is particularly interesting to academics and practitioners, especially in the field of e-commerce (Wu, 2003). Previous studies have found that service provider perceptions of customer satisfaction are a

function of perceived service quality of technological services (Martensen et al., 2000; Zhu et al., 2002).

The theory of reasoned action proposes that behaviour can be predicted from intentions that correspond directly (in terms of action, target and context) to that behaviour (Ajzen and Fishbein, 1980). This study thus postulated that consumer purchase intentions provide an acceptable proxy for actual online purchase behaviour. Additionally, previous studies have suggested that customer perceptions of service quality and satisfaction positively influence purchasing intentions. For instance, Rust and Zahorik (1993) noted that overall service quality and customer satisfaction significantly influence customer retention, market share, and profitability. More recently, Llusar et al. (2001) considered customer satisfaction as a mediator of the relationship between firm perceived quality and customer purchase intentions.

3.6 E-CRM Activities

In this part of thesis literature on major E-CRM activities are reviewed.

Anton and Postmus (1999) have defined 25 factors that combine to be an index of E-CRM activities. They have defined these 25 factors under three parts:

1) Contact Information, general E-CRM features

- *Site customization*: One of the most important advantages of web-based CRM is the volume information available to the browsing customer. Unfortunately, the sheer volume of information can be one of the weaknesses of web-based CRM design. Sites that offer customization features allow users to filter the content they see. The future of truly web-based CRM will be completely "one-to-one" web sites. When properly customizable on he first visit, on a next entry the customer, can choose to see only his/her own preferences.

- *Alternative channels*: Different ways to contact the company are offered, for instance, e-mail, fax, toll-free numbers, postal addresses, call back button and voice over IP, bulletin board.

- *Local search engine*: Allows the visitor to search on keyboards to locate quickly specific answers on the web site.

- *Membership*: The visitor can request a password. With this password he can continue surfing on password protected web pages within the web site.

- *Mailing list*: To receive more information, the visitor can add his/her e-mail address to a list to receive automated e-mails. Often, this is called a newsletter.

- *Site tour*: The visitor can follow a tour through the web site.

- *Site map*: This is a hierarchical diagram of the pages on the web site, also called a site overview, site index or a site map.

- *Introduction for the fist-time users*: Visitors, who enter the site for the first time, can surf to an introduction page. This page contains information about how o use the site most efficiently.

- *Chat*: A main advantage of Internet is its self-generating advantage. By allowing visitors to interact with each other and with the site, they create content for the site. That chat feature allows a visitor to enter a real-time conferencing between two or more users on the web site.

- *Electronic bulletin board*: Script-driven forums allow visitors to share information with others and can help shape a web site to better serve the customer needs. A visitor can post a message or can respond to a posted message on a special web page.

2) E-commerce features

- *Online purchasing*: Visitors are able to purchase services or products online.

- *Product information online*: Visitors can read product information on the web site.

- *Customization possibilities*: Visitors can customize their service or product online before ordering. For instance, a visitor may want to change the configuration of a PC before ordering.

- *Purchase conditions*: The purchase and contractual conditions can be viewed online. Purchase conditions contain shipping policies, return policies, warrant, guarantee and other company commitments.

- *Preview product*: The (customized) product can be viewed before purchase. The product can be viewed in a motion picture or a demo.

- *Links*: The visitor can easily and seamlessly link to complementary products from other companies (external links).

3) Post sales support features

- *FAQs*: Frequent asked questions and their answers are available for reading.

- *Problem solving*: Customers can solve problems with products or services themselves with online self-help routines.

- *Complaining ability*: Complaints and problems can be detailed online. The web site has a specific area for customers to log in their complaints and get action.

- *Spare parts*: It is possible to order spare parts and complementary products online.

Feinberg, Kadam, Hokama and Kim (2002) have reviewed the Professional literature and identified 16 additional E-CRM features that might be present on a web site:

- Affinity program- affiliations with philanthropic agencies or organizations
- Product highlights- benefits of particular products/services highlighted

- Request for catalog

- Quick order ability- three clicks order

- Ease of check out- subjective rating of ability to check out

- Ability to track order status

- Gift certificate purchase

- Store locator

- On-sale area- highlighted place on opening web page highlighting sale items

- Member benefits- description of benefits of shopping or belonging to site

- Order- ability to place an order within three clicks

- Speed of download page

- Account information

- Customer service page

- Company history profile

- Posted privacy policy

4) Additional E-CRM features

Feinberg, Kadam, Hokama and Kim (2002) have also indicated that not all the aspects of E-CRM are equally important in customer satisfaction, sales and profitability. The implication is that some of the CRM implementation failures may be due to the lack of relationship between the factors being implemented and the outcomes desired.

Ho and Wu's (1999) research indicates that the most important factors in E-CRM features appreciated by customers are logistical support, technological characteristics, information characteristics, homepage presentation and product characteristics.

Logistical support requires quick response to customers' needs via e-mail or fax, quickly delivering goods for customers, and providing after sales service. Technological factors include modern computer and network facilities and well-structured information systems. Information factors encompass reliable output information and secure transaction. Homepage presentation should provide for an easy to use interface and detailed information about goods. Product characteristics include the variety of goods and services made available at lower prices.

Singh (2002) has also reviewed E-CRM features and defined several important E-CRM features:

Supporting Customer Search: During this phase customers are searching for a product that best meets their needs with attributes such as best price, service and support and quality of product. Customers place great importance on the ability to get free information on demand. Detailed information as well as general browsing, readily available at the click of a mouse on a point of interest provided as a service during the pre-purchase phase, becomes as important as the purchase itself. Innovative use of links and key words need to be the norm for building Web sites that keep the consumer coming back for more information. Internet provides the ability to embed numerous links to other information sites to get further useful information or transactions. These links may include related information from experts and incorporate web site 'attractors' with facilities for interaction. Support in the form of intelligent and software agents may also be provided. Photographs of products, video presentations, textual descriptions, articles, reviews and downloadable demonstration files provided electronically assist customers determine his/her needs.

Comparison Shopping: A consumer generally compares product attributes available from different sellers. A decision support system available on some sites (such as www.dell.com) aids user decision making. Some sites provide links to efficient search engines such as *compare.com* for such purposes. E-service functions incorporated on

ecommerce sites that can quickly provide online shoppers with decision making support win e-customers and get them to return.

Product Selection Support: Interactive experiences need to be tailored to induce the customer to commit to a purchase. Once a customer is decided the shopper can be presented with a variety of useful information concerning the product. For example, airlines and hotels are offering customers the services of providing them with links to maps, price comparisons, and information about cheap tickets to favorite destinations, weather, travelers' experiences, and other relevant news. Other sites offer information on product size, weight, final cost including tax, loan terms, additional product requirements such as batteries or fuel, complementary items and opinions of other users. The ability to place orders at any time over the Internet has expanded business hours to be round-the-clock for both vendors and consumers.

Negotiation of Terms Phase: As a customer negotiates for terms and conditions electronically available information on terms regarding price, delivery, payment methods and after sale support are e-services appreciated by customers. Services such as a free product for trial or a free service such as free bill payment differentiates an online provider and wins customers.

Placement of Orders: E-services that allow customers to order online include e-order placement, automated e-mail response to confirm receipt of order, delivery information and total costs. Additional information on products ordered such as recipes with food items, links to how to use manuals, membership to e-communities comprised of other users of the product, clubs and information on additional related products or warranties cover make up for online business deficiency of 'immediate gratification'.

Authorization of Payment: E-payment systems, digital cash, secure transactions, information on security; as well as multi payment systems such as by cheque, money order, cash on delivery to allow customers the comfort of using a payment method they

are familiar and happy with. This is an important service that supports online purchase of goods and services. Information about each payment method and system should be included on the web sites and available to customers.

Receipt of Product: Notification to customers by e-mail of the acceptance of an order, the anticipated delivery date, and later the actual delivery date is a further service that customers appreciate. A thank you, an apology (for delays) and a greeting to customers strengthens relationship between the shopper and seller.

Personalized Web Pages: Many companies are allowing customers to create their own Web pages. These pages can be used to record purchases and preferences. Also, customized information such as product details, add-on purchases and warranty information can be delivered on these Web pages. The information is easily disseminated when the customer logs on to the electronic commerce Web site. Not only can the customer pull information as needed, but also information is pushed to him or her. The customer databases record purchases, problems and requests. This information can be utilized to improve customer service.

FAQ's: Frequently asked questions (FAQ's) are the simplest and least expensive tool to deal with repetitive customer questions. FAQ's are developed to provide answers to common questions about products, services or their applications. Self-service FAQ software and Web software assist companies in providing helpful answers to common customer questions. Online customers use this tool by themselves (on the Web), which makes delivery cost minimal freeing up time for customer service representatives to handle questions that cannot be answered without human interaction.

A Chat Room: Online text chatting provides real time communication between customers and suppliers. Those who are not able to get an answer online have the option to contact a service representative immediately if the company offers text chatting. Chat Rooms also attract new customers, increase customer loyalty and enhance relationships.

For example, a virtual vineyard's chat room allows a customer to discuss issues with both company experts and wine lovers. This is an e-service that is widely used to support e-communities.

Email and automated response: The most popular tool of customer service is e-mail. Inexpensive and fast, e-mail is used to disseminate information, to send product information and confirmations, to conduct correspondence regarding any topic, but mostly inquiries from customers. To answer a large number of e-mails quickly and cost efficiently automated e-mail reply systems are increasingly implemented. Automated e-mail reply responses to customer inquiries are developed using intelligent agents that recognize key words.

Help Desks and Call Centers: To find answers to electronic commerce queries customers can communicate by telephone, fax or e-mail. However, because initially this communication was done by phone these remote help desks are referred to as call centers. For electronic commerce new products are extending the functionality of the conventional call centre to e-mail and to Web interaction, integrating these into one product.

CHAPTER 4
METHODOLOGY AND FINDINGS

The main aim of this research is to analyze the availability of electronic customer relationship management (E-CRM) features on Turkish online bookstores and their relationship to E-Service quality dimension, customer satisfaction, overall service quality and purchase intentions.

Determination of these E-CRM features which are related to E-service quality dimensions, customer satisfaction, overall service quality and purchase intentions will allow companies to develop their E-CRM features. This could mean reduced cost, since E-CRM features which are not relevant need not to be included anymore in their implementations. This also could mean an increase in customer satisfaction, profit and loyalty.

4.1 The Objective of the Study

This research addresses three sub-objectives:

1) What is the state of E-CRM in Turkish Online Bookstores?

2) What is the relation between the usage of E-CRM features and E-Service quality dimensions (web site design, reliability, trust, personalization), overall service quality, customer satisfaction and purchase intentions?

3) Which E-CRM features are related to customer satisfaction?

Two studies are performed to research these three sub-objectives: "E-CRM Content Analyze" and "E-CRM Features and E-Service Quality Dimensions". First study is performed to research first sub-objective; second study is performed to research

second and third sub-objectives. These two studies are included in detail in the next sections.

4.2 Literature Survey

The term Customer Relationship Management gained widespread recognition in the late 1990s. Researchers and practitioners both in the academic area and business field enthusiastically have shared their viewpoints and experiences in applying CRM (Anton, 1996).

Customer relationship management is a comprehensive business and marketing strategy that integrates technology, process and all business activities around the customer (Anton, 1996; Anton and Hoeck, 2002). It is mostly defined in terms of the acquisition and retention of customers and the resulting profitability (Menconi, 2000; Nykamp, 2001).

Although there is a widespread agreement that CRM and E-CRM has direct and indirect impact on customer satisfaction (Anton and Hoeck, 2002; Connelly and Yoger, 2001; Cusack, 1998; Rust and Zahorik, 1993; Swift, 2001; Tschohl, 2001) the significance of E-CRM and the various E-CRM features in influencing customer satisfaction, customer perception of web site design, reliability, responsiveness, trust, personalization, overall service quality, customer satisfaction and purchase intentions have not been well researched.

Numerous researchers have dealt with the issue of an Internet users' satisfaction index (Cho and Park 2001; Feinberg and Kadam 2002; Kim and Lim 2001) but there is limited literature on the measures of E-Service quality dimensions, overall service quality, customer satisfaction and purchase intentions.

Previous studies have examined the impact of Internet technology on relationship marketing (Pitta 1998; Strauss and Frost 1999; Wang et al. 2000; Zineldin 2000; Geissler 2001); Internet consumers satisfaction (Cho and Park 2001; Feinberg and Kadam 2002; Kim and Lim 2001; Szymanski and Hise 2000), and Internet influence on customer loyalty (Dowling 2002; Foster and Cadogan 2000; Lee-Kelley et al. 2003; Mittal and Lassar 1998). However, these studies did not attempt to investigate E-CRM attributes, particularly in relation to enhanced customer satisfaction.

4.3 Study 1: E-CRM Content Analyze

Study 1 is designed to assess the state of E-CRM in Turkish Online Bookstores. As indicated before Anton and Postmus (1999) identified 25 factors that combine to be an index of E-CRM features of the firm. An additional 16 features were identified by Feinberg, Kadam, Hokama and Kim (2002) in their analysis and study of E-CRM in retailing industry.

In this study, some of these 41 E-CRM features are eliminated because of the nature of Online Bookstores (such as "Spare Part" feature). Using these remaining 38 E-CRM Features we can begin to look at E-CRM activities in Turkish Online Bookstores and attempt to assess the relation between the usage of E-CRM features and the customer perception of web site design, reliability, responsiveness, trust, personalization, overall service quality, customer satisfaction and purchase intentions.

4.3.1 Data Collection

In study 1 Turkish Online Bookstores are content analyzed on the 38 E-CRM features identified before as defining E-CRM.

Turkish online retail web sites were carefully analyzed on internet search engine Google and the ones which set the book-selling as priority are identified as the sample of

this study. Two independent raters (PhD students at Dokuz Eylul University) and the author of this master thesis were trained to recognize the 38 features identified as E-CRM features on Online Bookstores until they could achieve more than 80 per cent agreement independently.

4.3.2 Limitations of the Study 1

The most important limitation of this study is the ability of raters, since they are not experts.

4.3.3 Results of Study 1

4.3.3.1 The State of E-CRM in Turkish Online Bookstores

Following training the independent raters' results were compared across all the web sites in the study. Agreement was 85 percent (differences on the last 15 percent were resolved in discussion). Table10, Tablo11 and Table12 show the results of the content analyze on Turkish Online Bookstores. In these tables; Y means that the related E-CRM feature is observed on the related web site, N means that the related E-CRM feature is not observed on the related web site. There are a number of interesting aspects of findings:

According to the Study 1 the most common E-CRM features (>85 percent of Turkish Online Bookstores having them) in Turkish Online Bookstores are membership, product information online, preview product, online purchasing, product highlights, quick order ability, easy check out ability, on-sale area, fast download speed (speed of the page), e-mail and purchase conditions.

Table 10 Results of E-CRM Content Analyze 1

E-CRM feature	1)Alfa	2)Bilgi Yayınevi	3)Boyut Yayın	4)Can Yayınları	5)Çınar Yayıncılık	6)Dharma Yayıncılık	7)D&R	8)Ideefixe	9)İmge Kitabevi	10)İskenderiye	11)Kabalcı Yayınevi	12)Kitabus	13)Kitap Alemi	14)Kitap Dostu	15)Kitap Online	16)Kitap Store	17)Kitap Yeri	18)Kitap Yurdu	19)Literatür Yayınları	20)Net Kitap	21)Okyanus Kitap	22)Pandora	23)Profil Kitap	24)Sanat Kitabevi	25)Seçkin Yayınları	26)Turkish Books	27)Varlık Yayınları	28)Yeni Sayfa	TOTAL Usage
1)Membership	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
2)Product info. online	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
3)Preview product	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
4)Online purchasing	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
5)Product highlights	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
6)Quick order ability	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
7)Easy check out	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
8)On-sale area	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
9)Fast download speed	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	28
10)E-mail	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	27
11)Purchase conditions	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y	Y	26
12)Fax	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	25
13)Postal address	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	25

Table 11 Results of E-CRM Content Analyze 2

E-CRM feature	14)Company profile	15)Local Search Engine	16)Your account info.	17)Elec. bulletin board	18)Mailing list	19)Complaining ability	20)Privacy policy	21)Cross selling	22)Track order status	23)Customer serv. page	24)FAQ	25)External Links	26)Affinity program
TOTAL Usage	20	19	17	16	16	15	14	14	12	12	11	10	8
28)Yeni Sayfa	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y
27)Varlık Yayınları	Y	N	N	N	Y	N	Y	N	N	N	N	N	N
26)Turkish Books	Y	N	N	Y	Y	N	N	Y	N	N	N	N	N
25)Seçkin Yayınları	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N
24)Sanat Kitabevi	Y	Y	Y	N	N	N	N	N	N	Y	N	N	N
23)Profil Kitap	Y	N	N	Y	Y	N	Y	N	N	N	N	Y	N
22)Pandora	Y	Y	Y	Y	Y	N	N	Y	N	Y	N	Y	N
21)Okyanus Kitap	Y	N	Y	Y	Y	N	N	N	Y	N	Y	N	N
20)Net Kitap	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y
19)Literatür Yayınları	Y	Y	N	N	Y	N	N	Y	N	N	N	N	Y
18)Kitap Yurdu	N	Y	Y	N	Y	Y	Y	Y	Y	N	N	N	Y
17)Kitap Yeri	Y	Y	N	N	N	Y	Y	N	Y	Y	Y	Y	Y
16)Kitap Store	N	N	Y	N	N	N	N	Y	Y	N	N	N	N
15)Kitap Online	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
14)Kitap Dostu	Y	N	N	Y	Y	N	Y	N	N	Y	N	N	N
13)Kitap Alemi	Y	N	N	Y	N	Y	N	N	N	N	N	Y	Y
12)Kitabus	N	N	N	Y	N	Y	N	N	N	N	N	N	N
11)Kabalcı Yayınevi	Y	Y	Y	N	N	Y	Y	N	Y	Y	N	N	N
10)İskenderiye	N	N	Y	N	Y	Y	Y	N	Y	Y	Y	Y	N
9)İmge Kitabevi	Y	Y	N	Y	N	N	N	Y	Y	N	N	N	N
8)Ideefixe	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
7)D&R	Y	Y	Y	N	N	Y	N	Y	Y	Y	Y	Y	Y
6)Dharma Yayıncılık	N	Y	N	N	Y	Y	Y	Y	N	Y	Y	N	Y
5)Çınar Yayıncılık	N	Y	Y	Y	Y	N	N	N	N	Y	Y	N	N
4)Can Yayınları	N	Y	Y	Y	N	Y	Y	N	N	Y	N	N	N
3)Boyut Yayın	Y	Y	Y	N	N	Y	N	Y	N	Y	N	Y	N
2)Bilgi Yayınevi	Y	Y	Y	N	N	N	N	N	N	N	N	N	N
1)Alfa	N	Y	N	Y	Y	N	N	N	N	N	Y	N	N

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Table 12 Results of E-CRM Content Analyze 3

E-CRM feature	1)Alfa	2)Bilgi Yayınevi	3)Boyut Yayın	4)Can Yayınları	5)Çınar Yayıncılık	6)Dharma Yayıncılık	7)D&R	8)Ideefixe	9)İmge Kitabevi	10)İskenderiye	11)Kabalcı Yayınevi	12)Kitabus	13)Kitap Alemi	14)Kitap Dostu	15)Kitap Online	16)Kitap Store	17)Kitap Yeri	18)Kitap Yurdu	19)Literatür Yayınları	20)Net Kitap	21)Okyanus Kitap	22)Pandora	23)Profil Kitap	24)Sanat Kitabevi	25)Seçkin Yayınları	26)Turkish Books	27)Varlık Yayınları	28)Yeni Sayfa	TOTAL Usage
27)Store locator	N	Y	N	N	N	N	Y	N	Y	N	Y	N	N	N	N	N	N	N	N	N	Y	Y	N	Y	Y	N	N	N	8
28)Site map	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	N	N	N	N	N	N	N	N	Y	Y	N	5
29)Site customization	N	N	N	Y	N	N	N	Y	N	N	N	N	N	N	N	N	N	Y	N	Y	N	N	N	N	N	N	N	N	4
30)Gift certificate	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	Y	N	Y	4
31)Member benefits	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	N	Y	N	Y	N	N	N	N	N	N	N	Y	4
32)Voice over IP	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	Y	N	N	Y	N	N	N	N	N	N	N	N	3
33)First-time users info.	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N	3
34)Request for catalog	N	Y	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	3
35)Chat	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	1
36)1-800 telephone	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	0
37)Call back button	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	0
38)Site tour	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	0
TOTAL (E-CRM Index)	16	18	21	21	19	21	25	27	20	18	21	13	18	16	25	17	25	24	18	27	20	23	18	18	23	18	17	27	

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The least popular features (<15 percent of Turkish Online Bookstores having them) were site tour, call-back button, 1-800 telephone, chat, request for catalog, information for the first time users, voice over IP, member benefits, gift certificate and site customization.

E-mail feature is available on 95 percent of Turkish Online Bookstores. This shows the growing importance of e-mail as a preferred point to communicate with customer. Using this feature helps companies to reduce the costs (the cost per contact between e-mail and live person is significantly different).

There are some E–CRM features which are not seen as important despite they can be really promising like voice over IP and site customization. Only 10.7 percent of Turkish Online Bookstores have the voice over IP feature. It can be explained with the resistance to use new technologies. Only 14.2 percent of Turkish Online Bookstores have the site customization feature. According to Feinberg and Kadam (2002), site customization is associated with higher sales and margins.

Complaining ability is available on only 53.6 percent of Turkish Online Bookstores. According to Feinberg and Kadam (2002), complaints can have a significantly positive impact on a business. There is considerable evidence today that dealing effectively with complaints can have a dramatic impact on consumer evaluations of retail experiences, as well as enhance the customer's likelihood of repurchase and limit the spread of damaging negative word-of-mouth. Complaints are pieces of market intelligence and give business the ability to improve functions (they find out what they are doing wrong) and to recapture otherwise lost customers. In the light of that knowledge, it can be said that the usage level of complaining ability on Turkish Online Bookstores is not satisfying.

50 percent of the Turkish Online Bookstores have the privacy policy feature which shows the sensitivity of the online bookstore on privacy issues.

68 percent of the Turkish Online Bookstores have the detailed local search engine feature. It seems as a good result but it is still not satisfying because of the nature of online bookstores.

Another feature that has significant potential and seems to be understood by retailers is purchase conditions. It is available on a very large percentage of Turkish Online Bookstores (93 percent). An interesting observation is that track order status, which is a very similar E-CRM feature to purchase conditions, is available on only 42 percent of Turkish Online Bookstores.

4.4 Study 2: E-CRM Features and E-Service Quality Dimensions

Study 2 is designed to see if any of 38 E-CRM features are related to customer satisfaction and to analyze the relation between the usage of E-CRM features and E-Service quality dimensions (web site design, reliability, responsiveness, trust, personalization) overall service quality, customer satisfaction and purchase intentions.

4.4.1 Questionnaire Design

A questionnaire is developed for this study to gather relevant information. The questionnaire that is developed for this study consists of two parts. In the first part, questions that aim to determine the demographic characteristics like age, gender, marital status, monthly income of the household, the number of the households, the education level and the occupation of the customers are asked. The monthly income of the household is divided into the number of the households in order to determine the monthly personal income.

Most of the statements within the second part of questionnaire are directly taken from the customer perception of E-service scale prepared by Lee and Lin (2005). The second part of questionnaire is constructed in order to find out customer perception of E-Service quality dimensions, overall service quality and customer

satisfaction. Table 13 shows the definitions of the dimensions which are used in the second part of the questionnaire.

Table 13 Definitions of the Dimensions Which Are Used in the Second Part of the Questionnaire

Dimension	Definition	References
Web site design	Customer perception of degree of user friendliness in using an online store.	Parasuraman et al.(1988) and Kim and Lee (2002)
Reliability	Customer perception of the reliability and security of the service provided by an online store.	Parasuraman et al.(1988) and Kim and Lee (2002)
Responsiveness	Customer perception of the responsiveness and helpfulness of the service provided by an online store.	Parasuraman et al.(1988) and Kim and Lee (2002)
Trust	Customer perception of the level of trust mechanism provided by an online store.	Kimery and McCard (2002)
Personalization	Customer perception of the degree to which an online store provides differentiated services to satisfy specific individual needs.	Parasuraman et al.(1988) and Yang and Jun (2002)
Overall service quality	Customer perception of service quality provided by an online store.	Zhu et al. (2002)
Customer satisfaction	Customer satisfaction with an online store.	Zhu et al. (2002)
Purchase intentions	Customer likelihood of buying from a particular online store.	Jeong et al. (2002)

Questions of the second part of the questionnaire according to their related dimensions are listed in the Appendix B.

For all of the questions except the first part, 5 point Likert scale anchored with 1= Strongly Agree, 2= Agree, 3= Neither Agree Nor Disagree, 4= Disagree, 5= Strongly Disagree, is used.

After the questionnaire is prepared, it is tested for its understandability on 20 students in Industrial Engineering Department of Dokuz Eylül University. Some corrections are made regarding to the feedback got from the application.

The questionnaire used in this study is given as Appendix A.

4.4.2 Sampling

The sample of the study is selected by a non-probabilistic method. The snowball technique of convenience sampling is used in determining the sample. The questionnaires are given to friends and relatives living or working in these districts. They applied them to their friends, clients or relatives. The necessary information about the questionnaire is explained to the friends and relatives who distributed the questionnaires.

The number of the questionnaires that are distributed is 150. But the questionnaires returned are 67, so the sample size of the study is 67.

4.4.3 Limitations of the Study

The most important limitation of this study is that all of the E-CRM features are not equally important. To make the study it is assumed that all of the E-CRM features are equally important.

The second important limitation of this study is the sampling method that is used. Convenience sampling is a type of non-probabilistic sampling technique, which avoids the generalizability of the findings. Moreover, because of the time and the

financial limitations, the questionnaires are applied only to the customers in İzmir and İstanbul.

Another limitation of this study is the questionnaire used. Since the most of the second part of the questionnaire is translated, there can be some small changes in meaning.

Online bookstores which have been answered on questionnaires more than 10 times are used to create E-Service dimension values and also for the correlations and T-test.

It is assumed 38 E-CRM features which are used in this study define the E-CRM.

4.4.4 Data Analysis

The data gathered from the questionnaires are analyzed in a statistical software program SPSS 9.0 Descriptive analyses like frequency and the mean values were used to identify the sample's demographic characteristics and the general view of the variables.

Correlation analyses are made in order to find out the relation between the usage of E-CRM features and E-Service Dimension (web site design, reliability, responsiveness, trust, personalization, overall service quality, customer satisfaction and purchase intentions)

Also T-tests are applied to find out which E-CRM features are related to customer satisfaction.

4.4.5 Results of Study 2

4.4.5.1 Demographic Characteristics of the Sample

      The frequency distribution of the demographic characteristics of the sample is given in the following tables.

Table 14 Age of the Respondents

Age Groups	Frequency	Percentage (%)
15- 25	31	46.2
26-35	28	41.7
Above 35	8	11.9
Total	**67**	**100.0**

      As can be seen from Table 14, 46.2 percent of the respondents are between the ages of 15-25, 41.7 percent of them are between the ages 26-35and only 11.9 percent of the respondents are above the age of 35. These results show that more than 85 percent of the sample is composed of people younger than 35 years old.

Table 15 Gender of the Respondents

Gender	Frequency	Percentage (%)
Male	41	61.2
Female	26	38.8
Total	**67**	**100.0**

      Table 15 shows that 41 people who responded to the questionnaire are male and 26 people are female. The rates of the respondent's gender are not far from each other, but males are seemed to be more than females, since 61.2 percent of the sample are female.

Table 16 Marital Status of the Respondents

Marital Status	Frequency	Percentage (%)
Single	42	62.7
Married	25	37.3
Total	**67**	**100.0**

Table 16 shows that the frequency of married people among the sample is 25 with a percentage of 37.3, whereas 62.7 percent of the respondents are single.

Table 17 Education Level of the Respondents

Education Level	Frequency	Percentage (%)
Primary School	0	0
Secondary School	0	0
High School	0	0
University	40	59.7
Higher Education	27	40.3
Total	**67**	**100.0**

When we look at the education level of the sample, we see that 59.7 percent of the sample have a university degree, 40.3 percent of the sample have a master or PhD degree. It can be said that the entire sample is highly educated.

Table 18 Occupations of the Respondents

Occupation	Frequency	Percentage (%)	Occupation	Frequency	Percentage (%)
Engineer	32	47.8	Editor	3	4.5
Education Staff	10	14.9	Accountant	2	3.0
Student	8	11.9	Other	4	6.0
Banker	4	6.0	Total	67	100
Medical Doctor	4	6.0			

There are various occupations of the respondents like engineers, education staff (academicians, teachers), students, bankers, doctors, editors, accountants and so on. Most of respondents are engineers. 47.8 percent of the sample is engineers.

Education staff with a percentage of 14.9 and students (11.9 percent) follows education staff. The detailed data can be obtained from Table 18.

Table 19 Personal Monthly Incomes of the Respondents

Personal Income (TL)	Frequency	Percentage (%)
0 – 1.000YTL	8	11.9
1.000YTL – 1.500YTL	16	23.9
1.500YTL – 2.000YTL	19	28.4
2.000YTL-2.500YTL	15	22.4
Above 2.500YTL	9	13.4
Total	**67**	**100.0**

The monthly personal income structure of the sample can be seen in Table 19. 88.1 percent of the respondents have a good level of income which is above 1.000YTL.

4.4.5.2 Relationship between the Usage of E-CRM Features and E-Service Dimension

Table 20 shows the E-CRM features index values which have been gathered after Study 1 and E-Service dimensions' values which have been gathered by analyzing the questionnaire.

Table 20 E-Service Dimensions Values

	E-CRM Features Index	Web Site Design	Reliability	Responsiveness	Trust	Personalization	Overall Service Quality	Customer Satisfaction	Purchase Intentions
1)Alfa Yayınevi	16	2,44	2,63	2,41	2,15	2,77	2,38	2,38	2,54
2)Bilgi Yayınevi	18	2,79	2,38	2,58	2,31	2,88	2,75	2,75	2,81
3)Boyut Yayın Grubu	21	1,89	2,63	2,33	2,33	2,00	1,83	2,00	2,75
4)Can Yayınları	21	2,35	2,38	2,53	2,35	3,06	2,47	2,47	2,71
5)Çınar Yayıncılık	19	2,53	2,40	2,53	2,30	2,80	2,40	2,00	2,60
6)Dharma Yayıncılık	21	2,41	2,58	2,56	2,62	3,08	2,77	2,38	2,92
7)D&R	25	1,91	2,15	2,26	1,81	2,28	2,00	2,11	2,00
8)Ideefixe	27	1,72	2,10	2,19	1,89	2,22	1,78	1,89	1,97
9)İmge Kitabevi	20	1,85	2,43	2,58	2,14	2,64	2,00	1,91	1,95
10)İskenderiye	18	3,20	3,00	3,67	3,30	2,60	4,00	3,20	2,50
11)Kabalcı Yayınevi	21	2,72	2,48	2,56	2,46	2,58	3,00	2,67	2,75
12)Kitabus	13	3,83	3,00	3,08	2,75	3,50	4,00	4,00	4,13
13)Kitap Alemi	18	2,39	2,71	2,56	2,67	2,67	2,33	2,17	2,58
14)Kitap Dostu	16	3,17	3,25	3,08	2,88	3,50	3,50	3,50	3,63
15)Kitap Online	25	3,33	2,00	2,00	2,00	2,00	2,00	2,00	2,00
16)Kitap Store	17	2,58	2,84	2,88	2,50	3,38	2,50	2,75	2,81
17)Kitap Yurdu	24	2,88	2,56	2,58	2,44	2,88	2,63	2,63	2,94
18)Literatür Yayınları	18	2,28	2,96	3,06	2,50	3,17	2,83	2,83	2,92
19)Net Kitap	27	2,27	2,15	2,33	2,30	3,00	2,00	2,40	2,20
20)Okyanus Kitap	20	2,33	2,17	2,39	2,08	2,83	2,33	2,33	3,00
21)Pandora	23	2,19	2,04	2,24	1,93	2,36	2,14	2,14	2,21
22)Varlık Yayınları	17	2,44	2,46	2,67	2,58	3,33	2,00	2,67	2,33
23)Yeni Sayfa	27	1,61	2,00	2,33	2,17	2,50	1,67	1,67	1,75

4.4.5.2.1 E-CRM Features Index and Web Site Design

Table 21 E-CRM Features Index and Web Site Design Correlation

		e-crm Features Index	Web Site Design
e-crm Features Index	Pearson Correlation	1,000	-,538**
	Sig. (2-tailed)	,	,008
	N	23	23
Web Site Design	Pearson Correlation	-,538**	1,000
	Sig. (2-tailed)	,008	,
	N	23	23

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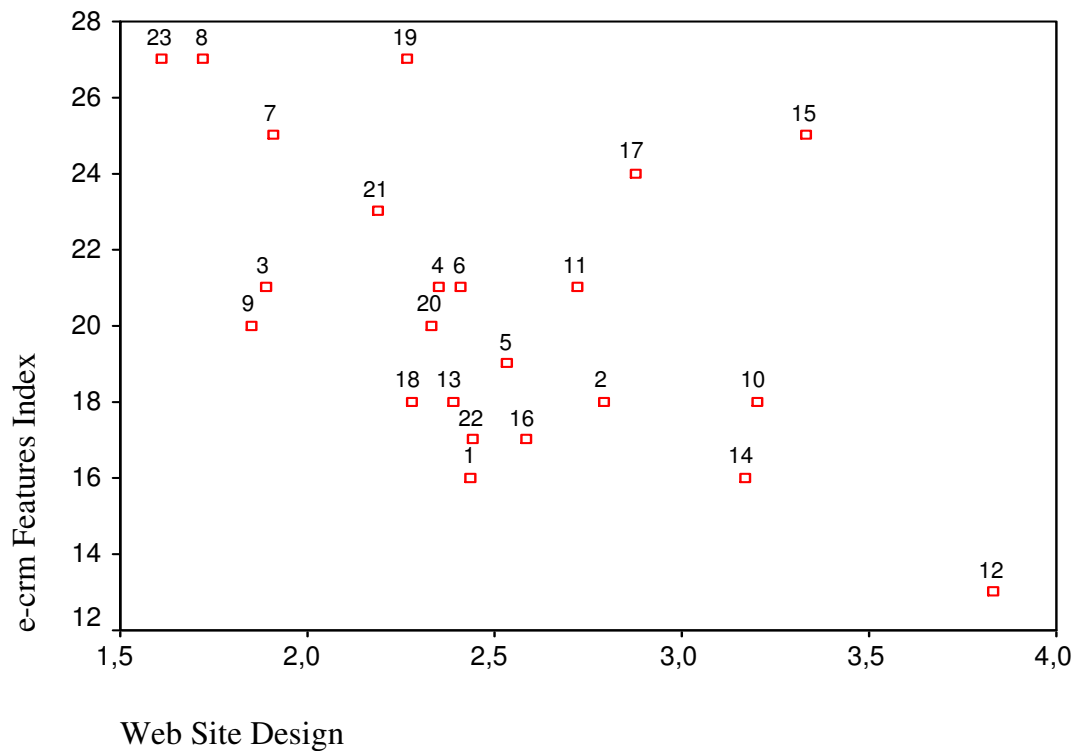

Web Site Design

Figure 5 E-CRM Features Index and Web Site Design Correlation

The correlation between web site design and the E-CRM features index is 0,538 and statistically significant. It can be said that the correlation between web site design and the E-CRM features index is moderate.

4.4.5.2.2 E-CRM Features Index and Reliability

Table 22 E-CRM Features Index and Reliability Correlation

		e-crm Features Index	Reliability
e-crm Features Index	Pearson Correlation	1,000	-,786**
	Sig. (2-tailed)	,	,000
	N	23	23
Reliability	Pearson Correlation	-,786**	1,000
	Sig. (2-tailed)	,000	,
	N	23	23

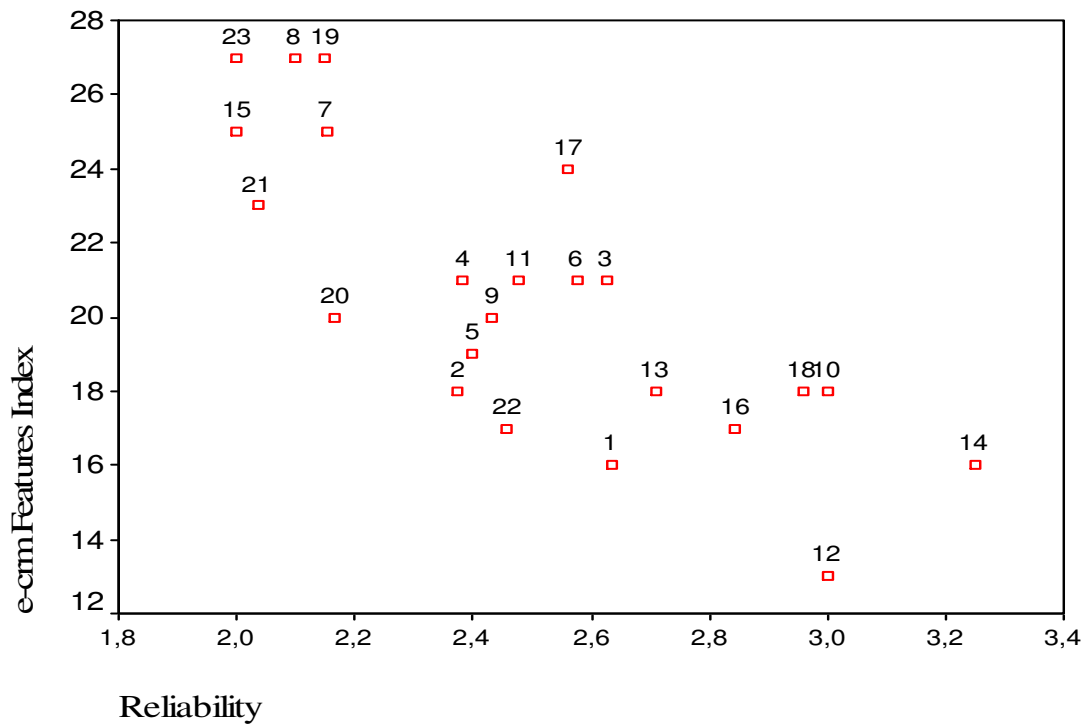**· Correlation is significant at the 0.01 level (2-tailed).

Figure 6 E-CRM Features Index and Reliability Correlation

The correlation between reliability and the E-CRM features index is 0,786 and statistically significant. It can be said that the correlation between reliability and the E-CRM features index is strong.

4.4.5.2.3 E-CRM Features Index and Responsiveness

Table 23 E-CRM Features Index and Responsiveness Correlation

		e-crm Features Index	Responsiveness
e-crm Features Index	Pearson Correlation	1,000	-,669[**]
	Sig. (2-tailed)	,	,000
	N	23	23
Responsiveness	Pearson Correlation	-,669**	1,000
	Sig. (2-tailed)	,000	,
	N	23	23

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

Figure 7 E-CRM Features Index and Responsiveness Correlation

The correlation between responsiveness and the E-CRM features index is 0,669 and statistically significant. It can be said that the correlation between responsiveness and the E-CRM features index is moderate.

4.4.5.2.4 E-CRM Features Index and Trust

Table 24 E-CRM Features Index and Trust Correlation

		e-crm Features Index	Trust
e-crm Features Index	Pearson Correlation	1,000	-,609**
	Sig. (2-tailed)	,	,002
	N	23	23
Trust	Pearson Correlation	-,609**	1,000
	Sig. (2-tailed)	,002	,
	N	23	23

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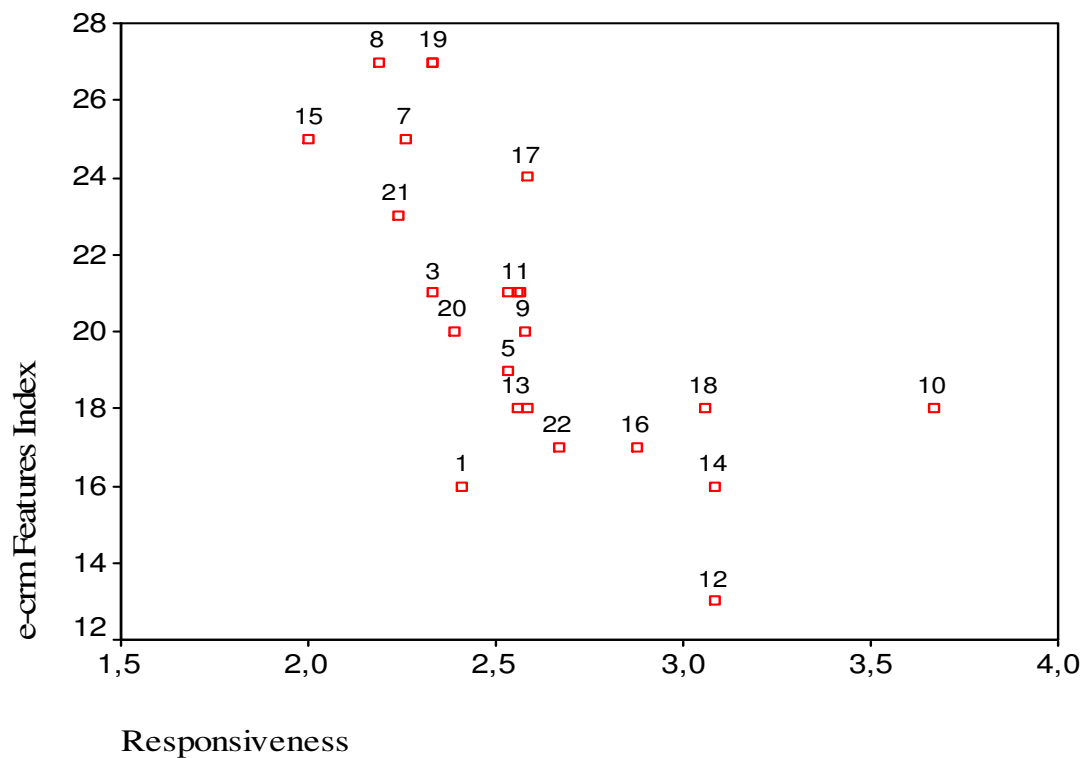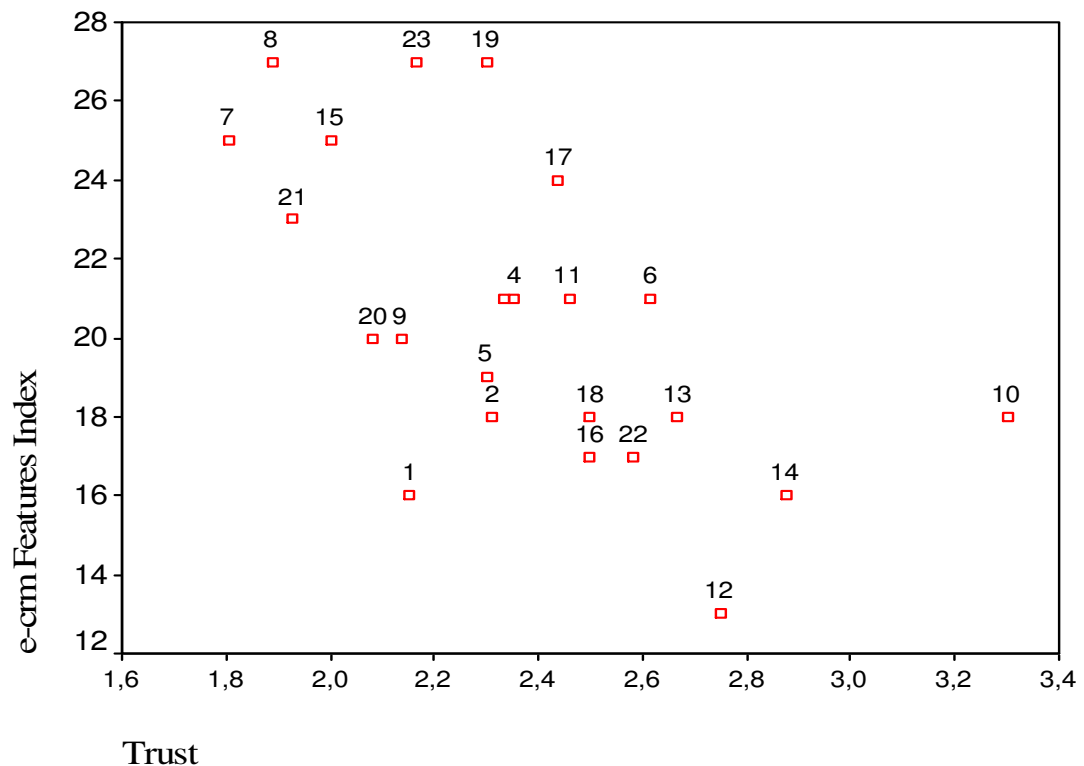

Figure 8 E-CRM Features Index and Trust Correlation

The correlation between trust and the E-CRM features index is 0,609 and statistically significant. It can be said that the correlation between trust and the E-CRM features index is moderate.

4.4.5.2.5 E-CRM Features Index and Personalization

Table 25 E-CRM Features Index and Personalization Correlation

		e-crm Features Index	Personali zation
e-crm Features Index	Pearson Correlation	1,000	-,631**
	Sig. (2-tailed)	,	,001
	N	23	23
Personalization	Pearson Correlation	-,631**	1,000
	Sig. (2-tailed)	,001	,
	N	23	23

**.· Correlation is significant at the 0.01 level (2-tailed).
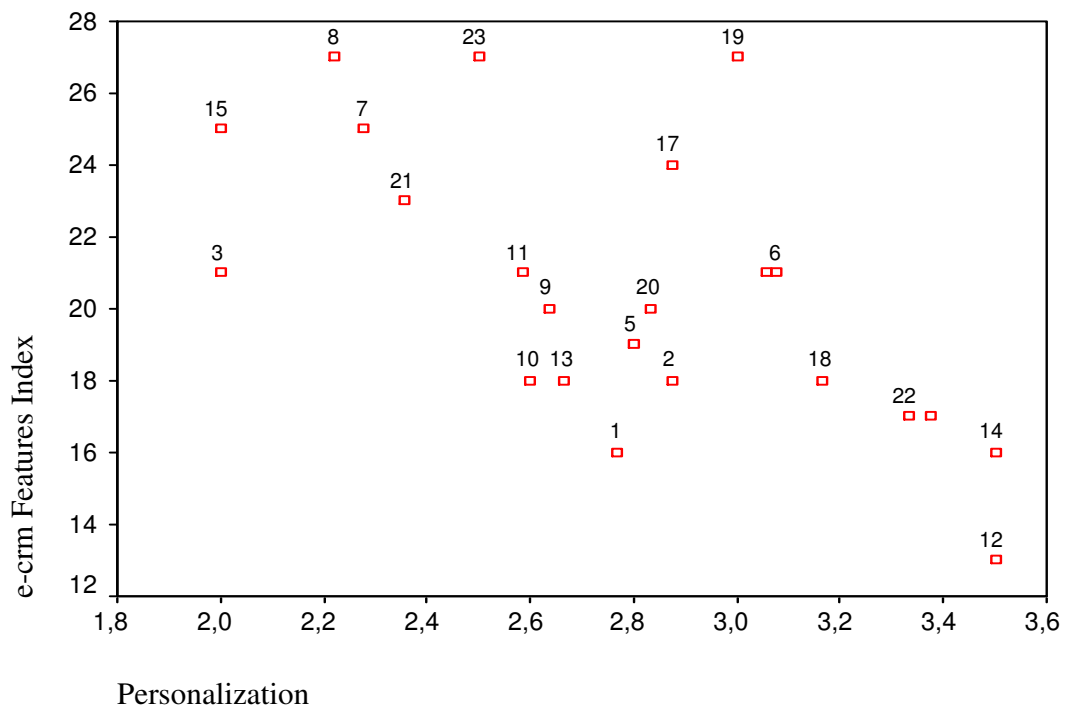
Figure 9 E-CRM Features Index and Personalization Correlation

The correlation between personalization and the E-CRM features index is 0,631 and statistically significant. It can be said that the correlation between personalization and the E-CRM features index is moderate.

4.4.5.2.6 E-CRM Features Index and Overall Service Quality

Table 26 E-CRM Features Index and Overall Service Quality Correlation

		e-crm Features Index	Overall Service Quality
e-crm Features Index	Pearson Correlation	1,000	-,651**
	Sig. (2-tailed)	,	,001
	N	23	23
Overall Service Quality	Pearson Correlation	-,651**	1,000
	Sig. (2-tailed)	,001	,
	N	23	23

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

Overall Service Quality
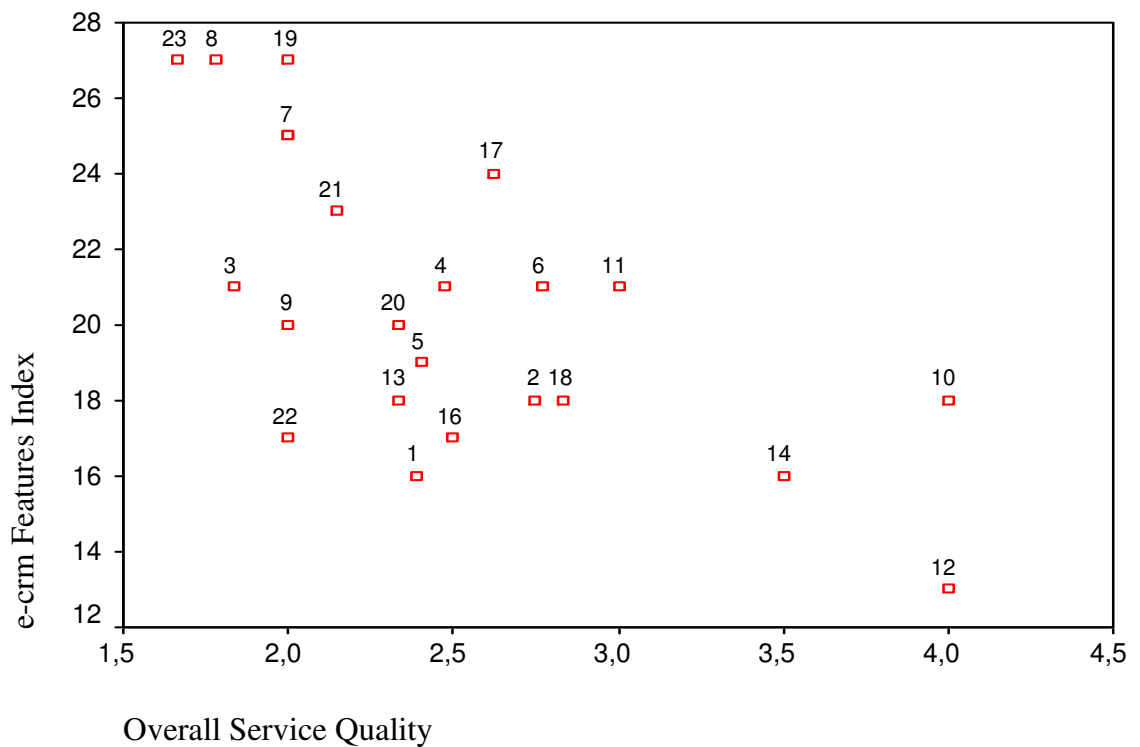
Figure 10 E-CRM Features Index and Overall Service Quality Correlation

The correlation between overall service quality and the E-CRM features index is 0,651 and statistically significant. It can be said that the correlation between overall service quality and the E-CRM features index is moderate.

4.4.5.2.7 E-CRM Features Index and Customer Satisfaction

Table 27 E-CRM Features Index and Customer Satisfaction Correlation

		e-crm Features Index	Customer Satisfaction
e-crm Features Index	Pearson Correlation	1,000	-,691**
	Sig. (2-tailed)	,	,000
	N	23	23
Customer Satisfaction	Pearson Correlation	-,691**	1,000
	Sig. (2-tailed)	,000	,
	N	23	23

**.· Correlation is significant at the 0.01 level (2-tailed).
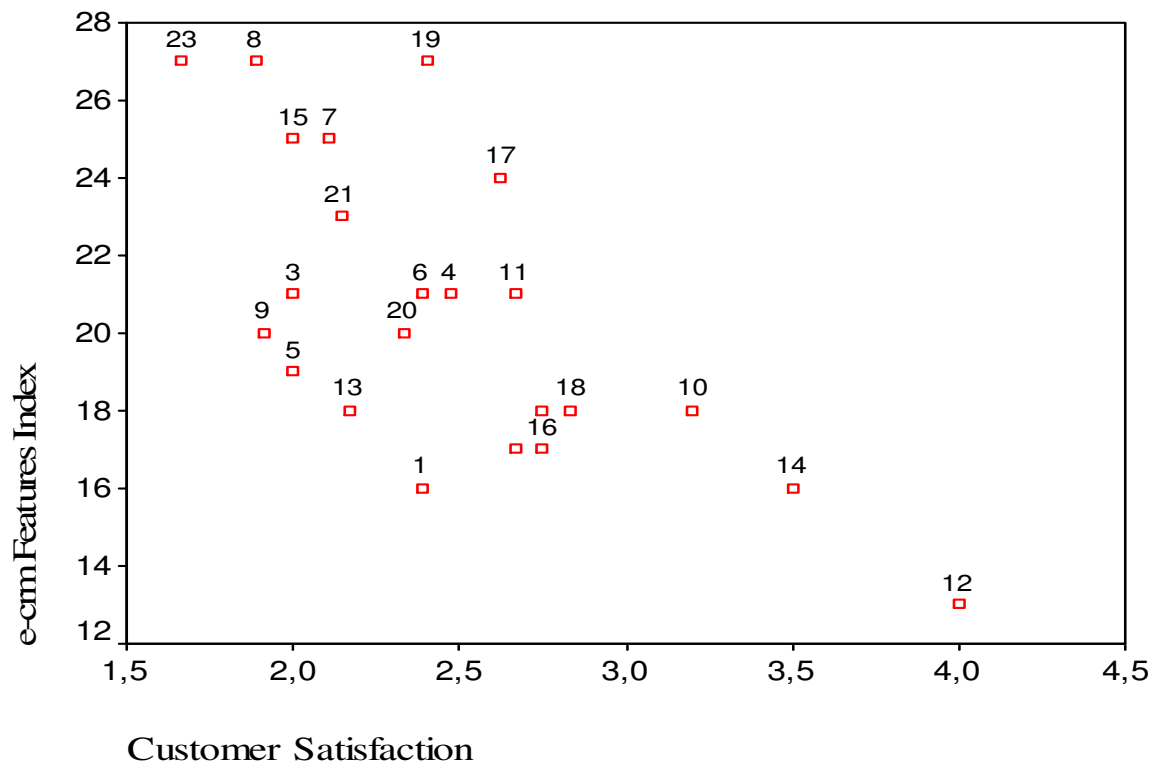
Figure 11 E-CRM Features Index and Customer Satisfaction Correlation

The correlation between customer satisfaction and the E-CRM features index is 0,691 and statistically significant. It can be said that the correlation between customer satisfaction and the E-CRM features index is strong.

4.4.5.2.8 E-CRM Features Index and Purchase Intentions

Table 28 E-CRM Features Index and Purchase Intentions Correlation

		e-crm Features Index	Purchase Intentions
e-crm Features Index	Pearson Correlation	1,000	-,710**
	Sig. (2-tailed)	,	,000
	N	23	23
Purchase Intentions	Pearson Correlation	-,710**	1,000
	Sig. (2-tailed)	,000	,
	N	23	23

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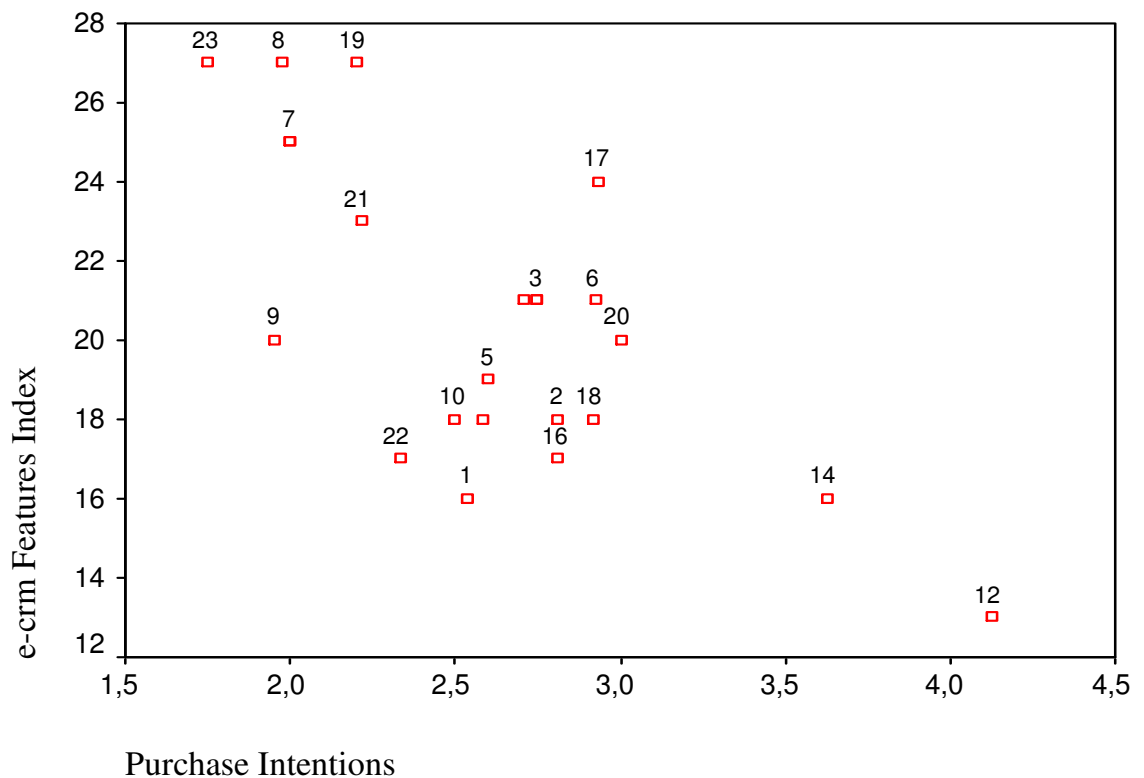

Purchase Intentions

Figure 12 E-CRM Features Index and Purchase Intentions Correlation

The correlation between purchase intentions and the E-CRM features index is 0,710 and statistically significant. It can be said that the correlation between purchase intentions and the E-CRM features index is strong.

Table 29 E-CRM features index and E-Service Dimensions Correlation

E-CRM Features Index Correlation	Correlation Coefficient	Significance Level
Reliability	0,786	0,000
Purchase Intentions	0,710	0,000
Customer Satisfaction	0,691	0,000
Responsiveness	0,669	0,000
Overall Service Quality	0,651	0,001
Personalization	0,631	0,001
Trust	0,609	0,002
Web Site Design	0,538	0,008

Table 29 summarizes the results of correlation tests between E-CRM features index and E-Service Dimension (web site design, reliability, responsiveness, trust, personalization, overall service quality, customer satisfaction and purchase intentions).

All of the E-Service Dimension has strong or moderate correlation with E-CRM features index. Reliability, purchase intentions and customer satisfaction have really strong correlation with E-CRM features index at a really high significance level.

Web Site Design has the weakest correlation with E-CRM features index at the weakest level of significance level when it is compared with other E-Service Dimension. It can be explained with the overload affect of the widely usage of E-CRM features on the web site. Although web site design and E-CRM features index has the weakest correlation in this study, the correlation should not be underestimated.

Reliability has the strongest correlation with E-CRM features index. It is an expected result since E-CRM features help customer to gather detailed information about their purchases, payment options, status of their purchase and etc. and having more information about the processes makes people more relied on online bookstore.

Perhaps most surprising dimension of E-Service which has not a strong correlation with E-CRM features index is Trust. Since trust and reliability are not far dimensions, results are interesting.

4.4.5.3 Relationship between E-CRM Features and Customer Satisfaction

T-tests are applied to find out which E-CRM features are related to customer satisfaction. Table 30 summarizes the results T-tests between E-CRM features and customer satisfaction. E-CRM features which are found on all of the online bookstores and which are found on none of the online bookstores are not used for the analysis, since they don't give information to compare the customer satisfaction between the online bookstores with feature and the online bookstores without feature.

E-CRM features which are found on all of the online bookstores are: membership, product information online, preview product, online purchasing, product highlights, quick order ability, easy check out, on-sale area and fast download speed.

E-CRM features which are found on none of the online bookstores are: 1-800 telephone, call back button and site tour.

Feinberg, Kadam, Hokama and Kim (2002) have found that chat feature, gift certificate purchase, mailing address, local search engine, external links and company profile are related to customer satisfaction. According to this study fax, postal address, chat, e-mail, local search engine, gift certificate, cross selling and external links are strongly related to customer satisfaction. The finding that postal address, chat, local search engine, gift certificate and external links are related to customer satisfaction matched the finding from Feinberg, Kadam, Hokama and Kim (2002) study.

Tablo 30 Relation between CRM features and Customer Satisfaction

E-CRM Feature	Mean Customer Satisfaction Score for Online Bookstores with E-CRM Feature	Mean Customer Satisfaction Score for Online Bookstores without E-CRM Feature	Difference between the Customer Satisfaction Scores	Significance
1)Fax	2,6925	1,4333	1,2592	0,000
2)Postal address	2,6925	1,4333	1,2592	0,000
3)Chat	3,3333	2,4917	0,8416	0,138
4)E-mail	2,5614	1,8000	0,7614	0,182
5)Local Search Engines	2,7354	2,0548	0,6806	0,004
6)Gift certificate	3,1005	2,4424	0,6581	0,051
7)Cross selling	2,7740	2,2601	0,5139	0,021
8)External Links	2,8505	2,3564	0,4941	0,037
9)Your account info.	2,6663	2,2694	0,3969	0,100
10)Company profile	2,6643	2,2731	0,3912	0,105
11)Purchase conditions	2,5447	2,1667	0,3780	0,514
12)Member benefits	2,7993	2,4712	0,3281	0,288
13)Voice over IP	2,8000	2,5024	0,2976	0,477
14)FAQ	2,6827	2,4095	0,2732	0,246
15)First-time users info.	2,7431	2,5078	0,2353	0,575
16)Affinity program	2,6875	2,4586	0,2289	0,370
17)Elec. bulletin board	2,6259	2,4013	0,2246	0,343
18)Store locator	2,6812	2,4743	0,2069	0,441
19)Customer serv. pages	2,6439	2,4393	0,2046	0,389
20)Site customization	2,6539	2,5018	0,1521	0,626
21)Track order status	2,6116	2,4642	0,1474	0,536
22)Complaining ability	2,5708	2,4730	0,0978	0,683
23)Mailing list	2,5660	2,4791	0,0869	0,716
24)Site map	2,5278	2,5283	-0,0005	0,999
25)Privacy policy posted	2,5028	2,5516	-0,0488	0,837
26)Request for catalog	2,3154	2,5602	-0,2448	0,485

Fax, cross selling and e-mail which didn't matched the finding from Feinberg, Kadam, Hokama and Kim (2002) study are also found strongly related to customer satisfaction.

CHAPTER 5
CONCLUSION

This chapter summarizes the research performed in this thesis including the appendices following. Also directions for future research are proposed in the latter sections of the chapter.

5.1 Performed Research

The main interest of this thesis is to analyze the availability of electronic customer relationship management features on Turkish online bookstores and their relationship to E-Service dimension, customer satisfaction, overall service quality and purchase intentions.

Two studies are performed in order to analyze three sub-objectives which are mentioned at the beginning of Chapter 3: "E-CRM Content Analyze" and "E-CRM Features and E-Service Quality Dimensions".

The results of the first study give the state of E-CRM in Turkish online bookstores. According to Feinberg, Kadam, Hokama and Kim (2002), E-CRM is not a static state but dynamic. Then, the E-CRM features found by the content analyze would certainly be different given a new look at them in the near future. The results at any point in time must be considered in light of the changing nature of the industry.

The first study obviously indicates that there is an increase in the usage of E-CRM features on Turkish online bookstores recently. However, there is still a resistance against using features which require advanced technologies such as Voice over IP. On the other hand features such as privacy policy and purchase conditions are commonly used on Turkish online bookstores. According to Elliot & Fowell 2000 and Szymanski & Hise 2000, these features increase the level of trust in an

online retail company. The results of content analyze are used as input of the second study: "E-CRM Features and E-Service Quality Dimensions"

Second study has two results. First, it gives the relation between the usage of E-CRM features and E-Service Dimensions (web site design, reliability, responsiveness, trust, personalization), overall service quality, customer satisfaction and purchase intentions. Second, it gives the E-CRM features which are related to customer satisfaction.

First result of the second study shows that the correlations between reliability, purchase intentions, customer satisfaction and E-CRM features index are all strong. The correlations between responsiveness, overall service quality, personalization, trust, web site design and E-CRM features index are all moderate.

The other result of the second study shows that some E-CRM features might be more important than others. In other words, this study shows that some E-CRM features may have a relationship with customer satisfaction. According to Feinberg, Kadam, Hokama and Kim (2002), there is no recognition in the professional or academic literature that there may be E-CRM features that may differ in their relationship to customer satisfaction.

Nowadays retailers (In this study, Turkish online bookstores) are filling web pages with as many features as possible or a set of features that are seen important by some web developer or executives. However, this study highlights the E-CRM features which are related to customer satisfaction. The results of the study address that fax, postal address, chat, e-mail, local search engine, gift certificate, cross selling and external links are strongly related to customer satisfaction. Consequently, the usage of these E-CRM features may benefit to Turkish online bookstores in terms of customer satisfaction.

5.2 Further Research

In this thesis, respondents are asked to fill out a paper-based questionnaire to try to recollect information about E-Service Dimensions (web site design, reliability, trust, personalization), overall service quality, customer satisfaction and purchase intentions. This study can be improved if this information is gathered by a more detailed web-based questionnaire. It is also possible to use information which is gathered by a professional web-rating company.

Since E-CRM is not a static state but dynamic, E-CRM features which define E-CRM may have changed rapidly since the point of time this study is conducted. Therefore other research may be necessary to incorporate new features of E-CRM which are not included in this study.

This thesis focused on Turkish online bookstores. In order to have more detailed results, the focus area can be extended to online retail web sites (apparel, electronics and etc.)

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APPENDIX A
QUESTIONNAIRE

Sayın Katılımcı,

Bu çalışma, "Elektronik Müşteri İlişkileri Yönetimi ve Uygulamaları" üzerine bir çalışmadır. D.E.Ü. Sosyal Bilimler Enstitüsü İngilizce İşletme Yönetimi Bölümü Yüksek Lisans öğrencisi İlker Ümit Yılmaz tarafından yürütülmekte olan bu araştırmada elde edilen tüm kişisel bilgiler gizli tutulacaktır. Katkılarınızdan dolayı teşekkür ederim.

Saygılarımla

İlker Ümit Yılmaz

BÖLÜM I
Bu bölümdeki sorular sizinle ilgili demografik soruları içermektedir. Size en uygun gelen kutuyu (x) işaretleyiniz.

1. Yaşınız   ------------------------------------

2. Cinsiyetiniz   Erkek   Kadın

3. Medeni Durumunuz   Evli   Bekar

4. Aylık Hane Geliriniz   ------------------------------------

5. Hane halkınız kaç
kişiden oluşmaktadır   ------------------------------------

| | Üniversite | Yüksek lisans - Doktora | Lise |
| 6. Eğitim Durumunuz | İlkokul | Ortaokul | Diğer |

7. Mesleğiniz   --

BÖLÜM II

Bu bölümdeki sorular ilgili internet siteleri ile ilgilidir. Lütfen arka sayfada bulunan online kitap alışveriş sitelerinden en az bir kez alışveriş yapmış olduklarınız için soruları arka sayfada bulunan form üzerinde cevaplandırınız.

Kesinlikle Katılıyorum = 1 **Katılıyorum = 2** **Fikrim Yok = 3** **Katılmıyorum = 4** **Kesinlikle Katılmıyorum = 5**
1) Site ilgi çekici bir görüntüye sahiptir.
2) Site kullanıcı için iyi organize edilmiş bir yapıya sahiptir.
3) Sitede işlem yapmak kolay ve hızlıdır.
4) Site vaatlerini zamanında yerine getirmektedir.
5) Site müşteri sorunlarını samimiyetle çözmeye çalışır.
6) Sitede yapılan işlemler hatasız sonlandırılır.
7) Site yeterli güvenliğe sahiptir.
8) Site tam vaktinde hizmet vermektedir.
9) Site müşterilerine hizmet etmek için her zaman isteklidir.
10) Site müşteri taleplerine yanıt vermemek için hiçbir zaman "meşgul" mazeretini kullanmaz.
11) Site güvenlidir.
12) Sitesi müşterilerine güven teklin etmektedir.
13) Site özel ihtiyaçlarınıza kişiselleştirilmiş çözümler sunabilmektedir.
14) Sitenin sağladığı genel servis kalitesi çok iyidir.
15) Siteden almış olduğum hizmetten genel olarak memnunum.
16) Önümüzdeki 30 gün içerisinde online alışveriş yaparsam bu siteyi kullanacağım.
17) Siteyi diğer kullanıcılara öneriyorum.

Soru / Site Adı	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1)Alfa Yayınevi																	
2)Bilgi Yayınevi																	
3)Boyut Yayın Grubu																	
4)Can Yayınları																	
5)Çınar Yay.																	
6)Dharma Yayıncılık																	
7)D&R																	
8)Ideefixe																	
9)İmge Kitabevi																	
10)İskenderiye																	
11)Kabalcı Yay.																	
12)Kitabus																	
13)Kitap Alemi																	
14)Kitap Dostu																	
15)Kitap Online																	
16)Kitap Store																	
17)Kitap Yeri																	
18)Kitap Yurdu																	
19)Literatür Yay.																	
20)Net Kitap																	
21)Okyanus Kitap																	
22)Pandora																	
23)Profil Kitap																	
24)Sanat Kitabevi																	
25)Seçkin Yay.																	
26)Turkish Books																	
27)Varlık Yay.																	
28)Yeni Sayfa																	
29)Diğer (..............................)																	

Çalışmada Kullanılan Online Kitap Alışveriş Siteleri

Site Adı	Site Adresi
1)Alfa Yayınevi	www.alfakitap.com
2)Bilgi Yayınevi	www.bilgiyayinevi.com.tr
3)Boyut Yayın Grubu	www.boyut.com.tr
4)Can Yayınları	www.canyayinlari.com
5)Çınar Yayıncılık	www.cinaryayincilik.com.tr
6)Dharma Yayıncılık	http://dukkan.dharma.com.tr
7)D&R	www.dr.com.tr
8)Ideefixe	www.ideefixe.com
9)İmge Kitabevi	www.imge.com.tr
10)İskenderiye	www.iskenderiye.com
11)Kabalcı Yayınevi	www.kabalci.com.tr
12)Kitabus	www.kitabus.com
13)Kitap Alemi	www.kitapalemi.com
14)Kitap Dostu	www.kitapdostu.com
15)Kitap Online	www.alveal.com
16)Kitap Store	www.kitapstore.com
17)Kitap Yeri	www.kitapyeri.com
18)Kitap Yurdu	www.kitapyurdu.com
19)Literatür Yayınları	www.literatur.com.tr
20)Net Kitap	www.netkitap.com
21)Okyanus Kitap	www.okuyanus.com.tr
22)Pandora	www.pandora.com.tr
23)Profil Kitap	www.maviagac.com
24)Sanat Kitabevi	www.sanatkitabevi.com.tr
25)Seçkin Yayınları	www.seckin.com.tr
26)Turkish Books	www.turkishbooks.com
27)Varlık Yayınları	www.varlik.com.tr
28)Yeni Sayfa	www.yenisayfa.com

APPENDIX B
QUESTIONS USED IN THE QUESTIONNAIRE AND THEIR RELATED DIMENSIONS

Web site design

The online bookstore is visually appealing
The user interface of the online bookstore has a well-organized appearance
It is quick and easy to complete a transaction at the online bookstore

Reliability

The online bookstore delivers on its undertaking to do certain things by a certain time
The online bookstore shows a sincere interest in solving customer problems
Transactions with the online bookstore are error-free
The online bookstore has adequate security

Responsiveness

I think the online bookstore gives prompt service
I believe the online bookstore is always willing to help customers
I believe the online bookstore is never too busy to respond to customer requests

Trust

I believe the online bookstore is trustworthy
The online bookstore instills confidence in customers

Personalization

I believe the online bookstore provides differentiated services to satisfy specific individual needs

Overall service quality

My overall opinion of the services provided by online bookstore is very good

Customer satisfaction

Overall, I am satisfied with online bookstore online experience

Purchase intentions

If I purchase books in the next 30 days, I will use the online bookstore
I strongly recommend that others use the online bookstore