PERSPECTIVES OF THE MANAGERS IN THE TELECOMMUNICATION SECTOR ON CUSTOMER LOYALTY

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ABSTRACT

Companies look for ways to increase customer loyalty through various strategic studies and CRM applications. In companies’ growth, loyalty programs play a key role in achieving their goals and increasing their profitability. For this reason, it is considered that the evaluation of customer loyalty, which is a part of client relations, is important in the research.

The aim of this research was to identify the customer loyalty and describe the strategies and tools of the companies while creating customer loyalty in Turkish GSM Industry. In Telecommunication Industry, it is important to identify the factors that are effective in creating customer loyalty and understand the strategies applied by companies while creating loyalty. In the study, the results of the interviews with the primary directors were obtained. The results reveal that customer protection is crucial for companies seeking to acquire customers and establish good relationships with customers, targeting competitive advantage and sustainable profitability.

1. CUSTOMER LOYALTY

Customer loyalty is not a dedication to a reduction or campaign but a commitment to the company’s brand. Customer loyalty can be conceptualised as a positive approach of the customer to a product (Gulcubuk, 2008:16-25).

In this regard, CRM has the highest level of pre-requisite for companies loyal to customers. The main purpose of CRM is not just to attract new customers but to keep them in their hands and make them loyal customers (Onaran, Bulut, & Ozmen, 2013:38-43). Therefore, understanding the nature of the customers, balancing the value between the

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customer and the company, and successful customer loyalty programs are critical issues for companies to survive for a long time.

1.1. The Importance of Customer Loyalty

From the client's point of view, loyalty and profitability are two strongly connected phenomena, and these events can be measured by the cash flow chart. For example, faithfulness depends on creation of value, so it affects both cause and effect. As a result, loyalty leads to a number of economic consequences that are closely related to operating systems (Reichheld, 2001:53). These;

Since the best customers are directly involved in the organisation's business plans, they must be more selective in their new customer acquisitions and must be motivated to continue improvement. For this reason, loyalty is influential in market share and resource growth

- Firms can keep their best employees through continuous growth. In addition, firms can increase employee loyalty by using rewards and satisfaction events, which can affect customers to show value at a higher level.

- It is useful for a long-running employee because long-term employees know how to keep customers in the world for a long time, reduce costs and improve quality with superior productivity.

- Loyal customers create sustainable value for the stable development of a company. They make the process of acquiring and winning the right customers simpler.

- Loyal customers are loyal investors and they are like partners for companies. A stable system for businesses is important for creating value for companies because they create cost savings and cash flow guarantees.

Customer loyalty is not solely the re-purchase of products and services. It is a psychological relationship that customers establish with their business. That is, integration into the business and it belongs to him. The way in which customers are integrated into the business, is the way of customer's hearth. (Smith, 1996: 34). Also infidelity is a real process in customer loyalty. Infidelity is a process in which a customer acts as an attorney and does not purchase the entity's products and services (Rowley and Dawes, 1999: 345).

Customer satisfaction is visible like the influence of past experiences. Because our customer satisfaction is the past experience of the whole evaluations of personal buying. The Researches done shows that there is customer satisfaction it provides consistency in purchasing behaviors (Suh and Yi, 2006: 146). This is loyalty positive effects. But according to Davids, customer satisfaction always brings loyalty. At the same time strong human relationships are also needed. This to ensure; first of all, frequent communication, honesty the character of the customer, listening, understanding and knowing their needs and wishes, and it is necessary to find a solution to the problems of the customer quickly. It to educate employees to make behavior more effective in marketing, to requires planning (Davids, 2007: 19).

The mixed approach of satisfaction is defined with loyalty, product preferences, brand change preferences, frequency of purchasing products or services, and by total purchasing amount. According to the mixed approach, loyalty; can be defined as the customer repeatedly purchasing the business’s products and services it can be defined as the
recommendation of the company's products and services to others (Bowen and Chen, 2001: 213).

### 1.2. Factors for Creating Customer Loyalty

There are indispensable factors that companies need to implement in order to retain customers, to satisfy them, to prevent change and to maintain customer loyalty. Factors that affect customer loyalty in this sector are; (Aydin, Ozer, & Arasil, 2005: 89-103), which is related to the importance of service quality,

**Figure 1.** Profitability and Marketing Investment

![Diagram](image.png)


In today's competitive business environment, customers have an increasingly important role to retain, analyse, and plan. Institutions reduce the costs of acquiring new customers through relational marketing methods. These methods enable both the client to remain firm and stay in long term relationship with them. Creating the most appropriate customer portfolio, custom marketing mix and adapting of the marketing organisation helps companies to build strong relationships with their customers. In addition to this, acquiring new customers while maintaining the relationship with current customers provides customers a great value and profitability. As a general perspective, customer protection is the forerunner to customer loyalty. The customer avoids the loss and forms the most important part for loyalty; For this reason, these two concepts are highly related (Abdolhossemi, Miremadi, & Aminilari, 2012: 150-162).

Enterprises are achieving success in a multifaceted way. In itself, customer satisfaction and customer loyalty do not create a unique value within themselves. Customer satisfaction and loyalty are only by products of offering a compelling value proposition.Establishments that are firmly connected with success in value, value, value proposition in the markets (Treacy and Wiersama, 2001: 13-14).

Strong loyalty level customers are the the main targets of the enterprises because of buying the goods and services of the operator and providing these goods and services to advise others, or to oppose goods or services provided by other businesses. Organizations want to acquire customers with a strong level of loyalty (Javalgi and Moberg,1997: 167).

### 2. IMPORTANCE OF CUSTOMER LOYALTY IN TELECOMMUNICATION COMPANIES

The obstacles and customer satisfaction are directly related in order for the communication industry to prevent passage to other service providers (Gulcubuk, 2008, pp.
Customer satisfaction depends on the clarity of speech in this sector, the services that add value like current services, and the customer support that provides factors such as grievance process and sincerity. Change barriers that make it difficult for customers to follow are due to social and performance losses and economic consequences (Karacuha, Ozer, & Arasil, 2004, pp. 46-61). Customer satisfaction, change barriers and their relationship to customer loyalty will be examined in the next sections. Turkey is also experiencing rapid developments in this sector.

There are a number of factors that directly or indirectly change the customer. As seen in fig. Service use, service charge, customer situation; Dissatisfaction and customer related changes. After these factors are identified, customised marketing strategies are applied to those with the most tendency to change (Gursoy & Oman, 2010; Keramati & Ardabili, 2011).

**Figure 2.** Factors causing change

3. TURKISH TELECOMMUNICATION SECTOR

Turkish communications companies also use data mining. While Turkcell obtains information to uncover new fares to develop new campaigns and create customer loyalty, Vodafone Turkey is using data mining to specifically use for points such as marketing, finance and forecasting.

Telecommunication is the sharing of information over very distant distances. Not only between people, but also between economies, cultures and countries, is a bridge. It has been integrated into people's lives all over the world. In 2008, service revenues have reached approximately $ 2 trillion and are expected to be $ 3 trillion within 5 years. In addition, telecommunication revenues constitute 3% of the world's GNP (Akram, Faheem, Dost, & Abdullah, 2012).
After the governments support on liberalisation and privatisation in the telecom sector, the sector in Turkey is growing with increasing momentum. In addition, the interest of Turkish customers in technological services is another factor that encourages telecom services in the Turkish market (Aydın, Ozer, & Arasil, 2005: 89-103). A study made four years ago (ReportLinker.com, 2011) states: In 2010, the potential prevalence of the Turkish mobile market was around 85%. But the development of 3G technology will soon provide important changes in this sector. According to the survey; With the increasing competition between competitors such as Turkcell, Avea and Vodafone, this sector is expected to grow by 8% until 2014 and reach 108% of users by the end of 2014. Another study (Deloitte Turkey, 14.4.2014); The correlation between stable economic development and the GDP in Turkey and Information and Communication Technologies (IT) shows that the IT sector is a promising future.

While a growth of 9.6% was expected in the Middle East and Africa in total between 2012-2017, 7.4% growth was foreseen in the Turkish IT sector. Companies such as Microsoft, Intel, and Hewlett-Packard have chosen Turkey as a hub for geographical and demographic reasons. Earnings in the mobile market in 2012 increased by 10.5%. The sector is growing day by day with investments from abroad, both internal development and external investment. Therefore, the government aimed to improve the IT sector to 2023 by increasing the IT sector size to $ 160 million and 8% of GDP.

**Table 1.** Information Technology Investment in Turkey between 2011-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>USD Billion</th>
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<tbody>
<tr>
<td>2011</td>
<td>22.6</td>
</tr>
<tr>
<td>2012</td>
<td>21.8</td>
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<tr>
<td>2013f</td>
<td>22.5</td>
</tr>
<tr>
<td>2014f</td>
<td>23.4</td>
</tr>
<tr>
<td>2015f</td>
<td>24.2</td>
</tr>
<tr>
<td>2016f</td>
<td>25.0</td>
</tr>
</tbody>
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**Source:** Deloitte Turkey. (2014). *Information & Communications Technology*. April 14, 2014
4. RESEARCH

The face-to-face interview technique examines the subject in detail. Since there is not a single answer like a questionnaire, it can be referenced to a wider area and more specific information can be obtained based on the experience of face-to-face interviewees. It should not be forgotten to provide data such as the profession, position and educational information of interviewees (Wilson, 2014).

In this part of the research, face-to-face interview technique was applied to analyse the research topics.

4.1 Sampling

Participant sample consists of managers working in various communication companies in Turkey with the aim of adding managerial point of view.

The first participant sample, which is the manager category working in various firms in Turkey, is not very numerous. However, because this section is aimed at identifying motivations, perspectives, and goals to create customer loyalty, a data set consisting of managers’ experience provides better quality information than many data sets that have a large number of samples but are not based on experience. Four participants, including Turkcell, Vodafone and Turk Telekom companies, working in communication companies operating in Turkey, answered the questions in the face-to-face interview section. Since the Participants worked in marketing and CRM departments they have provided useful information on customer loyalty-focused marketing strategies, motivation and goals, and contributed to the work.
4.2 Analyses

Some of the work was done by Tekin Oztop from Vodafone, Eren Oz and Dr. Yucel Kiziltan from Turkcell and the partner who made Avea and who is the manager of the marketing department of Turk Telekom by Mevlut Unver.

4.2.1. Face to Face Interview Reviews

Questions about the purpose and effect of customer loyalty programs:

➢ The first face-to-face interview question

➢ "What should be the main objective of customer loyalty program implementations?

➢ Did the programs applied to this date have an effect on the firm value or increased the value?

The answers given by the managers are as follows;

i. Purpose

Vodafone (Oztop): 'First, customer loyalty programs should be used to increase profits from existing customers. The important thing is not to protect the customer, but to protect the value offered by the customer.

Turkcell (Oz): 'These programs are very important in our company, which is the leader and biggest investor in loyalty programs. When the company has a long relationship with its customers, it reduces expenses and maximizes profitability. This is also possible through the implementation of a good loyalty program. Customer loyalty programs are divided into a few groups to maximize efficiency. For example; Such as youth fares, professional clubs, public packages or businessmen 's fares. 3 operators have various applications in this regard.

Another participant, Mr.Unver, is the executive of Turk Telekom, formerly known as Aycell. As it is known, Aycell united with Aria and brought Avea. According to Unver; 'Customer loyalty programs' is to create the most important competitive advantage. Keeping loyal customers in the business world plays an important role in survival and competition, and takes your company one step ahead of your competitors. Another aim of these programs is to reduce the sales and marketing expenses.

Turkcell company product and partners program manager Dr.Kiziltan describes the purpose of customer loyalty programs as managing their own tendencies, maximizing values, and understanding their characters to minimize the risk.

ii. Results

Vodafone (Oztop): 'Loyalty certainly adds value to companies. For example, corporations with a profitable clientele and exclusive services, not only guarantee company profitability but also increase the perceived value of the brand. The brands of the companies are settled as a symbol of the mind status of the customers and this provides a motivation to acquire a firm status or to preserve the existing statues.

Turkcell (Oz): 'Keeping existing customers and creating loyal customers increases both sales revenue and marketing expenses. Thanks to the applications of various loyalty programs applied by Turkcell corporation, marketing revenues increase and sales expenses
decrease. Moreover, the effect is influential in spreading customer experience with the company. The spreading effect reveals how important each contact is, because in today's business world every individual has a strong marketing influence. For this reason, programs related to customer loyalty have become very important not only in terms of competition but also in terms of many marketing applications.

Turk Telekom (Unver): 'Applied programs have expanded our profitable customer portfolio. These programs are one of the key factors to satisfy customers and meet their needs. Moreover, customer loyalty programs also increase the brand value of businesses.

Questions about customer loyalty programs

The main purpose of customer loyalty programs is to increase sales and profitability, to create competitive advantage, to minimise the risk, to create long-term customer relationships and to encourage them to take the product again. Customer loyalty programs are very important for communication companies in Turkey. Common information from all responses; All companies targeting high efficiency, minimum spending and maximum profit are able to achieve this by keeping existing customers. But keeping the customer is not enough. Companies must also raise their perceived value to create continuity. Communication companies aiming to gain competitive advantage and to be one step ahead of their competitors on this account have to implement successful loyalty programs.

As a result of the loyalty programs, companies guarantee customer satisfaction, perceived value and long-term customer relationship, and afterwards loyalty arises. Communication companies in Turkey have received much value from loyalty programs. Applied programs have increased the number of profitable customers. In addition, the impact from mouth to mouth information increases the perceived value of the companies. Nevertheless, the rapid increase in competition and the abundance of alternatives has forced Turkish companies to invest more in their loyalty programs.

The following questions have been asked in order to understand what they think about customer loyalty.

"How do you explain and evaluate the importance of customer loyalty in CRM systems? Are you answering the following questions?

A- How important is customer loyalty to the firm?

B- What are the motivations behind the implementation of your company's customer loyalty program?

C- How much does it cost the company to acquire new customers based on retaining old customers?"

According to the administrators;

A. How valuable

TT (Unver): 'Keeping customers and preventing churn is the best value for our company. In this context, customer loyalty is a must in terms of expanding customer portfolio.

Turkcell (Dr. Kiziltan): 'Customer loyalty is very important for our company and is supported by a strong marketing framework. Companies are struggling to reduce Churn and
increase satisfaction because there is a struggle to break in this market. At this point, customer loyalty creates a constructive effect for companies.'

Vodafone (Oztop): 'It is often said that customer loyalty is important for companies, but this depends on the position of the companies in the market. For example, while this is important for the lead company, the main priority of others is to increase customer acquisition programs rather than customer loyalty. But these companies still implement a limited number of customer loyalty programs.

Turkcell (Oz): 'Protecting customers is definitely a cheaper way then getting new customers, which makes customer loyalty very important. İn the Turkish communication market, where 3 operators struggle, companies are trying to increase loyalty and increase customer relations in order to make customers feel special with individual contacts.

B. Motivation

Turkcell (Oz): 'Turkcell company aims to establish strong and long-term relationships with its followers. A long-term relationship with the customer means that he or she will prefer your company to any communication need.'

Turkcell (Dr. Kiziltan): 'The main motivation to increase sustainable profitability is to understand the needs of the customers and to shape the product portfolio according to their needs.'

Vodafone (Oztop): 'Holding profitable customers guarantees company income. İn addition, this type of customer has a positive effect on the friend's surroundings thanks to the WoM effect and offers the opportunity to introduce your company's products and services to these people. It is much more logical to win customers through customer loyalty programs than with more expensive customer acquisition programs.'

TT (Unver): 'The motivations of our company are; Loyalty programs reduce sales and marketing expenses and maintain monthly and annual revenues from loyalty. In addition, as a result of loyalty, investment types and targets can easily be determined.'

C. Cost difference between acquiring a customer and retaining a customer

TT (Unver): 'Winning a new customer is 3-4 times more costly than protecting your hand.' Sayin Kiziltan and Sayin Oz, like Sayin Unver, also believe that keeping customers is 4 times cheaper than attracting new customers and winning customers. As a different point of view, Mr. Oztop said: 'There is no sharp calculation method to measure this difference, but a large part of the sales and marketing expenses of the communication companies are aimed at customers. For example, consider a company's spending on a client acquisition at $ 500 a year. If the company earns 20 TL per month from the customer, the return on the cost of the customer will be 25 months. In other words, the client must remain a client for at least 25 months in order to be profitable. In short, this calculation has a changing structure depending on the type of customer and the relationship between the customer and the company.'

Problems on corporate perspective:

Face-to-face interview 3. Part is about the corporative perspective of the companies.

- Corporate companies are investing heavily in customer loyalty to capture targeted customer capacity. Which tools of CRM like loyalty program, frequency program or database marketing need to invest more to create customer loyalty?

- Is your company investments in the Turkish communication sector enough to create loyalty?
- Did the communication companies in Turkey reach the targeted capacity as a result of investments in customer loyalty programs?

Turkcell (Oz and Dr. Kiziltan): "Choosing loyalty vehicles depends on the company structure and marketing plans. Our company focuses on both loyalty and frequency programs. In addition, database marketing is one of the critical elements that our CRM division uses to separate our analysis, classification and customer portfolio into categories. In order to be one step ahead of the competition and to establish and strengthen individual relationships with its customers, the Turkcell Institution is spending a great deal of money and the day-to-day achievement of positive results such as customer satisfaction and customer portfolio increase.

TT (Unver): 'Our company has invested quite a lot in loyalty programs. Recently, Turk Telekom has been investing increasingly in the marketing field as well. Due to the growing amount of followers, investment in loyalty programs has become compulsory for GSM companies. In this context, the amount of investment our company has made is sufficient. For example, the SES-PSTN project, one of the largest investment services, allows for an analog mobile phone type for customers. This not only helps to prevent Churn, it also increases brand satisfaction by increasing the level of satisfaction of existing customers."

Vodafone (Oztop): 'Companies must invest in all customer interest-attracting programs to create a strong and homogeneous portfolio. It may be wrong to invest a small amount in database marketing while investing heavily in loyalty programs. Maintaining this balance is the most difficult and important point in this case. Banking and telecommunication sectors are leading Turkey's investments in customer loyalty. In countries like Europe and North America where customer acquisition is difficult, loyalty investment rates are much higher than our country. But in emerging markets like the Middle East or Africa there is no or little investment in experimental investment. Similar to the European market, the Turkish market, the amount of investment and the structure of the market are similar, and this market is growing day by day."

Turkcell (Dr. Kiziltan and Oz): "Customer-centric sustainability, customer trust and change barriers are strong links to each other. If the company has a customer-centric structure, it creates customer confidence first and then churn against Churn. Our company is one of the best examples of having a customer-focused structure and creating good relationships, satisfying customers, and a change in commitment through commitment. Turkcell also invests in customer categorization to provide better service and create different products for customers. Product diversification through classification is a critical strategy for our company's goal of creating loyalty."

TT (Unver): 'Brand image is influential on customer trust, which creates an obstacle to change. In this competitive market, companies must be customer-centric to survive. These are exactly the strategies Turk Telekom uses to protect its customers and prevent Churn.

Vodafone (Oztop): 'Vodafone always demonstrates a customer-centric approach to customer satisfaction. There are several factors that satisfy our customers. Some of them are service quality, product variety, rewarding or quality service. Successful plans are an obstacle to Churn. Since Turkey is a market that has completed its development phase, all companies must have strategies to keep their customers faithful. Otherwise Churn will be an inevitable end to them."

Vodafone (Oztop): "Solving the problems of the customers quickly creates loyalty in the future. If the problems can not be resolved, we should try to be satisfied with the additional offers that will be offered to them. Another factor is to get in touch with methods of
their lifestyles. For example; A method of constantly traveling or traveling on a business trip to a customer representative rather than being transferred to a voice response system during a customer service call increases the value of the company in the eyes of the customer and improves the satisfaction feeling which is one of the most important factors. A long-term customer is a situation where acting like a new customer, endless or unresolved problems, destroys the loyalty of the customer. “

TT (Unver): "Service quality, satisfaction and trust create customer loyalty. But disbelief, bad service and communication, high prices, such as disappearing cases of loyalty."

Turkcell (Dr. Kiziltan): "Patience, problem-solving speed and intangible approaches to customers open up the way for customers to go and enjoy. But profit-raising, stupid answers and selfish attitudes towards the customer undermine loyalty."

Turkcell (Self): "Satisfaction is the most important point of creating loyalty. Then comes the quality of service and good brand image that prepares the environment of satisfaction. Disrespectful behaviour towards customers, poor service quality and high prices affect loyalty in the negative."

5. CONCLUSION

Rewarding is the most effective strategy for product diversity, high quality service delivery, trust building and most important customer-centered loyalty. These attitudes improve the relationship between the company and the customer and create trust and satisfaction for the customer while creating a brand image for businesses and an obstacle to Churn. In order to retain customers and prevent change, companies must attach importance to satisfaction through commitment, trust and high quality. Successful complaint evaluation, high brand image and customer perceived value are also influential in creating customer loyalty.

It is known that the current customer is more profitable than the newly acquired customer. Companies can create barriers to Churn by increasing customer satisfaction and commitment, and the best way to achieve these factors is to create customer loyalty. It is also crucial to create loyalty in the Turkish communication market, where competition is at stake. The motivations for these companies' loyalty program implementations, the desire to create long-term relationships, to understand customer needs, and then to shape the product variety according to those needs.

As a result of the questions posed, the importance of managers’ loyalty to customer loyalty, the factors that constitute loyalty and the importance of sustainability are explained. In the Turkish telecommunication market, the place of loyalty, the structure of the market and its needs have been determined and the managers have explained how customers use their strategies to keep their customers and customers in mind, and it is stated that the customer should be a system that meets their needs in order to be a permanent customer.

In the light of the above information, we can say that companies should pay attention to customers in the name of profitability and continuity in order to survive and fight in the tough Telecom sector. If an operator seeks to bring customers into the company's network, they have critical on-the-ground effects on their relationships with customers, which allows them to achieve more success than other competitive sectors. In this context, customer retention and customer loyalty play a major role in reaching the targets of Telekom companies. There are factors in the GSM Sector affecting customer loyalty and satisfaction, and strategies created for customer retention. As a result, although the use of the concept of mobile telecom and the value of the telecom sector are quite high, the market value of the
country is not as high as that of the European markets. This value needs to be increased. This is only possible by meeting customer expectations and increasing product performance permanently as soon as possible.
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