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ABSTRACT

master's thesis

“Substantiation of Introduction of CRM-System at Enterprise”

The work consists of 87 pages, 26 tables, 8 figures, 107 references (on 13 pages) and 6 appendices (on 27 pages).

Customer relationship management has become one of the keen marketing strategies companies adopt with the sole aim of customer identification, customer satisfaction, customer retention and customer loyalty.

The theoretical aspect of this research contains the perspective and essence of customer relationship management as well as the various aspects and elements of the concept. Also, customer relationship management in the context of the airline industry which is the context of this study is also mentioned. The evolution of technology and how the concept of social CRM as a different dimension to CRM is also considered. It was ascertained that, customer relationship management leads to customer satisfaction and customer loyalty, and companies who engage in customer relationship management has the tendency of increasing their market share and a subsequent increase in revenues and profits.

Comprehensive analysis of Turkish Airlines is looked at, with much focus on the description, history, activities and the organizational structure of the company. Also the economic and financial analysis of Turkish Airlines for 2017 – 2018 is considered to show the true financial and economic standing of the company. Also the customer relationship management (CRM) in the context of Turkish Airlines is assessed to ascertain the real state of CRM system of the company. It was realized that, Turkish Airlines has a quite number of strategies which is aimed at increasing customer satisfaction and loyalty. However, a careful examination of their social customer relationship management shows that, Turkish Airlines does not have a structured social

media strategy and its social CRM is underutilized. SWOT analysis is conducted on these systems to ascertain the strengths, weaknesses, opportunities and threats they possess. The indications from the analysis depicts that, Turkish Airlines' strengths outweighs its weaknesses and its opportunities are more than its threats.

Evaluation of the strengths, weaknesses, opportunities and threats of Turkish Airlines are made with a mathematical method to ascertain which SWOT criteria is important and needs the attention of management with regards to customer relationship management. It was derived that, management of Turkish Airlines should focus more on the weaknesses and threats of the company to prepare them for current and future competitions. Therefore, it is prudent for the company to adopt some customer relationship management strategies which they can leverage on as their competitive advantage. To improve on the existing CRM systems of Turkish Airlines, a social media strategy or social CRM was suggested, also an integrated service marketing mix was suggested and corporate social responsibility aspect of cause-related marketing was also recommended. The economic efficiency of two of the recommendations were calculated to determine its economic effect, and it was ascertain that, the adoption of social CRM stands to increase the profit of Turkish Airlines by fifteen percent while the introduction of the cause-related marketing strategy will increase profit by ten percent.

Keywords: customer relationship management, customer satisfaction, customer loyalty, implementation, system, enterprise.

Year of performance – 2019, year of defense – 2019.

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INTRODUCTION

In era of globalization, customers are adequately informed and exposed to more distinguishable products which makes them privy to a wide variety of products and services. This shifts the power to customers and raise their expectation and satisfaction level and companies have been charged with the responsibility to meet them. This has called for the need to establish and enhance the relationship between customers and companies as it could also serve as great opportunity for companies to ride on as competitive advantage. As much as companies spend much effort on maintaining their assets, customers are prime assets for a company and managing the customer relationship is equally significant for companies. This depicts that, the overall success of the company largely depends on customer satisfaction and customer satisfaction cannot be achieved without a proper customer relationship management.

The strategical perspective of CRM has called for the attention of many scholars who have digested several areas of customer relationship management in several industries. Some scholars who have conducted research in the area of CRM and its implementation are: K. Rababah, H. Mohd, H. Ibrahim, C. Gronoos, G. Avlonitis, G. Panagopoulos, M. Kennedy, A. King, T. Tellefsen, G. Thomas. Researchers who also investigated the important factors for CRM implementation are: N. Romano, J. Fjermestad, J. Ocker S. Mudambi, A. Mishra, D. Mishra. Also in the context of the airline industry, R. Eid, M. Zaidi conducted a research on CRM implementation and finally N. Gures, S. Arslan, K. Bakar also studied the customer complaint behavior in the Turkish airline.

The goal of the research is to analyze the CRM system implemented by Turkish Airlines.

To achieve this goal, the following tasks were decided:

to know the perspective and essence of customer relationship management;

to identify the aspects and elements of customer relationship management;
to provide a general description of the customer relationship management process and implementation in the airline industry.

to provide a description, history, activities and organizational structure of LTD “Turkish Airlines Inc.”;

to perform economic and financial analysis of LTD “Turkish Airlines Inc.”;

to determine the customer relationship management system implementation of LTD “Turkish Airlines Inc.”;

to assess the strengths, weaknesses, opportunities and strengths of CRM system of LTD “Turkish Airlines Inc.”;

to make recommendations for improvement of CRM system implementation of LTD “Turkish Airlines Inc.”;

to calculate the economic effect of the recommendations of CRM systems of LTD “Turkish Airlines Inc.”.

The object of the study is the customer relationship management of LTD “Turkish Airlines Inc.”. This investigation was ordered by PE «Scientific and Consulting Center of Management Technologies”.

The subject of the study is the justification of customer relationship management system implementation at the enterprise.

In the process of this research, several approaches were used: morphological analysis (for establishing theoretical definitions); SWOT analysis (for assessing CRM systems); financial method (for calculating of financial indicators); analytical hierarchy process (for evaluating SWOT); economic efficiency method (for calculating economic effect of recommendations).

1. THEORETICAL BASIS FOR CRM SYSTEM IMPLEMENTATION AT AN ENTERPRISE

1.1. The perspective and essence of customer relationship management

The perspective of customer relationship management has been taken from different angles by different authors and researchers. The origins of CRM evolved from the concept of relationship marketing (RM) [51]. Relationship marketing was first coined by Berry who defined it as the act of “attracting, maintaining and-in multiservice organizations–enhancing customer relationships’ [51]. It can therefore be ascertained that, the continuous evolution of relationship marketing, integration of marketing ideas, competition, data availability, technologies and the desire to serve customers better gave rise to the customer relationship management we see today. Though this is true, the main underlying factor which enhances CRM is the availability and the use of information technology and support systems (IT systems). This provide a more efficient way of reaching out to customers and potential customers and keeping relationship with them [68], this is because CRM requires the company to manage and coordinate communications with customers across different media channels which the internet happens to be one of the notable channels of communication currently, due to its high tendency of interactivity and convenience [79].

CRM is therefore seen as a strategy which focuses on the importance of a good relationship between a company and its customers [17]. Berkowitz also has the view that, CRM is the company’s effort to establish a long-term, cost-effective relationship with a mutual benefits for the company and its customers. To fully understand the concept of CRM, it is ideal to do an in-depth discussion of the concept from the perspective of different researchers.

The tab. 1.1 below is an illustration of the morphological analysis of the CRM concept.

Table 1.1**Morphological analysis of the term customer relationship management**

Author	Definition	Genius
1	2	3
Parvatiyar & Sheth [10]	CRM represents an enterprise approach to developing full-knowledge about customer behavior and preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company	Enterprise approach, full knowledge, customer behavior, preference, programs, strategies, encourage, enhance, relationship
Chen and Popovich [48]	It's an integrated approach for managing relationships by focusing on customer retention and relationship development and points out that customer loyalty and long profitability are the benefits of CRM to an organization	Integrated approach, managing relationships, customer retention, relationship development, customer loyalty, long time profitability
Payne and Frow [4]	They define CRM as a business approach which seeks to create, develop and enhance relationships with carefully targeted customers with an aim of improving customer value and corporate profitability thereby maximizing shareholders value	Business approach, enhance relationships, targeted customers, customer value, maximizing, shareholders value
Catalán-Matamoros [19]	CRM is a combination of people, process and technology seeking to understand company customers. Matamoros additionally states that CRM is an integrated approach which manages relationships by focusing on customer retention and relationship development	Combination of people, process, technology, understanding, customers, customer retention and relationship
Wang et al. [104]	CRM focuses on keeping and maintaining long term relationship with customers which yields customer satisfaction and loyal customers	Long term relationship, customer satisfaction, loyal customers
Chalmeta [21]	The management is a customer-focused business strategy that dynamically integrates sales, marketing and customer care service in order to create and add value for the company and its customers	Business strategy, dynamically integrates sales, customer care service, create value, customers, company
Brealey, Myers, & Allen [15]	CRM as a company's ability in identifying customers, obtaining feedback from them, and maintaining the relations from which both the customer and the company can benefit	Company's ability, identify customers, feedback, maintaining relationships customer, company, benefit

Continuation of tab 1.1

1	2	3
King & Burgess [88]	CRM is therefore understood as a customer-oriented management approach where information systems provide information to support operational, analytical and collaborative CRM processes and thus contribute to customer profitability and retention.	Customer – oriented management approach, information systems, analytical process, customer profitability, customer retention
Picton & Broderick [17]	CRM is a view that emphasizes the importance of the relationships developed between an organization and its customers. It involves the strategic and tactical management tasks to achieve positive communications and long term customer relationships	Importance of the relationships, organisation and customers, strategic, tactical management, long term, customer relationships
Dyché [54]	The infrastructure that enables the delineation of an increase in customer value, and the correct means by which to motivate customers to remain loyal, indeed to buy again	Infrastructure, customer value, motivate customers, loyal, buy again

The diversified nature of customers and industries call for different approaches to the realization of effective CRM implementation. This enable companies to adopt a suitable approach which suits their organizational setting. Some perspectives which can be considered in the scope of CRM are; CRM as a process, CRM as a strategy, CRM as a philosophy, CRM as an ability and CRM as a technology [85]. The tab.1.2 below gives details of the various concepts of CRM and their critical success factors according Soliman [85].

Just as the concept of CRM varies, researchers postulate that the benefits that come with CRM also varies as the technologies and processes that facilitates the realization of CRM must be tailored to specific industry structures for easy adoption and implementation [55]. However, the findings by Thomas and Kumar [79] in their cross cultural and multidisciplinary study of CRM posit that, the desired benefits of CRM do not vary across industries and cultures as stipulated by the earlier researchers.

Table.1.2**The concepts of customer relationship management**

Point of View	Description	Requirement for Success	Concept
CRM as a process	Improving the relationships between the buyer and the seller. The relationship should be enduring and strong	Discovering and responding to the desires of customers, is the ability that institution should have	The relationship between the external parties, especially the end-consumers and the agents, is created by CRM
CRM as a strategy	The life estimation period of the customer with situation determines the amount and kind of resources that the organization can put or invest in a relationship	The organization should improve and prioritize its relationship with its customer constantly	CRM is considered as investment, that a company makes to those customers, who are expected to be valuable to company. It is also considered as a reduction of valueless customers
CRM as a philosophy	Customer Retention can be better accomplished though concentrating on building up relationships and looking after them	The focus of attention for the organization, should be aimed towards its customers, and the organization should also orientated in understanding the changeable needs of the customer	CRM is considered as a work philosophy, which makes customers as the center of attention for organizations
CRM as an ability	Productive and long haul connections or long term relationships only arises when the organizations are able to customize its conduct or behavior continuously, towards every client	Availability of intangible and tangible resources should be available to the organization, for continuously remodeling of the organizations behavior towards its customers	CRM implies the longing and capacity of organization to custom its conduct towards every client, on the basis of the information that is collect from the customer and about the customer
CRM as a technology	Management of reaction and knowledge, represents the primary assets that the organization needs to build up for beneficial and long term relationships with the client.	The organization should be direct with the technologies or functional methods, which the organization uses for establishing customer knowledge and management of reaction.	CRM is considered as the technology for establishing relationships with customers by investigating marketing systems, information systems and sales systems.

But the latest studies conducted by Richard and Jones [57], identify three major components including relationship, value and brand equity. The seven core benefits of

CRM listed below which serve as value drivers can be linked theoretically to the three types of equity which are relationship, value, brand and ultimately to customer equity which is shown in fig. 1.1 below:

- 1) improved ability to target profitable customers;
- 2) integrated offerings across channels;
- 3) improved sales force efficiency and effectiveness;
- 4) individualized marketing messages;
- 5) customized products and services;
- 6) improved customer service efficiency and effectiveness;
- 7) improved pricing.

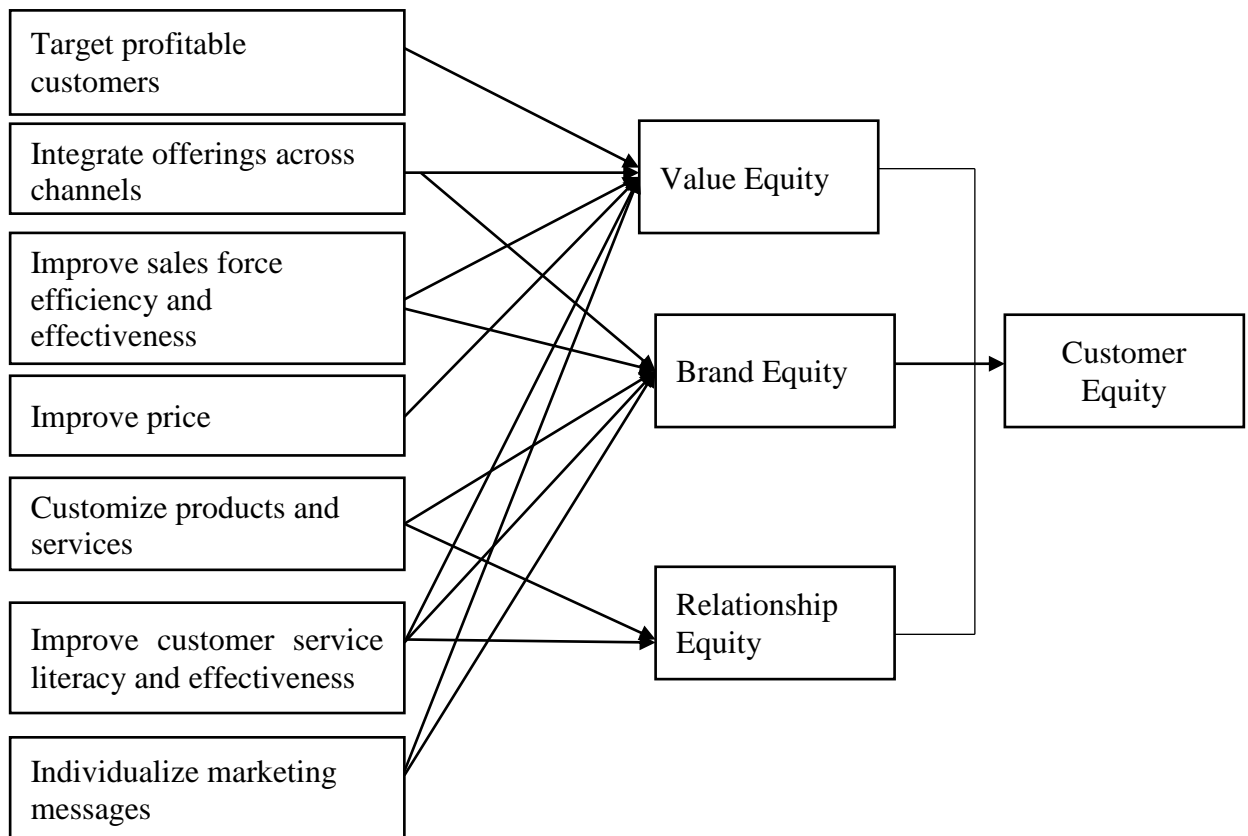


Fig. 1.1. Conceptual model relating CRM value drivers to customer equity

Richards and Jones [57]

Companies who effectively practice CRM are exposed to many benefits, according to Swift [82]. The adoption of CRM comes with a low cost for recruiting customers since there will be a lot to save on marketing, mailing, contact, follow-up, fulfilment and other related activities. Also companies can capitalize and focus on the number of long-term customers to maintain and preserve a steady volume of business rather than recruiting new customers periodically. Swift [82] further states that, companies tend to save cost on marketing campaigns and cost of sales since existing customers have more knowledge on channels and distributors and they become more responsive as the relationship becomes more effective. Also, customer profitability gets higher as their wallet share increases, this comes as a result of an increase in up-selling, cross-selling, follow-up sales and referrals which can be attributed to higher customer satisfaction which is derived from an effective implementation of CRM.

Finally, companies tend to benefit an increase in customer retention and loyalty from CRM implementation. An increase in customer retention means [82] customer will stay longer, repeat purchases, purchase more and create initiatives which will enhance the relationship and increase the bonding thereby increasing customers' loyalty hence an increase in the company's market share and profits.

1.2. Aspects and elements of customer relationship management

Customer relationship management is the foundation behind the idea that developing a relationship with customers is the most tremendous way to find them to become loyal and that loyal customers are more profitable than non-loyal customers. This means companies are charged with the responsibility to put systems, technologies and procedures to support the relationship with customers to enhance sales hence an increase customer satisfaction, income and profitability [37].

Customer relationship management starts with customer identification. This stage takes into consideration the targeting of potential customers and making analyses of the

market segment to identify new customers and win back the lost ones. Effective identification of customers by companies is essential and must be considered strategically because it takes a major role in the company's success [84].

Customer attraction comes after the customer identification, having identified the potential market segments, companies can focus their resources and energy towards attracting the segments through a combination of the marketing mix which is the 4Ps or 7Ps or direct marketing [84].

Customer satisfaction can be explained as the psychological state customers are exposed to after the consumption of a product or a service. Thus overall customer satisfaction with a company's offerings is determined by comparisons between customer expectation of the company's products or services, and their perception of product performance [75].

Customer retention is the system companies put in place to reduce or prevent customers from defecting to competitors. A successful customer retention starts with the first ever contact and continues throughout the entire lifetime of the relationship. Research shows that, customer retention has benefits of lowering customer acquisition cost, and increasing revenue and referrals. Price, customer satisfaction, service quality and brand image are some of the variables to consider for effective customer retention [53].

Customer loyalty is the mind-set which influences customers to make repeated purchase of a product or service [53]. Loyal customers have the tendency to build a business by buying more, providing new referrals through word of mouth recommendations, and paying premium prices for products or services [33]. This is an evidence that, the continuous survival and sustainability of companies relies on customer loyalty. Hence, for a company to grow and maintain profit levels in a high competitive environments customer relationship management is critical.

Customer relationship management is usually compared to other marketing strategies, with researchers arguing that the concept is similar to service marketing, relationship marketing and other strategies, [33] is of the view that, there are three main aspects of CRM which are operational, collaborative and analytical. CRM should be incorporated into every activity of the company, therefore a simple product or service delivery is not enough to satisfy the needs of customers but a good relationship between the company and its employees is also significant because it will in turn enhance the relationship between staff and customers as well which is also paramount, as well as a well-vest marketing, post-sales activities within the scope of servicing, and other activities which include the interaction of customers with the person providing the product or service [31].

Operational CRM provides support to the front line of the business process which includes, sales, marketing and service. A database is kept for easy access by employees and easy interaction between customers and different employees without customers' necessarily repeating themselves anytime they encounter the service. A typical illustration of an operational model of CRM which involves different channels is shown in fig. 1.2 below.

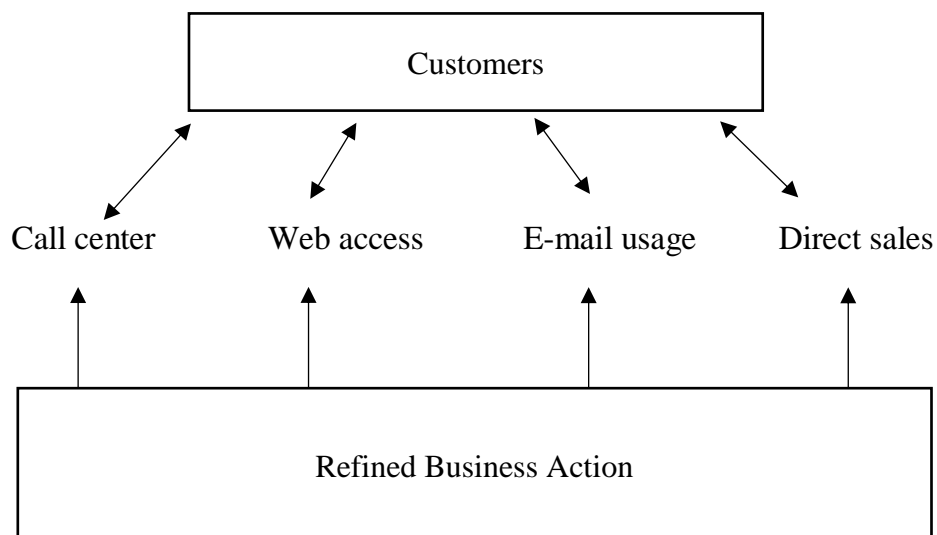


Fig. 1.2. Operational model of CRM [54]

The collaborative aspect of CRM occurs as an interactive process and not like a transactional exchange [10]. This covers the direct interaction with customers for different reasons such as, feedback and issue-reporting which needs a collaboration of both the customer and employee through variety of channels such as email, mobile email, automated voice response, social media, SMS and voice calls [64].

Finally, the equally important unique aspect of CRM is the analytical. This takes the form of designing and executing of target market campaigns to optimize marketing effectiveness and also analyze customer behavior to enable product and service decision making. Dyche [54] postulates that, data collected from customers are analyzed to enhance the implementation of new business processes to increase profitability and customer loyalty. This aspect is strategic and mostly uses predictive analytics to function effectively. Adebanjo [3], further suggests that analytical CRM is a tool which is used to build data storehouses, increase relationship and analyze the collected data from customers. Analytical CRM is used to analyze customers' data for the following different purposes:

1. Optimization of marketing effectiveness by designing and implementing appropriate target market.
2. Designing and implementing effective strategies to customer acquisition and retention, cross-selling and up-selling.
3. Analyzing customer inquiries and behavior to support the decision making for the services and products.
4. Doing churn analysis to predict the probability of customer defection.

The framework of analytical CRM is illustrated in fig. 1.3 below.

Evidence from previous studies that have been conducted by different researchers suggests four critical elements of customer relationship management which are development of relationship, interaction management, service quality and employee behavior. The development of relationship between the customer and the company needs

an examination of the progress of the relationship right from the basic level. According to Hakansson and Snehota [50], relationship improvement system should be enforced to monitor the progress of the relationship between customers and the company from the basic level to the advance level which is the most vital [18].

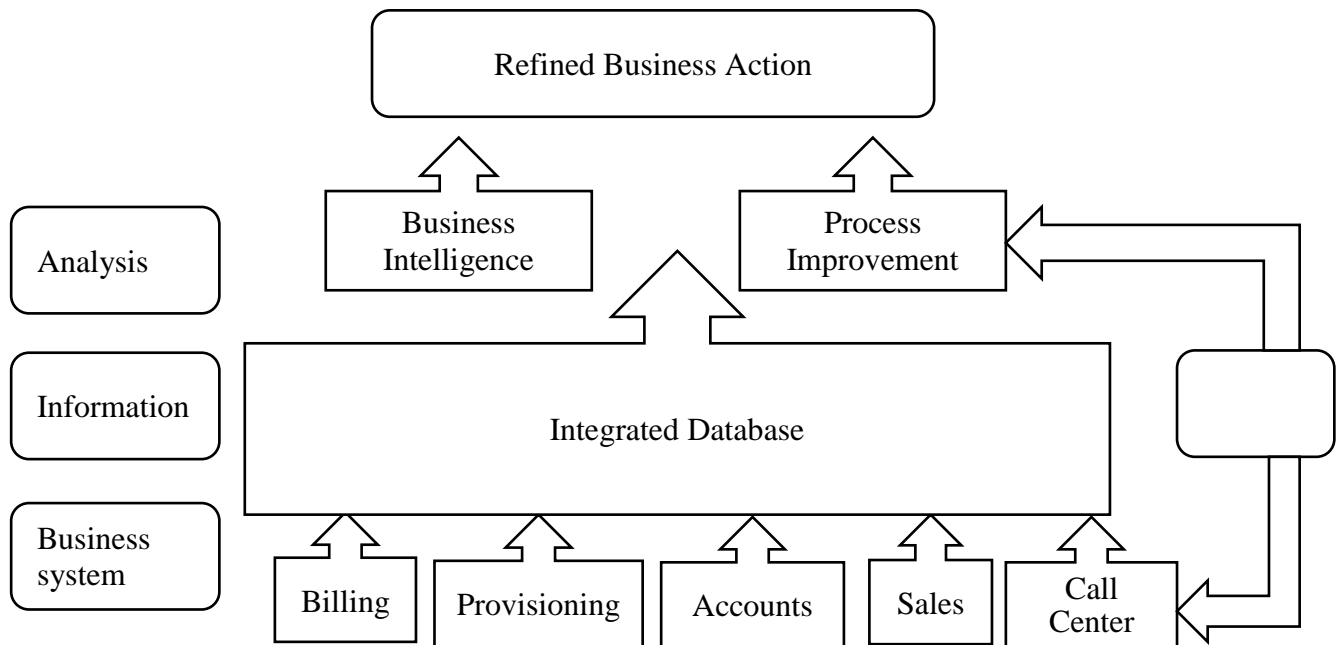


Fig. 1.3. Analytical CRM model Dyche [54].

The second element of CRM, which is the interaction management is the company's desire and willingness to make a relentless relationship with its customers employing all the methods and channels to keep in touch with customers [18]. The main objective of this element is to make sense of how and when the customers may need to make an affiliation with the company [76]. This affiliation can be achieved by first getting the customers' information, providing them with the products or services they need to create value. This process sets a good foundation for formation and extension of

the relationship with customers by using the appropriate channels laid down by the company [2].

Service quality is a critical element of CRM, Gee et al [34] suggests that, the cognizance of the variables that influence buyer commitment is significant. The idea of quality should be continuously standardized because studies show that organization quality has a gainful result on buyer satisfaction and also an important relationship with customer relentlessness, and the associations' efficiency [34].

The last element that will be discuss under the element of CRM for the purpose of this research is employee behavior. The relationship that exist between employees and the company is a major determining factor for the service they will render to customers. [34] An employee who is given good incentives and a good working conditions will treat customers better and vice versa. This means, the positive effect of employees' behavior could be imparted by growing response to customers [56].

Another aspect of CRM which has brought the dynamics in the strategic approach to CRM is social CRM. Social CRM is seen as a strategy which is supported by a technology platform, business rules, workflow, processes and social interactions which is designed to engage in a collaborative conversation in order to provide a mutually beneficial value in a transparent environment [91]. Social CRM is an innovative approach to CRM considering the evolution of sophisticated technologies that have given rise to a different way of interaction among people which can be termed as social media. This has shifted the way companies and customers interact with each other to channels like Facebook, Twitter, Instagram, LinkedIn and other social media platforms. The social media allows customers to share their unfiltered grievances and experiences through these channels which have become a preferred way to communicate with a brand. In response, companies have begun to meet customers on these social media platforms, giving rise to the term social CRM [91].

The shift to Social CRM requires a different set of tools and processes for its functioning which is different from the traditional CRM. According to [91], the new social CRM tools starts with Social media monitoring. This tool allows marketers to listen and make sense of what customers and potential customers say on the various social media platforms. This requires the attention of a staff who fully understands the concept of social media for full supervision and monitoring. Another tool for the social CRM aspect is big data management. This requires the use of appropriate software to process the large amount of data that the company receives to ensure security and standardization of tasks across all touch points. Data becomes useless if you can get a value from it. This makes predictive analytics a very important tool for the social CRM aspect. Predictive analytics tool give the edge to analyze texts and sentiments which in tend give full insights regarding your customers and potential customers preferences [91]. Community platforms as a tool for social CRM also provides an online community forums which enable companies to educate and inform customers. Some of these platforms in the likes of Facebook, Instagram, Twitter, and LinkedIn enable customers to oversee the structure, concept and content posted to help them make an informed decision. The last tool which is keen for effective social CRM is the collaboration tools. This gives a bi-directional communication with customers and the company. This tool provides the windows to what your customers are saying as well as a means to respond. An example is the Pivotal's social CRM application which is a system that incorporates the ability to open a case as well as communicate with the customer from the various social media platforms [91]. Social CRM has been one of the effective ways to communicate effectively with customers and potential customers. Also it is ideal to note that, social CRM encompasses multi-channel strategy and is the duty of companies or marketers to identify the channels which customers are conversant with to decide on the approach to use to create the value they desire.

SCRM approach as illustrated starts by gathering the comments and complaints of users, as well as creative employee ideas. This information enables managers to define and select target groups and define goals effectively. The next step is the establishment of the “community CRM employee teams”, which deal with marketing activities, communication with users and customer service on the micro and macro level. Finally, the process of results measurement is performed, which needs to be in conformity with the already established goals of the company [36], [22]. Specifically, social media activities, as well as the data on service users need to be integrated into the CRM system and connected with the loyalty programmes, so as to lead social customer management to business outcomes.

1.3. Customer relationship management process and implementation in the airline industry

Customer relationship management processes are set of activities undertaken by a company concerning customer satisfaction and management of relationship [73]. The basic or traditional CRM process CRM systems are operated as integral tool of the IT to improve the customer relationship and satisfaction and also to support the business front office. It also describes and highlights the potential disparity that exist between the relationship marketing approach and CRM. An illustration of the CRM process model is shown in fig.1.4 below. The traditional process model of CRM is divided into five steps which are:

- customers’ data collecting continuously;
- implementing the collected information to manage customers’ contact;
- development of marketing and business strategy;
- marketing programs development;
- measuring of successfulness while refining and increasing customer data base [58], [106].

In the model above, information collected are refined and enhanced according to the structures and specifics of the organisation. “This collected information is stored to be used by the customer contact staff. After analyzing the information and crating the new information marketing programs would be developed and approved. This is a feedback control system which updated constantly, and new marketing programs would be developed based on new information. As is clear in the figure, this system is iterative and continuously” [105].

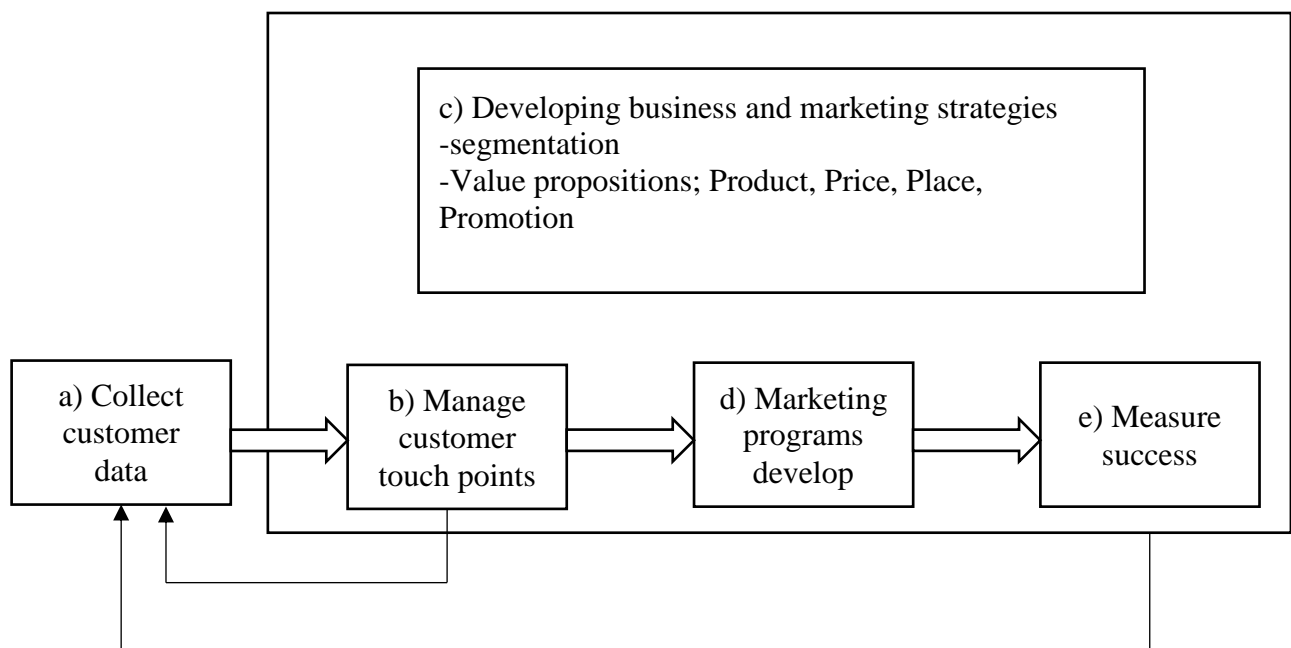


Fig. 1.4. The CRM process model Roberts [58]

However, other researchers are of the view that, CRM process is geared towards the formation of perceptions of a company and its products through customer identification, customer knowledge creation and building customer relationships [86]; [77]. Rababah, Mohd & Ibrahim [77] however incorporated this into four main processes which are;

customer-facing level CRM processes;

customer-oriented CRM processes;
cross-functional CRM processes;
CRM macro-level processes.

Customer-facing level CRM process is perceived as a systematic process to manage customer relationship initiation, maintenance and termination in all customer contact points in order to maximize the value of the relationship portfolio. There are three CRM sub process at this process which are relationship initiation, relationship maintenance relationship termination [77]. This process also considers the building of a single view of customers across all contact channels and the dissemination of customer information and intelligence to all customer-facing functions. Doing this, an emphasis on the importance of coordinating information across time and contact channels to effectively manage the whole relationship systematically [77].

Customer-oriented CRM process incorporates all activities that are done to satisfy customer needs and solve problems as they occur [79]. Because of the semi-structured and knowledge intensive nature of the customer-oriented CRM process, it has been differentiated into three kinds which are; CRM delivery processes, CRM support processes, and CRM analysis processes to enable companies cater for specific needs of customers and address issues as they occur.

The cross-functional CRM process as the name suggests uses the integration approach of combining the aspects of operational CRM, collaborative CRM and analytical CRM and how they interact with each other. This integration processes create a value adding activities based on the results of the strategy that will be formulated by the company. The cross-functional CRM process uses a five holistic approach which includes; the strategy development process, the value creation process, the multichannel integration process, the information management process, and the performance assessment process [35].

The cross macro-level process refers to the activities that companies undertake which creates market gather information and creates intelligence which the company can leverage on as a competitive advantage and also to rely on to build and sustain a profit maximizing portfolio of customer relationships through the knowledge management process and interaction management process [4]. The knowledge management process and interaction management process are highly dependent on the technological and human resource system of the company.

Implementing a CRM strategy is an investment of resources that will be beneficial to companies in the long-term. An effective CRM implementations serves as a strategy and a direction for CRM initiatives and ensures that investments are targeted to enhance stronger relations customers [26]. At the implementation stage of a CRM strategy, the company should identify its customer profile for example; their needs, their level of satisfaction, and what impacts their purchasing decisions. Through this process, a subset of the client base to focus should be identified to be able to direct resources efficiently. The CRM implementation strategy should also define the goals of the company's business' engagement with current and future customers to maximize sales, profit and long-term growth. An assessment of the company's capabilities and whether it has the technology, human resources and skills to meet these goals should be made [26]. Before the implementation of a CRM strategy, these three steps are paramount according to [94]:

- set clear desired results for CRM, identify the steps to achieve this vision, and monitor progress towards these goals;

- the CRM strategy should be incorporated into the entire business model and align with strategies from other areas such as marketing and sales;

- the CRM strategy should include these eight aspects: vision, strategy, customer experience, organizational collaboration, processes, customer information, technology, and metrics.

For the purpose of this research, CRM implementation will be examined in the airline industry because it is one of the information rich sectors and a pure service based industry which requires a more personalised marketing strategy because of the diverse nature of the target market [81]. Also the airline industry is characterized by regulations and it is subjected to scrutiny for ensuring precision. Because of this pressure and the growing competition, airline companies cannot just rely on IT or just frequent flyer programs to survive but rather a comprehensive CRM strategy is critical [25]. This call for systems and tools through which companies can manage inventory, customer details such as the data and preferences, transactions, refund details etc. [25]. A typical touch points for the airline industry is illustrated in fig. 1.5 below. This calls for a better understanding of the CRM system for the airline industry. Doing this, it is essential to ensure that all of this information is in line with the regulatory bodies.

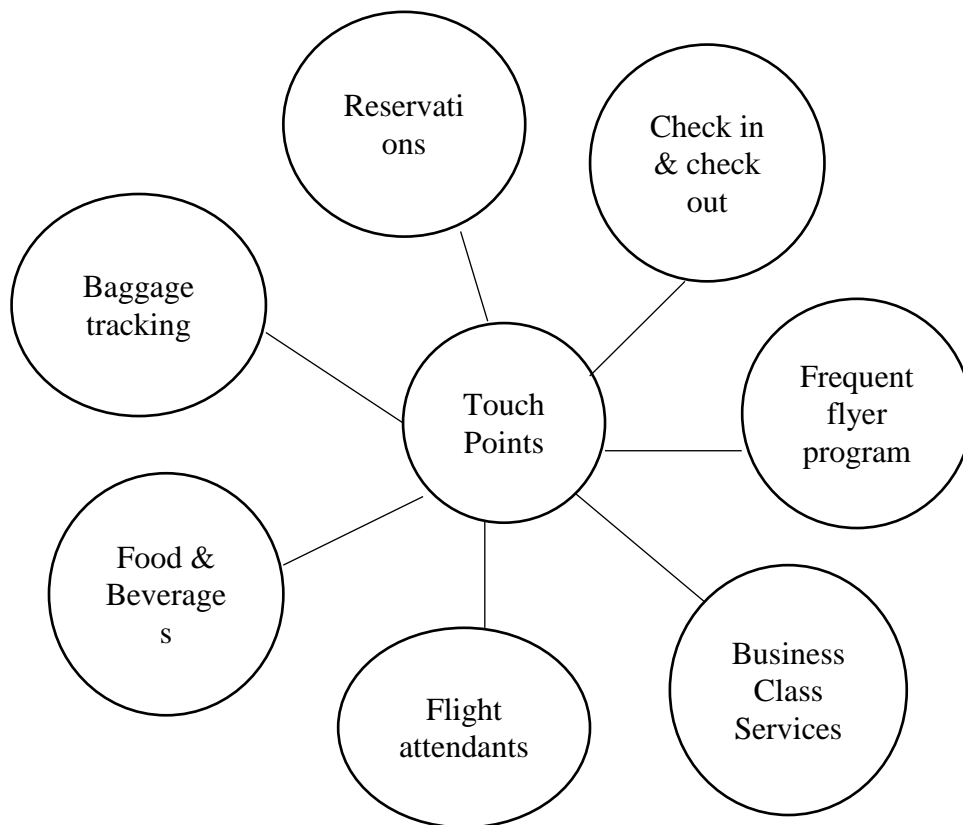


Fig. 1.5. Illustration of touchpoints for the airline industry [81]

CRM implementation in the airline industry helps to integrate electronic data interchange and quality because the airline industry requires decisions to be made in a timely manner and with absolute precision. This can only be achieved through the implementation of CRM for the entire process. This will ensure that the management has effective control over financial and industrial activities, and in turn, enhanced operational efficiency [25].

The implementation of CRM in the airline in the industry will be taken from the information technology (IT) and relationship marketing theories. A conceptual model developed by [81] will be adopted for the purpose of this research which suggests the following:

1. The effect of the information stage as expressed by the database and interaction, on trust stage, as expressed by add value and loyalty.
2. The relationships between the trust stage and the objective stage expressed by Commitment & Promises and Benefits.

A generic model for CRM implementation in the context of the airline industry is illustrated below in fig. 1.6.

The information phase of the CRM focuses on the categorization and collection of customer information. According to [24], customers in the airline industry are categorized according to the following:

- individual traveler;
- the travelers company;
- the person choosing the airline;
- the travel agent;
- cargo brokers.

Customer information is collected in the process of the transaction and some information which are collected at this stage according to [81] are:

- demographic profiles;

loyalty membership information;
 service preferences;
 purchase and travel history;
 contact information;
 online behavior.

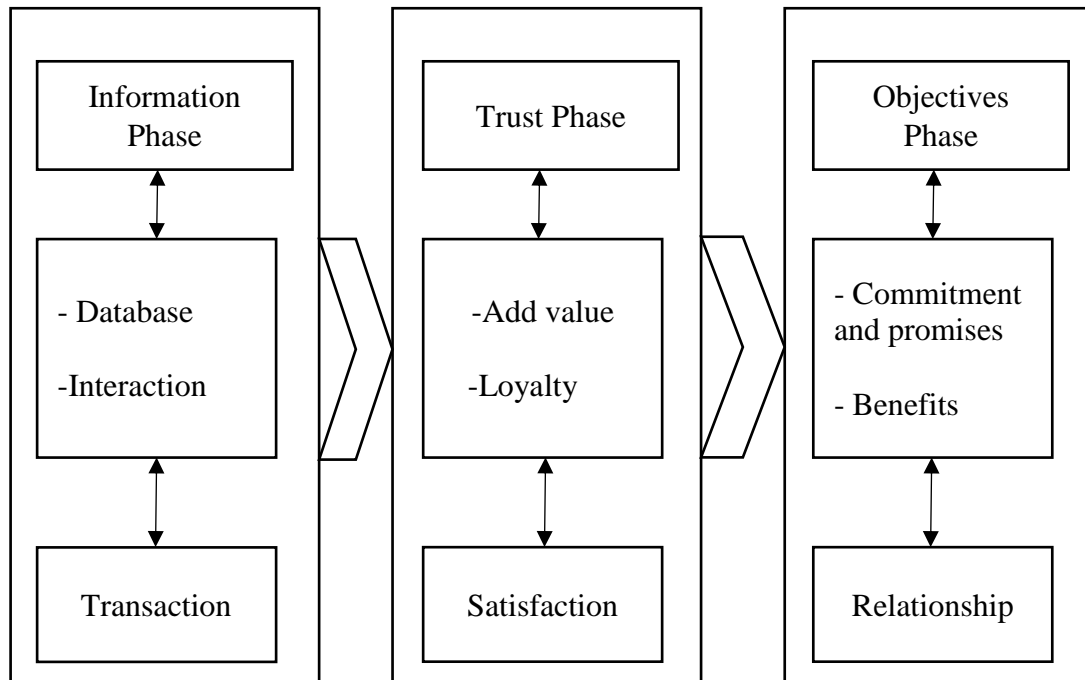


Fig. 1.6. A generic model for CRM implementation in the context of the airline industry [81]

Effective CRM implementation is fueled by information flow of the above information because it contributes to customer insight generation for the next phase of the CRM implementation. This phase of the CRM implementation is very critical because a transaction between customers and the company leads to data and interaction which result in complete information about customers for future action to implement an effective CRM program [24]. The trust phase of the CRM implementation considers good customer service and effective support system as the key elements which add value

to customers and make them satisfied and loyal. Shankar et al. [101] shares the same view that, customers consider satisfaction as the perception of pleasurable fulfilment of a service, and customers who are satisfied are likely to make a repeat purchase [61]. McKim [14] also argues that, CRM is systematic, automatic, customized, targeted and relevant communications, initiated from data points or product relationship and other valuable consumer information not for the sole aim of increasing loyalty and acquisitions rates but to also enhance and manage customer relationship in a more efficient way to mutually benefit the customer and the airline company. All the researchers however agree that, value added services satisfy customers and is a major determining factor for repetitive purchases hence enhancing the company's market share. The objectives phase of the CRM implementation considers the fulfilment of objectives. These objectives can be derived as the result of promises and commitment and other financial benefits which motivated the actions towards a good relationship between the customers and the company. This is because a relationship is a mutually rewarding connection between the two parties with each party expecting some objectives [14]. In this case, airline companies give a set of promises or offers which are connected with the services they provide and customers on the other hand also give their own promises which need to be kept if the relationship is to be maintained [41]. So for an effective implementation of CRM, it is important for both sides to realize the completion of promises and provide benefit to fulfil the objectives between the customer and the company for a long-term relationship.

Social customer relationship management in the airline industry has been phenomenal in the quest by airlines to serve customers better through the CRM strategies. Airline companies invest hugely into the implementation of new systems that ensures long term customer loyalty [46]. One of such implementation is the social CRM which indicates that, companies are capable of cooperating with service users relying on their needs and wishes, and not its own rules and principles [22]. Social CRM in the

airline industry implies that, there exist an active cooperation of all employees in the company and involvement in customer services. Its implementation also takes into consideration of a pull communication strategy with customers, 24/7 internet access, use of various media for transmission of comments and complaints of users, as well as involvement of users in generating ideas to upgrade the overall quality of services [65], [13]. The high rise of these digital users is as the results of the generation who were born after the year 1980 [36]. These sophisticated group of people usually use the new social CRM to rapidly spread their opinions, which guarantees more intensive cooperation with the airline companies [65]. Many airline companies have implemented SCRM to significantly upgrade their offer content with the sole aim of retaining their customers. For instance, Emirates airlines continuously implement new services to develop relationships with customers such as: adds augmented reality touch to its economy class amenity kits, pre-flight and in-flight entertainment. Also Dutch LCC Transavia is one the first low-cost-airline companies who adopted the use of WhatsApp messaging app for customer care while Jetstar Asia introduced in-flight book exchange to encourage holiday reading [46]. KLM airlines in the quest to surprise and motivate their travelers awarded personalized gifts to travelers waiting at Amsterdam Schiphol airport, on the basis of the personal data they provided on Four Square and Twitter. Research shows that, the travelers were both surprised and pleased with such gesture [22].

A survey conducted by [95] analyzing the Twitter, Facebook and Instagram profiles of some largest companies worldwide which was done in a span of three months depicts that, the use of eCRM and SCRM brought about the following results:

1. KLM is an airline company that most responds to the requests and comments of travelers on Twitter, up to 87% of requests, i.e., it delivers 118 responses on average per day.
2. Twitter accounts of low-budget companies have the largest number of followers on Twitter, followed by Air Asia and Jet Blue.

3. Qatar Airways has the largest number of Facebook fans.
4. Emirates and American Airlines are the most popular and widespread on Instagram.
5. Middle East airlines, including Qatar Airways, Emirates and Etihad, are also involved in the activities of generating posts of their travelers on the internet.
6. Emirates airlines has developed one of the most efficient SCRM strategies based on the principle that the so called Instagram “ambassadors” of this airline company are actually its travelers who are active on Instagram, and the images of the company.

This means that the potential of social media and networking can be used as a vital part of all marketing activities in the airline industry. Social media, live chats, customer communities, email messages and mobile applications are just some of the communication channels that provide valuable and legitimate information on service users. Also comprehensive analysis by [25] posits that, the airline industry can reduce operational cost and subsequently reduce the cost of airfares when it effectively streamline its business processes by implementing CRM successfully.

The first chapter of this research encompasses a detailed explanation and analysis of the key term “customer relationship management”. Its essence and how it has become crucial for companies to adopt this strategy with the sole aim of customer identification, customer satisfaction, customer retention and increasing customer loyalty. Companies who effectively implement CRM stand a high chance of increasing their market share in their respective industries hence increasing profits. Also CRM just like any other strategy goes through series of processes before its successful implementation, so several processes of different aspects of CRM were discussed as well. Also the evolution of technology which has given rise to the use of modern technologies were addressed with much focus on social customer relationship management which has become a more efficient way of adopting the CRM strategy in the airline industry.

2. COMPREHENSIVE ANALYSIS OF TURKISH AIRLINES

2.1. Description, history, activities and organizational structure of Turkish Airlines

This chapter of this research presents a comprehensive analysis of the subject of this research which is Turkish airlines incorporation. Turkish airline is headquartered in Turkey, the General Management Building, Ataturk Airport, Its mission as the flag carrier of Turkey is to provide air transportation services in order to champion the country's attempts to penetrate the world markets which is happening already by connecting all regions with a certain passenger potential within Turkey and also serving as a bridge between the Turkish Republics of Central Asia, Africa, the Balkans, the Middle and Far East, the Americas and Europe. Turkish Airline also act as a leading technical service provider for the aviation industry [97].

Turkish Airlines Inc., or Türk Hava Yollari A.O. (THY) was established in May 20, 1933 as a domestic carrier and was first called Devlet Hava Yollari (DHY) (State Airlines Administration), a department of Turkey's Ministry of Defense. Its fleet was made up of just five aircrafts. The airline benefited from the postwar U.S. assistance program to Turkey and with the help of Pan American, the fleet was upgraded with Douglas DC-3s, and it became the largest airline in the Middle East. THY made its first international flight in 1947, connecting Ankara with Athens, Greece, via Istanbul. They soon added to the route network to Nicosia, Cyprus; Beirut, Lebanon; and Cairo, Egypt [97]. The Turkish government reorganized the airline in 1956 and capitalized it at TRL 60 million. British Overseas Airways Corporation (BOAC) began supplying technical support after acquiring a six percent shares, which it held for about 20 years. The fleet was upgraded with Viscounts and Fokker F27s in the late 1950s. The company began operating its first jet, a DC-9, in 1967. This was followed by the addition of a leased Boeing 707 in 1971. Other jets operated in the early 1970s included the DC-10 and

Boeing 727. However THY lost TRL 2 billion in 1980 but it was soon profitable again, as flights to West Germany made up for loss-making internal operations. Fares were kept low on domestic routes, £30 for the 40-minute hop between Istanbul and Ankara. This compared to a £20 (first-class), 12-hour train ride. West Germany and the Middle East attracted a number of workers from Turkey as well which made them to increase their market size [97].

THY encountered misfortunes when they were faced with several difficulties including developing a reputation for poor customer service and delays. It also suffered hijackings and seven accidents between 1974 and 1983 [1]. However the introduction of a new government in 1983 saw a restructuring of Turkish airlines with intensified security and adoption of modern technology to enhance operation efficiency and also becoming a member of the International Air Transport Association (IATA). A new ultra-modern technical center was built in Yesilkoy Airport in 1984. It had the capacity to handle both light and heavy maintenance on a number of different aircraft type and employed up to 1500 employees. This also saw an increase in their capital to TRL 60 billion and was classified as a state of economic enterprise. Three years later, the capital was raised again, to TL150 billion [97].

It slowly began a privatization process in 1990, when 2 percent of stock was floated and later accelerated in late 2004 with the offering of an additional 20 percent of shares. Turkish airline expanded its services to many destinations and provided freight services over the years and it has become one of the prominent airlines globally. It is known as Europe's youngest fleet and was also known for providing superior services all over the world in 2013-2014. Turkish airline was also crowned Europe's best airline for five years 2015 [49]. They can now boast of a fleet of 343 aircrafts including passenger and cargo and flies to 106 countries becoming the world's most international airline [93]. This was achievable with a combination of the company's vision and values which also serves as a competitive advantage illustrated in tab. 2.1 below.

Table 2.1**Mission, vision and core values for Turkish Airlines**

Mission	Vision	Core values
To become the preferred leading European air carrier with a global network of coverage thanks to its strict compliance with flight safety, reliability, product line, service quality and competitiveness, whilst maintaining its identity as the flag carrier of the Republic of Turkey in the civil air transportation industry.	To become an air carrier with; <ol style="list-style-type: none"> 1) a continued growth trend over industry average 2) zero major accidents/crashes 3) most envied service levels worldwide 4) unit costs equating with low cost carriers 5) sales and distribution costs below industry averages 6) a personnel constantly developing their qualifications with the awareness of the close relationship between the benefits for the company and the added value that they contribute 7) an entrepreneurship that creates business opportunities for fellow members in the Star Alliance and takes advantage of the business potential provided by them 8) a staff well adapted to modern governance principles by observing the best interests of not only shareholders but also stakeholders 	<ol style="list-style-type: none"> 1) Honesty and Fair Dealing 2) Customer Satisfaction 3) Demonstrating Respect to Individuals 4) Innovation 5) Team Work 6) Leadership 7) Productivity 8) Confidentiality 9) "Open Door" Policy

Turkish airline has ventured into other significant capital ventures such as the maintenance and repair facilities, aircraft seat manufacturing, support services and cabin interior manufacturing among others [1]. All these activities and diversification have been possible with the help of partners, companies and brands of Turkish airline which is presented in tab. 2.2 below. The table shows the founding date, headquarters, shareholding structure and the area of operation of the companies, brands and partners of Turkish airlines that contributed enormously for the success story of the company.

The organizational structure and management style of Turkish Airlines changes whenever there is a new government in Turkey. This has become a major problem within the Turkish airline management. Though Turkish airline is a well-developed and structured company, the political interferences affect the company's management system.

Table 2.2

Services provided by Turkish Airlines and its partners

Turkish Airlines group companies	Founding date	Headquarters	Shareholding structure	Area of Operation
Passenger and cargo transport				
Güneş Ekspres Havacılık A.Ş.	October 1989	Antalya	50% Turkish Airlines - 50% Lufthansa	Passenger and cargo transport
Sun Express Deutschland GMBH	April 2011	Germany	%50 Güneş Ekspres - %50 DLP Stiftung	Passenger and cargo transport
Maintenance and repair (MRO)				
Turkish Technic Inc.	May 2006	SG Airport, HABOM Facilities, Istanbul	100% Turkish Airlines	Aircraft maintenance (MRO)
TEC Turkish Engine Center	October 2008	SG Airport, HABOM Facilities, Istanbul	51% PW - 49% Turkish Airlines	Engine maintenance (MRO)
Goodrich Turkish Technic Service Center	October 2010	Gebze	60% Goodrich - 40% Turkish Technic Inc.	Engine maintenance (MRO)
Inflight productions				
TCI Turkish Cabin Interior Inc.	May 2011	SG Airport, HABOM Facilities, Istanbul	50% Turkish Airlines - 50% TAI	Inflight productions and trade
TSI Aviation Seats	September 2011	SG Airport, HABOM Facilities, Istanbul	50% Turkish Airlines - 50% Opet	Inflight productions and trade
TSI Aviation Seats	June 2014	Utah, USA	100% Aircraft Seat	Inflight productions and trade
Support services				
Turkish Opet Aviation Fuels	September 2009	World Trade Center, Istanbul	50% Turkish Airlines - 50% Opet	Aviation fuel trade
Kuzey Tankercilik A.Ş.	November 2012	World Trade Center, Istanbul	% 100 THY Opet	Marine transportation
Güney Tankercilik A.Ş.	November 2012	World Trade Center, Istanbul	% 100 THY Opet	Marine transportation
Turkish Do&Co	January 2007	Ataturk Airport, Istanbul	50% Turkish Airlines - 50% Do&Co	Catering
TGS Turkish Ground Services	August 2008	World Trade Center, Istanbul	50% Turkish Airlines - 50% Havaş	Airport ground services
THY Aydın Çıldır Havalimanı İşletme A.Ş.	June 2012	Cildir Airport, Aydın	100% Turkish Airlines	Airport management and aviation education
Others				
Vergi İade Aracılık A.Ş.	September 2014	Besiktas, Istanbul	30% Turkish Airlines - 45% Maslak Oto - 25% VK Holding	Tax return brokerage services
HY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	November 2017	Ataturk Airport, Istanbul	100% Turkish Airlines	Airport Investments and Management

For instance, when there is a change of government in Turkey, the government changes management of the company then the new manager changes the culture of the organization based on the new government's ideas. This sometimes serves as a major challenge to the employees creating political divisions among them [100].

Turkish airlines has adopted a hierarchical organizational structure despite its management challenges. According to [99], the hierarchical organizational structure is the most popular type of organizational structure where employees are grouped with every employee having one clear supervisor. The unity of command is allotted according to some factors which some of them are:

1. Function – where employees are grouped according to the function or a specific task they perform.
2. Geography – where employees are grouped based on their location
3. Product – where employees are grouped according to products offerings especially when the company provides not just a single product or service.

Considering the nature and the complexity of the airline industry, the Hierarchical organizational structure was deemed fit for Turkish airlines considering the different functions that need to be performed and the different services they provide ranging from passengers to cargo. Also since the airline industry is characterized by efficiency, stability and doing things right, the hierarchical organizational culture fits Turkish airline. The organizational structure of Turkish Airlines places the Board of Directors at the top of the company with the Executive Committee right beneath the Board of Directors. It also places the CEO and President just at the bottom of the Executive Committee. These three positions are the three main top positions at Turkish Airlines. The structure further shows that, some Senior Vice Presidents (SVP) in the likes of Private Office, Participations, General Aviation VIP Aircraft Operations report directly to the Board of Directors. Also the Senior Vice President for Inspection Board only report directly to the Executive Committee. Some Senior Vice Presidents who also

reports directly to the CEO and President are; Quality Insurance, Corporate Safety, Security, Media Relations, Legal, Flight Training and Technical. All the functional heads as illustrated in the above figure report directly to the CEO and President. This Hierarchical organizational structure adopted by Turkish airlines enhances information flow and provides the efficiency the company desires [49].

When it comes to corporate social responsibility and sustainability, Turkish Airlines has developed a sustainability agenda based on four pillars: governance, economy, environmental and social. This helps them to conform to the international aviation regulations together with the national requirements and aim to go beyond compliance by implementing internationally-recognized management systems and policies. Also over the years, Turkish Airlines has established a good relationship and collaborations with its business partners, suppliers and NGOs and academic institutions with respect to their material sustainability topics with the aim of overcoming challenges and achieving better results [100].

Turkish Airlines which started its operation in 1933 with few aircrafts has grown to become one of the best airlines in the world with so many achievements and a strong brand recognition. Among services provided by Turkish Airlines and its subsidiaries are; passenger and cargo transport, maintenance and repair, inflight productions and support services. It has also adopted the hierarchical organizational structure which places the board of directors at the top.

2.2. Economic and financial analysis of Turkish Airlines

Under this sub-chapter, the economic and financial analysis of Turkish airlines will be discussed. The economic prowess of Turkish Airlines has been a tremendous factor towards their success story all these years.

According to [1], Turkish Airlines has more international gateways globally for its passengers than any other airline. Currently it flies to 319 destinations in 126 countries.

The flight network of Turkish Airlines covers their domestic flights and international flights as well. Turkish Airline which started as a domestic flight is still the market leader when it comes to domestic flights in Turkey by flying to 50 cities and 52 airports. The international flight network starts with Turkey which is the main hub and spreads across Europe, Far East, Middle East, Africa and America.

There is a considerable focus on Europe and Africa as they have a considerable higher number of destinations as compared to the others. Currently Turkish Airlines flies to a total of 126 countries 316 cities and 319 Airports. A detailed breakdown of the destination countries, cities and airports is depicted in tab. 2.3 below.

Table 2.3

Flight network and destinations of Turkish Airlines

	Country	City	Airport
Domestic	1	50	52
International	125	266	267
Europe	43	115	116
Far East	22	38	38
Middle East	13	35	35
Africa	38	59	59
America	9	19	19
Total	126	316	319

Though Turkish Airlines has a quite number of flying destinations, it seeks to enter new markets and deepen the existing markets with the contribution of the new Istanbul Airport. Some of the new market Turkish Airlines recently entered are: Freetown (Sierra Leone), Samarkand (Uzbekistan), Aqaba (Jordan), Krasnodar (Russia), Londra Gatwick (Great Britain), Doha (Qatar), Banjul (Gambia), Lusaka (Zambia) and Moroni (Union of the Comoros). Also plans are underway to launch flights to Marrakech (Morocco), and Palermo (Italy) [1].

The performance of Turkish Airlines with regards to its passenger potential has been consistently growing massively for more than ten years. In 2003, Turkish Airlines carried 10.4 million passengers. This figure rose to 29.1 million, 32.6 million, 39 million and 48.3 million passengers in 2010, 2011, 2012 and 2013, respectively. There was an impressive growth in 2014 which saw the numbers rising to around 55 million. In 2015, it recorded a 61.2 million and this increased to 62.8 million by the end of 2016. The number of passengers carried by Turkish Airlines reached 68.6 million in 2017 while the load factor improved by 4.7 points up to 79.1%, international Load Factor increased by 5 points up to 78.4%, during January-December 2017 period. During January-April 2018, increase in demand and total number of passengers was 21% and 24%, respectively, over the same period of the previous year, and the total number of passengers increased by 9.5% and reached 75.2 million [1]. A trajectory of the increase in the number of flights of Turkish Airlines is shown in fig. A.1 below.

The geographical position of Turkey which is the main international transfer hub of Turkish Airlines places it at a strategic point as a center of world airline traffic. This enhance passengers experience when it comes to flight connections. The ever-expanding fleet allows for one stop connections between virtually any two cities on earth and the Turkish rich cultural heritage also enhances passengers' experiences by making them feel special and valued throughout their travel. The adoption of innovative strategies at each stage of the travel such as, offering passengers pleasant surprises bring them a diverse and memorable travel experience [1]. A detailed passenger traffic data of Turkish Airlines based on 322 aircraft for 2018 and 343 aircraft for 2019 is depicted in tab. 2.4 below according to [49].

From the above table, there has been a massive growth of Turkish airline. Though there is a slight decrease in the total number of landed flights (passenger flights) which corresponds to the passenger load factor to also have a slight decrease in percentage. All the other variables show an increase from the previous year.

Table 2.4**Analysis of international and domestic passenger traffic data of Turkish Airlines**

Item	2018	2019	Change (%)
Number of Landing (Passenger Flights)	47.281	46.665	-1,3%
Available Seat Km ('000)	17.201.171	17.888.659	4,0%
Revenue Passenger Km ('000)	14.728.359	15.167.150	3,0%
Passenger Load Factor (%)	85,6%	84,8%	-0,8 pt
Passengers Carried	7.568.666	7.432.116	-1,8%
Int-to-Int Transfer Passengers Carried	2.245.720	2.456.491	9,4%
Cargo and Mail (Tons)	116.682	130.151	11,5%
Fleet	326	343	5,2%
Seat Capacity	65.130	67.440	3,5%
Number of Destinations	304	315	3,6%
Km Flown ('000)	81.427	86.366	6,1%
Hours Flown	134.104	140.635	4,9%
Utilization	13:25	13:48	2,9%

For instance available seat in kilometers increased by 4% from the previous year which corresponded to an increase in revenue of 3%. All this was possible because of the 5.2% increase in the number of fleets from 326 in 2018 to 343 in 2019. The increase in the number of fleets allowed Turkish Airlines to serve more international passengers which saw an increase of 9.4% from the previous year. Also the number of destinations increased from 304 to 315 signifying a 3.6% increase. The year 2019 also saw a massive growth in Turkish Cargo with a tremendous 11.5% increase from 2018.

Turkish airline has one of Europe's youngest fleets with an average age of 8.2 years. Currently Turkish Airlines has a total of 344 aircraft, of which 225 are narrow, 96 are wide bodies and 23 freighters [1]. Among Turkish Airlines fleet, it has dedicated 15 aircrafts to a prominent subsidiary of the Turkish Airlines which is the Turkish Cargo. This subsidiary carries cargo also carry cargo to 311 destinations in 124 countries that the global carrier currently serves. It also serves 88 destinations around the world separately with a wide cargo network, the company carried 1.41 million tons of cargo in

2017 which is an increase of 26.15%, compared to the previous year [1]. The total fleet of Turkish Airlines with their specifications are illustrated in tab. 2.5 below [49].

Table 2.5

Total fleet of Turkish Airlines

No.	Name of Aircraft	Seating capacity	Number of aircraft
1.	Airbus A330-300	289-305	39
2.	Airbus A330-200	220-250-279	18
3.	Airbus A321-200	178-180-194	68
4.	Airbus A320-200	150-159	17
5.	Airbus A330-200F	-	10
6.	Airbus A300-600F	-	1
7.	Airbus A310-300F	-	3
8.	Airbus A319-132/100	132	6
9.	Airbus A321 NEO	182	8
10.	Boeing B777-300 ER	349-400	33
11.	Boeing B737-800	151-165-189	98
12.	Boeing B737-700	124	1
13.	Boeing B737-900ER	151-169	15
14.	Boeing B747-400F	-	4
15.	Boeing B777F	-	5
16.	Boeing B737-9 MAX	169	1
17.	Boeing B737-8 MAX	151	11
18.	Boeing B787-9 Dreamliner	132	6

Turkish Airlines seek to add more aircrafts to their fleet and targeting over 500 aircraft by 2023 to meet the demand of the new Istanbul airport. The number of aircrafts that will be added include the new wide body aircrafts of 6, 14, 10, 12, 11, and 7 which will be delivered respectively in 2019, 2020, 2021, 2022, 2023, and 2024. Turkish airline seek to also add 167 new generation narrow bodies as well. This will enable them

to serve the new identified markets adequately and increase their market share and increasing their frequency depth.

The expansion of Turkish Airlines has been growing and matching up with their sales revenue over the years. A statistical data of sales revenue in million dollars from the year 2012 to 2018 is depicted in fig. E.1 (appendix E) below. The chart shows a steady increase of revenue from 2012 to 2015 when the revenue started declining through the year 2016. A considerable increase in revenue was again recorded in 2017 and in 2018 Turkish Airlines annual revenue fluctuated and reached its peak amounting to approximately 12.8 billion U.S. dollars [87]. However, Turkish Airlines in 2018 recorded a loss of 1.5 billion dollars according to [5]. The loss according to the board of directors was as a result of their transition to the new Istanbul Airport and investments in their fleet growth but it was not attributed to the attempt being made to acquire shares in the new Istanbul airport as speculated by some media outlets [5]. An estimated revenue for 2019 is expected to increase considering the acquisition of new fleet to serve the new markets and deepen the existing ones.

The financial analysis of Turkish airline for the full years of 2017 and 2018 is depicted in the subsequent tables below to show the income statement, horizontal and vertical analysis of assets liabilities and equities, change of profits and the analysis of some key financial ratios for the 2017 and 2018 accounting years. The financial data and analysis encompasses the consolidated Balance sheet and statement of profit and loss for Turkish Airlines and its subsidiaries for the year 2017 and 2018 (appendix D).

The financial analysis will show the true standing of Turkish Airlines and its subsidiaries and compare the previous year to the subsequent year to determine the change of growth. The tab. E.1 – E.4 in appendix E illustrate the vertical and horizontal analysis of asset, liability, and equity items of Turkish Airlines for the year 2017 [1].

Financial ratios are presented in tab. 2.6.

Table 2.6**Financial Ratios for Turkish Airlines for 2017 and 2018**

Ratio	2017	2018
Current Assets	3631.00	4505.00
Current Liabilities	4297.00	5184.00
Inventories	193.00	190.00
Non-Current Liabilities	8554.00	9603
Total Liabilities	12851	14787
Current Ratio	0.845008145	0.869020062
Acid Test	0.800093088	0.832368827

The financial ratios for Turkish Airlines for the period 2017 and 2018 period gives an idea of the financial performance of the company. Some financial ratios differ from industry to industry and its interpretation is given in that regard. For instance, the current ratio is mainly used to determine the company's ability to pay back its short-term liabilities with its short term asset and in the case of Turkish Airlines, it is 0.85 for 2017 and 0.87 for 2018 which show an improvement from the previous year.

Furthermore, in order to test the liquidity of Turkish Airlines an acid-test which is also known as the quick ratio was conducted. This test measures how sufficient a company's short-term assets are to cover its current liabilities. The acid test ratio is 0.83 for 2018 which is an increase from 0.8 for the previous year of 2017. This implies a good liquidity ratio for Turkish Airlines in relation to the airline industry. Also, in order to know the actual financial performance of Turkish Airlines, the profitability ratios are analyzed. This are a class of financial metrics that are used to assess a company's ability to generate earnings relative to its revenue, operating costs, balance sheet assets and shareholders' equity over time using data from a specific point in time. Tab.2.10 depicts the profitability ratios and dynamics for the year 2017 and 2018 for Turkish Airlines.

The tab. 2.7 shows a massive improvement of the financial performance of Turkish Airline from the 2017 to 2018.

Table 2.7**Profitability dynamics table of Turkish Airlines for 2017 and 2018**

Items	Figures in million dollars		Dynamics	
	2017	2018	Increase	Growth Rate %
1	2	3	4	5
Revenue	10958	12855	1897	17.31
Cost of Sales	-8762	-10136	-1374	15.68
Gross Profit	2196	2719	523	23.82
General Administrative expenses	-275	-260	15	-5.45
Marketing and sales expenses	-1127	-1290	-163	14.46
Other operating income	264	165	-99	-37.50
Other operating expenses	-36	-143	-107	297.22
Operating Profit (Loss) before investment activities	1022	1191	169	16.54
Income from investment activities	178	101	-77	-43.26
Expenses from investment	-1	-2	-1	100.00
Share of investments profit accounted using equity method	102	123	21	20.59
Operating Profit/(Loss)	1301	1413	112	8.61
Financial income	56	129	73	130.36
Financial expense	-1078	-588	490	-45.45
Profit before taxation	279	954	675	241.94
Tax expense	-56	-201	-201	358.93
Current tax expense	-49	-40	9	-18.37
Deferred Income tax expense	-7	-161	-154	2200.00
Net Profit (loss) for the year	223	753	530	237.67
Other comprehensive (expense) income for the year	36	-140	-176	-488.89
Total Comprehensive income(Loss) for the year	259	613	354	136.68

For instance, there was a revenue increase of 17.3% in 2018 which reflected in an increase in the gross profit of 23.82% in the same year. There was a significant increase in items such as operating profit before investment and profit before taxation which subsequently showed in the net profit for the year amounting to an increase of 237.67% from the year 2017 to 2018.

In conclusion, this subchapter analyzed the economic and financial aspect of Turkish Airlines. The flight network which shows the number of countries Turkish Airlines flies to. Also passenger traffic data for domestic and international passengers was analyzed to know the trajectory of growth over the years. The financial performance of Turkish Airlines was also analyzed and it was ascertained that, the company is in a good financial standing and all the indicators including some liquidity ratios and profit dynamic table show a massive improvement over the previous year.

2.3. Customer relationship management system implementation at Turkish Airlines

Customer relationship management in the airline industry has been one of the strategies adopted by airlines to increase revenue and achieve organizational goals. Turkish Airlines has had a past experience with a bad reputation of bad customer service in the 1980s and 1990s which was detrimental to the then growing airline [1]. This helped Turkish Airlines to devise various customer relationship management strategies to enhance the experience of both internal customers which are its employees and external customers which are specifically the passengers and other category of customers as well.

Turkish Airlines realized this in 2004 when they launched the customer relations online care service at www.turkishairlines.com.tr, aiming to facilitate the processing of customer suggestions and complaints [49]. They have also leveraged on the evolution of IT functions and infrastructures to adopt several initiatives in the context of customer relationship management. Therefore, after realizing that the first point of contact of companies in these contemporary era is their website, they launch a mobile application in 2009 and revamp the official website of Turkish Airline in 2011 to provide easy access and navigation for passengers and websites users thereby enhancing their experience and driving them towards customer satisfaction [60].

Also, to serve internal customers better, they initiated a crew planning and transfer in 2010 at the Istanbul hub to enable their staff work on different jobs as a form of job rotation to enrich their skills and experience to enable them deliver excellent service to customers. Also the shift to a digital flight initiative includes tablet for both cockpit and crew on the aircraft and also employee training to adapt to the new trends of sophisticated technologies to serve customers better. The same year also saw the establishment of a passenger management system at the Istanbul hub to help manage customers and restructure in the fares and pricing infrastructure to offer a competitive prices to customers [60].

To enhance customers and passenger experience, there has been a replacement of the in-house passenger service system (PSS). This system is responsible for the management of customer interactions with airlines from booking a ticket to boarding the flight. Moreover there has been a customer relationship management infrastructure which is geared towards the use of an in-house loyalty program and a multistep campaign management capabilities, direct marketing, e-mail marketing, etc. [60].

Also, Turkish Airlines recently pronounced their biggest move in aviation history with the opening of the Istanbul Airport which happens to be the largest airport in the world. The airport which is capable of 200 million passengers per year is an indication for innovation and growth [92]. The new Istanbul airport has the potential of increasing customer satisfaction through digitization and other strategies. For instance, from a digital innovative perspective, the airport has a digital map with an indoor navigation service designed in partnership with local startup Mihmander. This helps both passengers and employees to find their way in the mega-hub and let them familiarize themselves with the largest airport terminal ever built [87]. Another customer satisfaction strategy that has been implemented is the external RFID baggage tracking project, which informs the customers when their baggage is dropped on a particular carousel so that they can enjoy their time in other facilities such as duty free shops and

coffee shops instead of waiting for baggage claim. An extension of this technology has also been integrated with the lost and found system which enables agents to identify the owner of a lost baggage [87]. The new self-service devices like kiosks and self-bag drop devices are to ensure customers satisfaction and enable passengers complete their transactions in the shortest possible time. Also for the visually impaired passengers, the introduction of the braille boarding card services at various points of the airport will give more access to impaired passengers. All these among several others are some of the CRM systems implemented by Turkish Airlines to meet the modern passenger experience through customer satisfaction hence achieving an effective CRM system [87].

In order to fully assess the implementation of the CRM system of Turkish Airlines, the strength, weakness, opportunity and threats (SWOT) framework or concept is used as a basis for this analysis. SWOT analysis is a proven management framework which can be used as a benchmark and measure performance as compared to its competitors. Also strengths and weaknesses are the internal factors whereas opportunities and threats are the external factors [98]. The SWOT analysis in this context is used to elaborate Turkish Airlines' market segment, target, positioning and unique selling proposition. It is also imperative to note, and as discussed before, the concept of customer relationship management takes into consideration activities seeking to identify customers, making them satisfied, repeating purchases, increasing market share and subsequently maximizing profits and achieving organizational goals. In that regard, the SWOT analysis entails analysis of elements that are related to the CRM system implementation. The SWOT analysis of Turkish Airlines according to [98] is presented in fig. 2.2 below.

The strengths of Turkish Airlines are the internal factors that the company has control over, which they can capitalize on it as a competitive advantage to serve customers better.

Strengths	Weaknesses
1. Has a large fleet size and direct flights to more destinations than any other airline.	Higher prices than its competitors
2. Customer loyalty	Most of the flights are only from Ataturk airport which is not preferred by customers located in Asia side of Istanbul
3. Has more than 25000+ experienced employees serving customers worldwide	Has limited participation on social responsibility projects
4. Innovative marketing strategies including substantial cost advantage giving an edge over competitors	Restrictions on expansion and unstable organizational culture due to government interferences
5. In-flight entertainment, premium services, lounge facilities giving enhancing customers satisfaction	Has limited cold beverages (limited sources to satisfy the passenger demands)
6. The location gives an advantage to serve customers in Europe and Asia equally well.	Turkish Airlines website causes sometimes causes bad user experience for their customers
Opportunities	Threats
1. Rising market share of Turkish Airlines especially in Africa	Increasing presence of low cost carriers can affect the business of Turkish Airlines
2. Its local competitors have limited international flights	Increase in fuel prices results in increased in ticket cost which can affect customers decision to travel
3. Turkey's high population and touristic attractions	Terror attacks, where services are disrupted by geopolitical events such as bomb threats
4. Increase in the disposal income of customers and potential customers in Europe and Asia	Risk of international players entering the market
5. The geopolitical location of Turkey makes it a suitable aviation hub	Promotions by competitors and new entrants in domestic market

Fig. 2.2. SWOT analysis of Turkish Airlines

The large fleet size of Turkish Airlines is one of their strengths and behind the reason why they fly to more destination than any other airline. This also helps them to easily identify new market and subsequently serve them efficiently. Also the experienced Turkish Airlines employees are behind the innovative ideas and strategies behind the marketing strategies such as the in-flight entertainment, premium services, and lounge facilities all enhancing customers' satisfaction and increasing customer loyalty.

The weaknesses of Turkish Airlines are also internal factors that serves as a hindrance for achieving organizational goals. Companies identify their weaknesses to adopt strategies to deal with them and turn them into strengths for the company's benefit. Though Turkish Airlines uses a low pricing strategy to increase patronage, the price is still higher than some of its competitors which can let customers easily defect to their competitors. Turkish Airlines has also been noted for a low participation in corporate social responsibility which is major weakness of the company as CSR plays an important role in the quest to achieve effective CRM system implementation. Another weakness of Turkish Airlines is the inability to undertaken certain projects and expansions due to government interferences. This weakness sometimes affect the organizational culture and management system of the company and serves as a major limitation to Turkish Airlines. Customers of Turkish Airlines have also complained about the inadequacy of cold drink or beverages to satisfy passengers demand while others complain about the bad user experience of the Turkish Airline's websites.

Turkish Airlines' opportunities are the external factors that they have no control over but paying attention to these opportunities can be valuable to Turkish Airlines both in a short and long term. A rising disposable income of potential customers and customers of Turkish Airlines in Europe, Asia and Africa has become one of the reasons why the market share of the company is growing. Another major opportunity Turkish Airlines has is the geopolitical location which places them at a suitable location as an aviation transfer hub which offers direct flights and connections to almost all over the world. Since Turkish Airlines is the national carrier of Turkey, its local competitors have limited international flights making them have a less competition at home and a large market size. Another opportunity of the company is the high population and touristic prospects of Turkey. This subsequently increases the number of flights to and from Turkey and makes Turkish Airlines which has a major market share in Turkey benefit the most.

Threats are also external factors that companies have no control over but strategies must be devised to curb some of these threats. The risk of new international entrants and the presence of low cost carriers in the likes of Wizz, Pegasus, SunExpress etc. are threats to the existence of Turkish Airlines as customers who are price sensitive will opt for a more cheaper flights. Also the increase in aviation fuel poses a major threat to Airlines which Turkish Airlines is not an exception. An increase in aviation fuel will increase operating cost and the cost of air travel which will make potential customers and passengers defect to airlines with relatively cheaper prices. Some geopolitical events such as bomb threats and terror attacks have disrupted several services of the airline and this serves as a major threats to the Turkish Airlines.

A quantitative assessment of the SWOT analysis are shown in the subsequent tab. 2.8 – 2.11.

Table 2.8**Strengths (quantitative assessment)**

Strengths	Importance	Rating	Score
Large fleet size	0.2	3	0.6
Customer Loyalty	0.1	2	0.2
Experienced employees	0.1	2	0.2
Innovative marketing strategies	0.15	2	0.3
In-flight entertainment, premium, services, lounge, facilities enhancing customers satisfaction	0.1	3	0.3
Total			1.6

Table 2.9**Weaknesses (quantitative assessment)**

Weakness	Importance	Rating	Score
Higher prices than competitors	0.02	2	0.04
Undesired location of airport for passengers coming from Asia	0.02	1	0.02
Limited participation of CSR	0.01	2	0.02
Government interferences	0.15	2	0.3
Limited sources of cold beverages	0.15	2	0.3
Total	1		0.68

Table 2.10**Opportunities (quantitative assessment)**

Opportunities	Importance	Rating	Score
Rising market share of Turkish Airlines	0.1	3	0.3
Limited international flights of local competitors	0.14	2	0.28
High population and touristic attractions of Turkey	0.1	2	0.2
Increase in disposable income of customers and potential customers	0.16	2	0.32
Geopolitical location makes it a suitable place as an aviation hub	0.15	3	0.45
Total			1.55

Table 2.11**Threats (quantitative assessment)**

Threats	Importance	Rating	Score
Increase in the presence of low cost carriers	0.02	2	0.04
Increase in fuel prices results in increase in cost of travel for passengers	0.02	1	0.02
Risk if international entrants	0.04	2	0.08
Terror attacks	0.14	2	0.28
Promotion by competitors and new entrants in domestic market	0.13	1	0.13
Total	1		0.55

The quantitative SWOT analysis of Turkish Airlines above show that the company has a good standing towards customer relationship management. Turkish Airlines has more strengths and opportunities as compared to its weaknesses and threats. Though this is true, Turkish Airlines seeks to maintain its strengths and convert some of the opportunities into real time value for the company towards the achievement of a good customer relationship management hence achieving organizational goals as well. Though the total scores for weaknesses and threats seem lower, the company must devise strategies to also control some of them in order to increase their market share through the implementation of certain aspects of customer relationship management systems. Furthermore, a studies conducted to know the complaint behaviors of Turkish Airlines customers also assessed some deficiencies in the CRM implementation of

Turkish Airlines. According to the [44], there is a service gap in the customer relationship management system of Turkish Airlines as passengers primarily complain about aircraft, comfort, food and beverage, scent, heat, moisture, in-flight entertainment facilities or programmes. However in previous studies, passengers regarded service failures like flight delays, flight cancellations and flight diversions [27, 72]. Though this is true, contemporary customers give more importance to physical evidence like aircraft type, whether it is new or not [44]. The large fleet of Turkish Airlines is set to curb this type of customer dissatisfaction by guaranteeing the comfortability of passengers. In the issue of scent, they have worked to find their own scent which is used in their offices and in the aircraft to enhance the comfortability of passengers and employees. Also Turkish Airlines in order to serve customer better, it has introduced the “flying chef” where meals are cooked in-flight and freshly served to customers during the flight to increase passengers’ satisfaction [44].

Also, among the efforts been made towards customer relationship management implementation by Turkish Airlines, it has adopted the social customer relationship management (SCRM) as one of its strategies of identifying customers, serving them and driving them to become loyal with their active presence on Twitter, Facebook and Instagram. For instance the official Twitter account of Turkish Airlines has over 1.7 million followers, while Instagram stands at 1.5 million followers and their Facebook page can boast of 10.6 million followers. However, a recent study which was conducted by [32] claims that, though Turkish Airlines has a good social media presence with more followers, it does not seem to have an established social media strategy and their postings appear to be arbitrary. However, their posts generate a lot of positive feedbacks because they use photos, videos and visual representations on their social media pages which has proven to generate a lot of positive reactions. Another study has proven that, social media is underutilized by the airline industry in interacting and monitoring the activities of their customers [63], this makes Turkish Airlines not an exception as they do not have a clear social media strategy for customer interaction as their engagements

seems random [32]. On the other hand, airlines tend to use social media the most for informative purposes and in situations like flight delays and cancelations [63]. This also happened in the case of Turkish Airlines as they become very active on social media when customers start complaining about flight delays [32]. Also according to [32], Turkish Airlines engage with customers and reply their comments but they also encourage customers to rather send them direct messages when the questions or comments turn out to be negative in nature, and this makes their social media pages having more positive sentiments or remarks than negative.

Also, the Facebook page of Turkish Airlines correlates well with the overall positive attitude of its customers and potential customers for the likelihood of purchase. The evaluation of classification of reactions on the page shows that, there is a considerable level of satisfaction of customers based on the positivity of the post or comment and this can be related to the ultimate goal of customer retention and loyalty [32]. The customer relationship management system in the context of Turkish Airlines was assessed. It was realized that, the company has implemented a couple of strategies with the aim of increasing customer satisfaction and loyalty. Also a SWOT analysis was conducted to ascertain the strengths, weaknesses, opportunities and threats of the company that are related to customer relationship management and it was derived that the company's strengths outweighs its weaknesses and its opportunities are more than its threats which is a good indicator for a good customer relationship management implementation. Also the concept of social customer relationship management of Turkish Airlines was assessed and the outcome was not different from how SCRM is underutilized by the Airline industry. It was ascertained that, Turkish Airlines does not have an established social media strategy as their posts seems to be arbitrary. However their posts generates positive feedbacks which is a good indicator of how they can establish a well social media strategy and utilize this as a good customer relationship management tool.

3. CRM SYSTEM IMPLEMENTATION AT TURKISH AIRLINES

3.1. Assessment of the SWOT analysis of Turkish Airlines with analytic hierarchy process

For Turkish Airlines to improve on the existing CRM system, an assessment should be made to know whether the strengths, weaknesses, opportunities and threats which were analyzed is justifiable using a mathematical method. The justification will give a precise and consistent judgement on the strengths, weaknesses, opportunities and threats of Turkish Airlines with regards to their CRM system.

The Analytic Hierarchy Process (AHP) is an effective mathematical method or tool that helps in complex decision making by setting priorities and making the best decisions. The process also reduces complex decisions to a series of pairwise comparisons, synthesize the results to include both subjective and objective aspects of the decision. It also incorporates a useful technique for checking the consistency of the decisions maker's evaluations to reduce bias in the decision making process [8].

The AHP uses a set of evaluation criteria and a set of alternative options among which the best decision will be selected. It is also imperative to know that, since some of the criteria could be conflicting, it will not be ideal that in general the best option is the one which optimizes each single criterion, but the one which achieves the most suitable trade-off among the different criteria. The process further goes on to generate a weight for each evaluation criterion according to the decision maker's pairwise comparisons of the criteria. The higher the weight, the more important the corresponding criterion. The AHP therefore assigns to a fixed criterion a score to each option according the decision maker's pairwise comparisons of the options based on the criterion. The score which ranges from 1-9 gives a fair view of the options with 9 being the highest and 1 being the lowest and the better the performance of the option with regards to the considered criterion. The AHP finally combines the criteria weights and the options scores to

determine a general score for each option and further rank them. The general score for a given option is a weighted sum of the scores it obtained with respect to all the criteria [8]. The Analytical Hierarchy Process was chosen to further justify the consistencies of the various variables which forms the strengths, weaknesses, opportunities and threats of Turkish Airlines in relation to its customer relationship management. The scores which were used were as a results from an evaluation of existing literature, other reliable sources of information and personal judgment. The tab. 3.1 below shows the scale that was used for the pairwise comparison.

Table 3.1

Scale for pairwise comparisons

Scores	Explanations
1	Alternatives have equal importance or preference
3	One important is moderately more important or preferable than the other
5	One alternative is strongly more important or more preferable than the other
7	One alternative is very strongly more important or more preferable
9	One alternative is extremely important or preferable than the other

Even numbers are used to show neutrality or indifference between two odd numbers. Also for less preferable alternative, the use of fractions like 1/3, 1/5, 1/7, 1/9 etc. is used. Also to determine the comparison of criteria by importance, the criteria in the rows are more important than the criteria in the column. The interpretation of the results from the evaluation is interpreted as; if consistency ratio is less than 0.1, it shows that the judgement is highly consistent and if the consistency ratio is more than 0.1 and less than 0.2, the judgement is moderately consistent.

Pairwise comparison of the strengths of Turkish Airlines is given in tab. 3.2:

$$\text{Consistency Index (CI)} = \frac{\lambda - n}{n-1}, \quad (3.1)$$

where n – number of criteria (n = 5).

Table 3.2**Pairwise comparison of the strengths of Turkish Airlines**

Criteria	S1	S2	S3	S4	S5	Product	$\sqrt{5}$	Importance	Lambda λ
Large Fleet Size (S1)	1	1/4	1/3	1/3	7	0.19	0.72	0.11	1.19
Customer Loyalty (S2)	4	1	2	3	7	168.00	2.79	0.41	0.92
Experience Employees (S3)	3	1/2	1	3	6	27.00	1.93	0.29	1.10
Innovative Marketing Strategy(S4)	3	1/3	1/3	1	4	1.33	1.06	0.16	1.19
In-flight Entertainment (S5)	1/7	1/7	1/6	1/4	1	0.00	0.24	0.04	0.90
Total	11.14	2.23	3.83	7.58	25.00	-	6.74	1.00	5.30

$$\text{Consistency Ratio (CR)} = \frac{\text{CI}}{\text{RC}} \quad (3.2)$$

Let's conclude it:

Random Consistency (RC) $n_5 = 1.12$.

Consistency Index (CI) = 0.08.

Consistency Ratio (CR) = 0.067611027.

From the comparison of the criterion, it is deduced from the evaluation that, the judgement for the strengths of Turkish Airlines with regards to their internal efforts to towards customer relationship management was highly consistent with a consistency ratio of 0.067. Turkish Airlines can however seek continuous improvement to maintain these strengths.

Pairwise comparison of the strengths of Turkish Airlines is given in tab. 3.3.

Table 3.3**Pairwise comparison of weaknesses of Turkish Airlines**

Criteria	W1	W2	W3	W4	W5	Product	$\sqrt{5}$	Importance	Lambda λ
Higher prices than competitors (W1)	1	3	5	7	9	945.00	3.94	0.51	0.91
Undesired location of airport for passengers coming from Asia (W2)	1/3	1	3	5	7	35.00	2.04	0.26	1.23
Limited participation of CSR (W3)	1/5	1/3	1	3	5	1.00	1.00	0.13	1.24
Government interferences (W4)	1/7	1/5	1/3	1	3	0.03	0.49	0.06	1.04
Limited sources of cold beverages (W5)	1/9	1/7	1/5	1/3	1	0.00	0.25	0.03	0.82
Total	1.79	4.68	9.53	16.33	25.0	-	7.72	1.00	5.24

Let's conclude it:

Number of Criteria (n) = 5.

Lambda (λ) = 5.24.

Random Consistency (RC) n5 = 1.12.

Consistency Index (CI) = 0.06.

Consistency Ratio (CR) = 0.054225922.

The weaknesses evaluation of Turkish Airlines is highly consistent and depicts some deficiencies in the internal structures which are geared towards customer relationship management. The consistency ratio is 0.05 which confirms the reality of their weaknesses. Turkish Airlines should therefore devise strategies to curb some of these weaknesses to enhance their quest to achieve an effective customer relationship management system.

Pairwise comparison of the strengths of Turkish Airlines is given in tab. 3.4.

Table 3.4**Pairwise comparison of opportunities of Turkish Airlines**

Criteria	O1	O2	O3	O4	O5	Product	$\sqrt{5}$	Importance	Lambda λ
Rising market share of (O1)	1	5	7	5	1/3	58.33	2.26	0.29	1.31
Limited international flights of local competitors (O2)	1/5	1	3	1/3	1/7	0.03	0.49	0.06	1.02
High population and touristic attractions (O3)	1/7	1/3	1	1/5	1/9	0.00	0.25	0.03	0.81
Increase in disposable (O4)	1/5	3	5	1	1/5	0.60	0.90	0.12	1.33
Geopolitical location (O5)	3	7	9	5	1	945.00	3.94	0.50	0.90
Total	4.54	16.33	25.00	11.53	1.79	-	7.84	1.00	5.37

Let's conclude it:

Number of Criteria (n) = 5.

Lambda (λ) = 5.37.

Random Consistency (RC) n5 = 1.12.

Consistency Index (CI) = 0.09.

Consistency Ratio (CR) = 0.081681176.

The pairwise comparison of opportunities of Turkish Airlines shows a high consistency and further shows how Turkish Airlines leverage on its external opportunities to achieve a good customer relationship management system. A consistency ratio of 0.08 is good, however to prepare for competition and market dynamics, Turkish Airlines should adopt new strategies to enhance those opportunities to always get the desired results.

Pairwise comparison of the strengths of Turkish Airlines is given in tab. 3.5.

Table 3.5**Pairwise comparison of Threats of Turkish Airlines**

Criteria	T1	T2	T3	T4	T5	Product	$\sqrt{5}$	Importance	Lambda λ
Increase in the presence of low cost carriers (T1)	1	1/3	3	1	5	4.95	1.38	0.20	1.12
Increase in fuel prices (T2)	3	1	5	3	7	315.00	3.16	0.47	0.93
Risk if international entrants (T3)	1/3	1/5	1	1/3	3	0.07	0.58	0.09	1.06
Terror attacks (T4)	1	1/3	3	1	5	5.00	1.38	0.20	1.13
Promotion by competitors (T5)	1/5	1/7	1/3	1/5	1	0.00	0.28	0.04	0.88
Total	5.53	2.00	12.33	5.53	21.00	-	6.78	1.00	5.12

Let's conclude it:

Number of Criteria (n) = 5.

Lambda (λ) = 5.12.

Random Consistency (RC) n5 = 1.12.

Consistency Index (CI) = 0.03.

Consistency Ratio (CR) = 0.026236735.

The pairwise comparisons of the threats which also happens to be the external factors inhibiting the customer relationship management system suggests a highly consistency ratio of 0.02. This conforms to the general description of the threats that Turkish Airlines is exposed to and how relevant it is for them to develop various strategies to reduce these threats and convert them to opportunities.

The essence of the AHP to measure the SWOT of Turkish Airlines is to determine which group of the SWOT criteria is important. The consistency ratios which measure how significant one group of criteria is better than the other was ranked from the least

consistency ratio to the highest as; Threats (0.02), Weaknesses (0.05), Strengths (0.06), Opportunities (0.08). From the consistencies, it was derived that the most important among the SWOT group which requires the attention of management of Turkish Airlines is Threats which is followed by Weaknesses. For the purpose of this research which is to justify the customer relationship management implementation system of Turkish Airlines, the above calculations justify the threats and weaknesses that Turkish Airlines is faced with and how they can rely on recommendations to improve on the existing customer relationship management systems by converting some of the weaknesses and threats to strengths and opportunities in their quest to achieve an effect CRM system.

3.2. Recommendations for improvement of CRM system implementation at Turkish Airlines

Turkish Airlines has initiated a lot of strategies which is aimed at identifying customers, satisfying them and making them loyal to achieve a good customer relationship management. However, customer dynamics and preferences are paramount in the aviation industry and the case of Turkish Airlines is not an exception. This makes it ideal for the company to make some adjustment and implement new CRM systems to enhance customers experience and also engage in activities which are geared towards customer relationship management.

It was realized from the analysis that, Turkish Airlines does not have a well-established social media strategy and their posts seems to be random. Therefore a well-established social media strategy and in this case, the adoption of Social CRM will be prudent in the quest to achieve an effective customer relationship management system at Turkish Airlines.

In this contemporary times, social media have the potential for companies to identify customers and create an effective relationship with them and in doing so, increase revenue, reduce inefficiencies and costs [12]. Though this is true, many

marketers and companies are still unable to develop strategies and allocate resources to fully benefit from social CRM as they lack the understanding of the concept just as in the case of Turkish Airlines [9]. According to [40], a well social media strategy or the adoption of SCRM has the potential of providing different strategies and tools to collect and analyze meaningful information from customers which can be any of the five primary components that can help Turkish Airlines to effectively serve customers better. The five key components are:

1. Data; Turkish Airlines can collect transactional data from customers such as purchase histories, time spent on websites among others, however SCRM has the potential of gathering information from individual profiles, text analysis from blogs and discussions on the various social media platforms as they provide accurate and meaningful consumer insights.

2. Sentiment analysis; Turkish Airlines can use SCRM to determine positive, negative and neutral customer behaviors or attitudes over time by measuring these sentiments and its trajectory to determine the next line of action.

3. Social media monitoring; this can be a rich source of information for Turkish Airlines as they can use this to monitor topics, influencers and as a way to offer a 24 hour customer service.

4. Profiles; Turkish Airlines can use profiling to gather personal information that is significant for knowing customer insights on their interactions with Turkish Airlines.

5. Customer experience maps; this can enable Turkish Airlines to examine and determine the service gaps that exist at multiple touchpoints while making sure that customers have the right information and knowledge about the services been offered.

Studies that were conducted by [28], on whether social CRM have an effect on customer service and customer loyalty was positive and further explains that, the application of social CRM gives a more customer-centric method towards relationship

building than the traditional CRM. According [28] who conducted a similar studies in the airline sector, 64 percent of the respondents stated that they felt social media to be the most efficient customer service channel, while telephone was found to be the second most efficient customer service channel with 20 percent and email pulling the remaining 16 percent. Furthermore, Jacob cook from JetBlue Airways also shares the same sentiment that, efficiency is one of the major benefits of adopting the social media strategy or social CRM. This makes it ideal and it been one of the key recommendations for Turkish Airlines to have a well-established social CRM strategy.

The benefits of a well-established social media strategy also align with the vision of Turkish Airlines which is to become the preferred leading European air carrier with a global network of coverage. This means that, the going concern of the company is significant as it continues to be in operation and seeks not to only make profit today but also in the future. Therefore, managing the relationship with customers in the long-term is essential for the benefit of Turkish Airlines. For instance, the benefits of loyal customers are that they would buy more today and in the future and also have the tendency of paying for premium prices, and also regard Turkish Airlines as their first choice of option and also recommend through word-of-mouth to their acquaintances. However, customers should be satisfied with the services of Turkish Airlines, so offering quality services that exceed the expectations of customers is paramount hence making them delight and bringing loyalty which will reduces the likelihood of them defecting to other competitors. Management of Turkish Airlines can also know what customers or passengers want through social CRM by using the various avenues to gather information about customers each time they encounter the company or make a purchase into a single database which can be later used to understand customers better, generate insights, and give feedback on the service quality to improve it [28].

Though Turkish Airlines has an existing CRM strategy and social media platforms (Facebook, Twitter and Instagram), [28] however posits that, adopting and integrating a

well-established social CRM into an existing CRM can influence customer service satisfaction and customer loyalty. In this sense, the already existing social media platforms of Turkish Airlines can be maintained but some specific characters of social media can enhance the customers' experience by engaging them in a dialogue via the Facebook, Twitter and Instagram. Turkish Airlines can engage well with customers by getting to know more about an issue or topic at hand and can further provide relevant, funny and amusing responses on their comments. They can further use some personal and friendly words like great, enjoy, happy and love to show that the company is not obtrusive but to let customers perceive Turkish Airlines as a real person and friend which they enjoying talking with. This will let customers feel that their emotional responses are been considered and also give them some sense of belongingness to Turkish Airlines creating a good atmosphere for customer loyalty [28].

The transparency that comes with social CRM and its interactions with the public on the various social media platforms can sometimes be detrimental to the image of the company when issues blow out of proportion. However, Turkish Airlines can use some of these social CRM strategies to turn around circumstances and create the image that they care and solves issues fast leading to customer recovery and positive word-of-mouth. For instance, a single share on Facebook, Instagram and a tweet on Twitter if positive can influence potential customers and also helps in customer recovery [30].

In order to achieve the effective social CRM, Turkish Airlines requires the right tools and systems in place. As discussed earlier, the concept of CRM requires information technology functions, processes and employees to make it work. The social CRM implementation lies with the marketing department of Turkish Airlines and within that department should be the CRM unit. This unit can be integrated with the duties of the social media manager of Turkish Airlines to create an integrated traditional and social CRM unit within the marketing department. It will also be prudent to designate employees who are conversant with Facebook, Twitter and Instagram within the

marketing department to take charge of these responsibilities. Employees who have inadequate knowledge on the use of social media can undergo training to enhance their knowledge and skills to increase efficiency. Turkish Airlines can further measure the social CRM by the performance measurement model constructed by (tab. 3.6).

Table 3.6

Preliminary social CRM performance measurement model

Performance dimension	Old performance measures	Modern performance measures
Infrastructure	Social media monitoring Online brand communities	Cultural readiness IT readiness
Process	Customer insight Customer orientation Customer interactions Market and customer segmentation Customer co-creation	Sensibility Target-oriented customer events Multi-channel and ubiquity interaction Social selling
Customer	Customer-based relationship performance Customer loyalty Peer-to-peer communication	Customer convenience Customer competence Personal products and services
Organizational performance	Customer lifetime value Financial benefits Brand awareness Organizational optimization Competitive advantage New product performance	

The table above shows the various performance indicators or dimension where the implementation of social CRM can be measured. The dynamic nature of the business environment also requires the change of the performance measures which gives us the old performance measures and the new or modern performance measures. Turkish Airlines can assess the social CRM using any of the suitable dimensions as suggested by [40].

Though Turkish Airlines has a passenger service system (PSS) which comprises of the central reservation system (CRS) which can also be termed as the booked

inventory, airline inventory system and a departure control system (DCS). This PSS has the potential to perform the traditional CRM activities by collecting information of customers at the various touchpoints. However for Turkish Airlines to fully implement the social CRM, strategy, they would need a social CRM software. A Typical social CRM software has the potential of collecting useful data from engagements on multiple social media platforms or channels and provide an actionable insights that can help companies have an overview of their customer base. Therefore Turkish Airlines can rely on this social CRM software to build a deep and lasting relationships with potential customers. The software can also enable Turkish Airlines contact potential customers and create a sales funnel and execute loyalty campaigns. Some of the popular social CRM software with their user satisfaction rate are as follows; HubSpot CRM – 99%, Salesforce CRM – 99%, Freshsales – 95%, Creation CRM – 100%, Commence CRM – 100%, Base CRM – 98% etc. From the above social CRM software, I will recommend Creatio CRM or Commence CRM with the highest user satisfaction ratings of 100%.

Based on the SWOT analysis and the assessment of the various CRM systems implemented by Turkish Airlines, a comprehensive marketing mix is critical for the company's quest to achieve an effective customer relationship management. Though Turkish Airlines seems to be doing well with influx of revenues and profit, a comprehensive marketing mix strategy will strengthen the existing marketing mix they have and prepare them for future competitions. The recommendation of the comprehensive marketing mix for Turkish Airlines seeks to address some minor and major challenges in the service delivery to enhance customers' experience and make them delight and loyal. Some recommendations with regards to the element of the service marketing mix which are the 7ps: product, price, place, promotion, people and physical evidence will be made.

Turkish Airlines provides two types of products, which are on ground services and in-flight services but for the purpose of this research, the core product of Turkish

Airlines as a passenger air transportation seems to be working quite well considering them having the youngest fleet in Europe. With this, I will recommend some modifications with regards to their supplementary and augmented products. Turkish Airlines can offer complementary gifts to passengers as a way of enhancing their experience and making them delight, also they can increase the range of in-flight entertainment such as variety of music genres, movies and games to suit the varying segments of customers they have.

Price is one of the major marketing mix for any industry. The success story of Turkish Airlines can be partly related to their low pricing strategy when the company started some decades ago. This enabled the low income and middle income group to patronize the services of Turkish Airlines. However, our analysis showed the evolution of low cost carriers as competitors to Turkish Airlines and at the same time passengers' complaints of the increase in air fares. The company should therefore devise a comprehensive pricing strategy by decreasing its prices to increase the number of passenger patronage. They can also compete with the low cost carriers through frequent discounts to keep passengers coming back.

The place in the context of the airline industry is the various touchpoints customers or potential customers make contact with Turkish Airlines. Though the company has a 24/7 online booking website however, there have been complaints from customers about the website. Turkish airlines can improve the usage of the website through frequent revamps and modifications which can make it easy for customers to navigate. Also as discussed earlier, the use of social CRM can be another way Turkish Airlines can enhance the experience of their customers and potential customers when they encounter Turkish airlines digitally. Also customers who intend to get their bookings through affiliates, agents or partners must ensure that customers are served with the values the company portrays. Turkish Airlines can therefore offer customer service trainings to their affiliates to enable them serve customers better at the various

touchpoints. This will ensure the synchronization of the service being delivered across several Turkish Airlines touchpoints.

Every Airline relies on promotion and its ability to advertise its brand across the market. Turkish Airlines has a massive advertising prowess as their advertisements have been tailored to suit some countries and regions they operate in. Also a considerable amount of their advertising expenditure goes into sports which also seems to be yielding a good results, but I will recommend an adjustment to the Miles & Smiles frequent flier program which enables passengers to collect miles that can be redeemed to buy tickets or upgrade to a better class. Currently, the Miles & Smiles have four tiers which are Classic, Classic Plus, Elite and Elite Plus with each tier having different benefits. Turkish Airlines can modify this loyalty or promotional program by allowing passengers to transfer their collected miles to their immediate relatives or close acquaintances for example spouse, children, relatives and friends who opt to fly with Turkish Airlines. This will justify word-of-mouth recommendations and increase the likelihood of repeated purchases. Also This will not only enhance the experience of the first customers but their acquaintances as well hence increasing customers loyalty and achieving customer life time value.

The people aspect of the marketing mix in a typical service industry are all the human actors who take part in the service delivery. This has the tendency to influence the buyer's perception. Turkish Airlines' personnel who can also be termed as the internal customers in this case have the potential to influence the service delivery because they are actively involved in the service delivery one way or the other. Many studies also suggest that, when internal customers who are the employees are satisfied and delighted, they tend to serve customers better. Turkish Airlines employees including cabin crews and on-the ground employees who offer all range of services can be subjected to flexibility at work, recognition and appreciation for outstanding performance as well as for the length of service, team building approach, training,

group decision making, profit sharing and stress on positive attitude rather than skills. All these will delight employees and it will increase their performance and also reduce labor turnover hence creating a pool of experience employees who intend deliver excellent service to satisfy customers. Also the external customers who are the passengers should also be prioritized and given firsthand information when the schedule of their flight changes. Turkish Airlines can use personalized text messages to inform customers about departure times and give other flight related information. This will enhance customer experience and make them feel special to belong to the Turkish Airlines family.

The process element of the marketing mix is very crucial to the success of every company because that is where all the action take place. The process provides the environment which the service is delivered. The processes of Turkish Airlines provides the platform for customer interactions as well the intangible components that enhance performance or effective communication of the service. The large fleets of Turkish Airlines has been a contributing factor for frequent departures and easy connectivity from their main Istanbul hub to other destinations making it easier for frequent fliers and passengers to catch another flight when they miss their scheduled flight. However Turkish Airlines can further enhance their processes through an upgrading of their Passenger Service System (PSS) which incorporates the Central Reservation System (CRS) which can also be termed as the booked inventory, airline inventory system and a Departure Control System (DCS). This will enhance passengers experience right from booking to boarding and can facilitate the smooth process of interacting with the company. Also to cut time and ensure the smoothness of the ticket purchase process, Turkish Airlines can implement a paperless ticket system where passengers will not be given actual paper ticket but rather an electronic version of the ticket. This will increase efficiency and allow Turkish Airlines to sell tickets to passengers directly thereby

reducing the agents' commission and a subsequent reduction of the cost of tickets which can be a good indicator for competition.

The physical evidence of Turkish airlines comprises of ground and in-flight. The physical evidence seeks to attract the attention of customers and potential customers. The ground physical evidence entails the fleet of aircrafts, buildings, and employee uniforms etc. However, customers or passengers regard in-flight physical evidence more than the ground physical environment. Turkish airlines can improve on their in-flight physical evidence through the provision of special amenities and souvenirs, the cleanliness of the flight and its ambience also has the potential of enhancing customers experience in-flight. Turkish Airlines can also improve their physical evidence through their website, brand name, color, logo, uniform etc. This will enable Turkish Airlines to overcome intangibility perception by customers and potential customers creating an environment for a good customer relationship. The indications for the 7ps marketing mix for the airline industry as suggested by [43] is summarized in the tab. 3.7 below

Table 3.7

Indication of the 7ps of marketing mix

7ps	Indications
1	2
Product	Safety Offer more schedules Spacious seat
Price	Appropriate price Special package Value for money
Place	Online booking easiness Able to check-in from home Lots of sale agency channels
People	Airline staff politeness Professionalism of cabin crew handling discrepancies Professionalism of ground personnel handling discrepancies

Continuation of tab. 3.7

1	2
Process	Smooth handling of baggage Prompt check-in process Timeliness of flight schedule
Physical evidence	Cabin cleanliness Lovely airlines uniforms Colorful seats

For Turkish Airlines to fully strengthen and implement the comprehensive service marketing mix. The marketing manager of Turkish Airlines should be tasked with this responsibility or can also consult the Human Resource manager in the aspect of employee incentives and motivation. Nonetheless, the marketing department can choose to outsource all the marketing activities or certain aspects of it to external companies to perform. This can increase efficiency by cutting down marketing costs.

The last recommendation for strengthening the existing customer relationship management system of Turkish Airlines is by increasing the participation of corporate social responsibility as it has the potential of attracting new customers, increasing sales, and creating a favorable brand image.

Though Turkish Airlines engage in corporate social responsibilities in the likes of “I’ve read it, now you read it” where they made sure that thousands of new and used books collected by their employees were distributed to 13 village libraries certain parts of Turkey. Other corporate social responsibilities includes: Turkish Airlines Ahmet Nuri Duman Children’s Library, Corporate Social Responsibility (KSS) Fair, “Shall we make a snowman with you?”, Education and Activity Center for orphans, Kite festival, School visits from the Turkish Airlines Flight Team, 1 million saplings, 1 million smiling children etc. Most of Turkish Airlines’ corporate social responsibilities were concentrated in Turkey. Therefore an extension of these CSR activities to other parts of the world where Turkish Airlines operates will let them gain the benefits of corporate social responsibility just as it has done with their domestic market [1].

Turkish Airlines can use the existing corporate social responsibilities as an expression of corporate strategy, company identity, market power or dependency on some specific stakeholders. The challenge with this approach is the lack of understanding of the real needs of stakeholders and the way in which CSR programs may affect different audiences.

Several existing initiatives by Turkish Airlines are functional and corporate. The functional initiatives takes the form of specific human resources, marketing activity and supply chain while the corporate initiatives are in the likes of development, environmental protection, corporate governance etc. However another initiative that Turkish Airlines can capitalize on is the cause-related marketing.

Cause-related marketing as a part of company's corporate social responsibility is a type initiative where a company commits itself to contribute an amount which depends on the sales they achieve in a certain period of time towards a cause [62]. According to [66], cause related marketing as part of corporate social responsibility has become the approach by companies in this highly competitive era. Therefore Turkish Airlines can adopt this strategy to influence consumer attitudes toward the achievement of an effective customer relationship management system.

Turkish Airlines can also use the cause-related marketing concept as a win-win situation for the company and its customers where they support social causes while consumers' benefit is secondary. Westberg [103] also posits that, companies can use cause-related marketing by contributing financially or otherwise to a cause or charity organization upon consumers engagement in a revenue-providing exchange that tend to satisfy the company and the individual objectives.

This can be in the form sponsorship, sales promotion, co-branding and employee involvement which are all geared towards the achievement a good customer relationship management.

Fig. 3.1 below illustrates a typical cause-related marketing interaction.

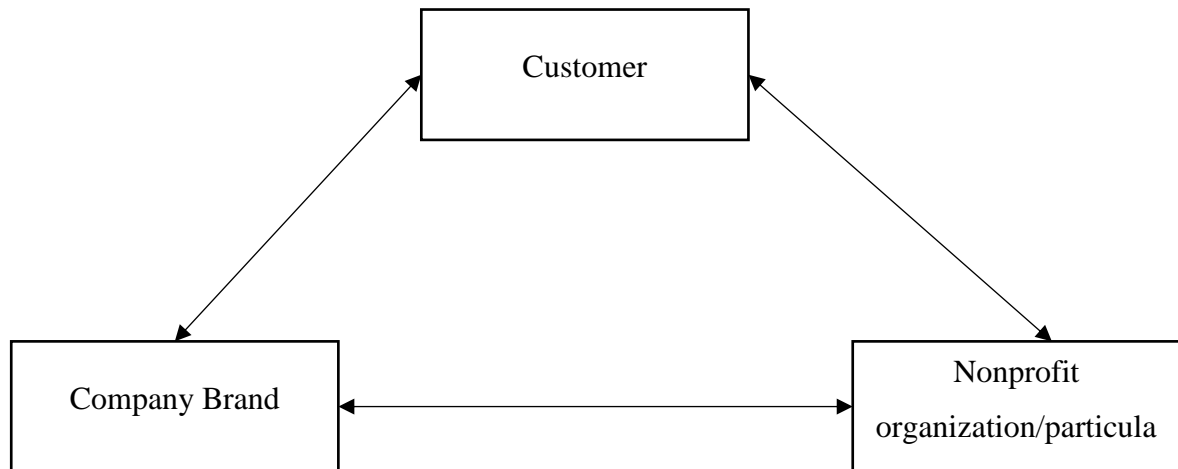


Fig. 3.1. Cause-related marketing interaction

Some of the areas where Turkish Airlines can initiate cause-related marketing campaigns can be flight safety concerns; where customers can be contributing towards the cause of ensuring safe flights through research and development technology anytime they buy a ticket. Turkish Airlines can also use the cause-related marketing to generate funds which can be used as a compensation to families who will lose their loved ones in the event of a plane crash not from Turkish Airlines alone but other airlines as well.

Turkish Airlines must also ensure a full customer participation in the various marketing campaigns which are related to the cause by informing customers on the long term benefits the consumers will derive through an effective positioning and targeting. Some of the benefits that Turkish Airlines stand to gain from the cause-related marketing of the corporate social responsibility is the opportunity they will get to enhance their corporate reputation, increase brand awareness, increase customer loyalty and build sales as posits by [72].

Also Turkish Airlines can capitalize on this strategy to also stay connected with customers' mood and wishes as the approach uses more sensitive, credible and relevant issues that matter most to the society. Among the benefits of the cause related marketing campaign suggested by [72] are: attracting new customers, reaching niche segments,

increasing sales, creating a positive image of a brand and raising funds for a social cause. All the benefits of the CSR aspect of cause-related marketing are geared towards satisfying customers and making them delight and also giving them a reason to be loyal to a company. Some studies also conform to this assertion that, customers are not satisfied just to receive a product or service but rather expect a value that goes beyond quality [20]. Also most consumers prefer to be associated with or buy from companies who take interest in supporting a cause as long as it does not greatly affect the price and quality of products or services [20]. Turkish Airlines can therefore use corporate social responsibility as a way of achieving a good customer relationship management system because CSR has the potential.

To implement a successful cause-related marketing campaign, Turkish Airlines should choose an offer which is valid for a specific period of time in relation to a particular service and request for the assistance of non-governmental organizations or legitimate partners who have the capacity to oversee the selected cause and manage the funds as a way of ensuring transparency. In a bigger company like Turkish Airlines, the chief environmental officer is usually responsible for corporate social responsibility initiatives. However the integration of the cause-related marketing aspect needs a corporation between the Chief environmental officers and the marketing department to effectively implement the various cause-related marketing campaigns.

Turkish Airlines can strengthen their existing customer relationship management system through implementation of the recommendations that was derived from the analysis. Firstly, a well-established social media strategy or social CRM was recommended which will ensure an effective utilization of the various social media platforms to enhance customers experience and make them loyal. Also a comprehensive service marketing mix was suggested to enable Turkish Airlines make some adjustments to the existing ones to prepare them for future competitions. The last recommendation to Turkish Airlines was to increase the scope of corporate social responsibility to entail

cause-related marketing to influence the attitude of customers and potential customers. All the above recommendations according research have the potential of helping Turkish Airlines to achieve an effective customer relationship management system.

3.3. Economic effect of the recommendations of CRM systems for Turkish Airlines

Large companies are usually characterized by a separation between management and owners. Management have the motive of meeting targets and growing the business while owners or shareholders are interested in profit maximization. These two objectives of the main stakeholders of a company might seem conflicting but in reality, they all have a motive to achieve economic benefits for their companies.

The economic effect of a good customer relationship management has the potential to open new opportunities to attract customers through cross-selling of products or services which is the sale of additional products and services within an existing customer base. Also a good long-term relations with customers create immunity of customers on competition and this create a good atmosphere for them to be loyal [69]. Also customer relationship management comes with a low cost for recruiting customers since there will be a lot to save on marketing, mailing, contact, follow-up, fulfilment and other related activities. Also companies can capitalize and focus on the number of long-term customers to maintain and preserve a steady volume of business rather than recruiting new customers periodically [82].

Swift [82] further states that, companies tend to save cost on marketing campaigns and cost of sales since existing customers have more knowledge on channels and distributors and they become more responsive as the relationship becomes more effective. Also, customer profitability gets higher as their wallet share increases, this comes as a result of an increase in up-selling, cross-selling, follow-up sales and referrals which can be attributed to higher customer satisfaction which is derived from an

effective implementation of CRM. Finally, companies tend to benefit an increase in customer retention and loyalty from CRM implementation. An increase in customer retention means customer will stay longer, repeat purchases, purchase more and create initiatives which will enhance the relationship and increase the bonding thereby increasing customers' loyalty hence an increase in the company's market share and profits [82].

Turkish Airlines has benefited from the economic effect from the implementation of some CRM systems in the past, which has been a major contribution to their growth and development. However, a positive economic effect has the benefit of reducing costs that are related to the provision of goods and services, therefore a continuous improvement in CRM systems and its effects will prepare Turkish Airlines for the competitive nature of the airline industry. The economic effect or benefit of CRM system implementation at Turkish Airlines can reflect through increasing revenues and profitability, reducing costs and organizational changes [69]. Tab. 3.8 below shows the economic effect and benefits of CRM system in increasing revenues and profitability, reducing costs and organizational changes which Turkish Airlines can derive from the implementation of the recommended CRM systems.

Table 3.8

Benefits of CRM system implementation at Turkish Airlines

Increase revenue and profit	Decrease of costs	Organizational change
1) increase possibility for retention and acquisition of customers; 2) increase possibility of cross-selling; 3) creating loyal customers and increase profit; 4) maximize value for customers; 5) increase profitability of customers	1) increase support to customers without increasing costs of services; 2) decrease costs of sales; 3) lower costs of acquisitions of new customers	1) establish a good relationship with employees; 2) rich organizational culture and experience employees; 3) comparative advantage

One aspect of the economic effect of customer relationship management system implementation is the increase of revenue and profit. Turkish Airlines through effective implementation of the recommendations identify and acquire new customers and also offer additional services to the existing customers or passengers. Also CRM has the tendency of maximizing customer value and profits and also increases the likelihood of making them loyal towards the achievement of customer lifetime value [69].

Another economic effect and benefit of CRM system implementation at Turkish Airlines can be the decrease of costs associated with the provision of services to customers or passengers. With effective implementation of CRM, Turkish Airlines can reduce the cost associated with the acquisition of new customers and also increase the support to customers without increasing costs of services. This creates operational efficiency and decrease the cost of sales which can be form of competitive advantage for Turkish Airlines [69].

From the table above, another economic effect the implementation of CRM can have on Turkish Airlines is the establishment of a good internal customer relationship. The change in the organizational structure greatly depends on the change of employee's behavior through the provision of conducive environment and good incentives to enhance the performance of employees. This will enrich the organizational culture of Turkish Airlines and create a pool of experience employees which can serve as a comparative advantage for Turkish Airlines [69].

The economic effect of the recommendation of the CRM system of Turkish Airlines can also be felt across the different management levels in the company. According [69], the effect of CRM system can reflect at the operational tactical and strategic level of a company which Turkish Airlines is not an exception. Tab. 3.9 below depicts the effect CRM system can have on different management levels at Turkish Airlines. Measuring the economic effect of CRM system is challenging for the airline industry, because it is difficult to establish a direct link between CRM activities and

financial results, as the effect of CRM system can be expressed in both qualitative and quantitative terms [39].

Table 3.9

**Effect of CRM system implementation at different management levels
at Turkish Airlines**

Operational level	Tactical level	Strategic level
1) better management of customers data; 2) better management of processes; 3) better services to customers; 4) better position of 5) employees; 6) increase of productivity 7) increase of possibility to answer to customers in real time	1) better segmentation of market; 2) better management of communication channels; 3) better analysis, reporting and prediction of customer behavior	1) better satisfaction of customers; 2) better performances in organization

An effective implementation of CRM systems needs investments in CRM technology, modification of processes and organizational structures in order to adapt. Turkish Airlines needs to express the performance indicators of CRM systems as a set of activities that will enable them to achieve their objectives which are defined in their marketing strategy or CRM system implementations. The CRM system implementation of Turkish Airlines can be successful if sales, marketing, support and information technology within the company are integrated towards the achievement of the same goals which are: identification or acquisition of new customers, enhancing cooperation with existing customers, value maximization for customers and improvement of support services. All these activities can be done without increasing costs and further gives an indication of improvement in operational efficiency.

Greenberg [39] suggests that, there are three indicators to measure the economic effect of CRM which are:

1. Client Indicators: Turkish Airlines can use this to show the segment of customers or market which is ready and willing to use new channels of communication,

willingness of customers to provide information at the various touchpoints and the satisfaction level of customers.

2. Financial indicators: Turkish Airlines can use the financial indicators to also measure the effect of the CRM system that will be implemented by knowing that there has been an increase in customer responses to marketing campaigns, reducing cost of acquiring new customers, increase of customer retention rates, increase revenue per employee working with customers, growth in number of transactions per customer, increase in cross-selling and growth in sales.

3. CRM technology indicators: This will give an overview to Turkish Airlines on how CRM technology is utilized, the number of customers in database and the duration it takes for employees to get desired customer information using CRM technology.

Also [69], suggest that, the economic effect can be measured by a set of specific objectives like Return on Investment (ROI) of a CRM system which can be measured by increasing revenues and reducing costs. For the purpose of this research, the financial indicators of the recommendations which are; the adoption of social Customer Relationship Management, Integrated Marketing Mix and Corporate Social Responsibility will be used to assess the economic effect of Turkish Airlines.

One of the recommendations for Turkish Airlines is the adoption of an effective social media strategy or social CRM. A financial indicator of the economic effect of this proposed recommendation is depicted in tab. 3.10 below.

From the table 3.10, economic effect of the SCRM recommendation of Turkish Airlines will require a formation of a social media unit within the marketing department which will support the customer management strategy and further help in generating sales and decrease costs. The projection for this recommendation suggests a 15% increase in revenue when it is implemented, holding all other factors constant.

Table 3.10**Economic effect of SCRM recommendation of Turkish Airlines**

Number	Indicator	Value
1.1	Required number of employees for training	12
1.2	Monthly salary of employee, \$	1200
1.3	Total yearly salary of employees, \$	14400
1.4	Social Security, %	15%
1.5	Annual Social Security, \$	2160
1.6	Total Employee cost per year	16560
2	Investments	
2.1	Computers, Tablets and Accessories	6500
2.2	SCRM software, Monthly \$	120
2.3	SCRM software yearly \$	1440
2.4	Getting the place in order	6000
2.5	Total investments, \$	13940
3	Current costs	
3.1	Internet, Utilities, Stationery monthly	3200
3.2	Setting up the office	6000
3.3	Internet, Utilities, Stationary yearly, \$	38400
3.4	Depreciation rate, %	4%
3.5	Depreciation, \$	557.6
3.6	Total current costs	44957.6
	Total cost	75457.6
4	Transactions	
4.1	Current Revenue	12855000000
4.2	Estimated increase of revenue %	15
4.3	Estimated increase in income	1928250000
4.4	Yearly Income	1478325000000%
4.5	Year net Profit	1478317454240%

This particular recommendation has the following objectives for Turkish Airlines according to [62].

- building knowledge and understanding;
- keeping customers;
- engaging prospects;
- winning new customers;
- developing customer value;

gaining information about competitor.

All these objectives are strongly connected and they have the potential to enable Turkish Airlines achieve a good customer relationship management. The adoption of the social CRM strategy will allow Turkish Airlines to obtain a complete image over the sales opportunities and interactions of customers and potential customers. Also the automatization of the sales process and customer interactions provides operating efficiencies by optimizing operating procedures, increasing the time allocated to sales which means an increase in opportunities as well. Another effect or benefit this SCRM system can have on Turkish Airlines is the observation of customers in one centralized system which provides reports on optimal sales scenarios and real performance ratios.

Turkish Airlines, through the adoption of SCRM can implement and evaluate marketing campaigns, budget activities, and follow ups. Social CRM also provides a platform for effective communication which is relevant for all the market segments and also an efficient way to capture their preferences, relations and the dynamic communication on the various platforms. Also with SCRM, information that are provided on the various CRM platforms are accessible globally at any time which reduces the rate at which customers contact Turkish Airline for information and clarification [62]. Turkish Airlines can utilize the increasing influence of social media as competitive advantage by getting to know more about customers and potential customer's social behaviors, listening to their opinions and sentiments, gathering customers' information, identifying target groups, optimizing promotional campaigns, getting feedback, and generating reminders. All these can be done from a global point of view and also give Turkish Airlines the opportunity to improve their marketing strategies to meet their customers' requirement hence achieving an effective customer relationship management.

Another recommendation which will enable Turkish Airlines to achieve an effective customer relationship management is the adoption of cause-related marketing

aspect of corporate social responsibility. The financial indicator and its economic effect is showed in tab. 3.11 below.

Table 3.11

Economic effect of CSR recommendation for Turkish Airlines

Number	Indicator	Value
1	2	3
1.1	Required number of employees	22
1.2	Monthly salary of employee, \$	1200
1.3	Total yearly salary of employees, \$	14400
1.4	Social security, %	15%
1.5	Annual Social Security, \$	2160
1.6	Total employee cost per year	16560
2	Investments	
	Conducting market research	1800
2.2	Putting up a team and partners	2300
2.3	Getting the place in order	6000
2.4	Total investments, \$	10100
3	Current costs	
3.1	Utilities, stationery and other expenses	4300
3.2	Advertising and promotions	13000
3.3	Utilities, stationary and other expenses \$	51600
3.4	Depreciation rate, %	6%
3.5	Depreciation, \$	606
3.6	Total current costs	65206
	Total cost	91866
4	Transactions	
4.1	Current revenue	12855000000
4.2	Estimated increase of revenue %	10
4.3	Estimated increase in income \$	1285500000
4.4	Yearly Income	1414050000000%
4.5	Year net Profit	1414040813400%

The table above shows the economic effect of how Turkish Airlines will implement the cause-related marketing aspect of Corporate Social Responsibility to achieve an effective customer relationship management. The recommendation suggests that, Turkish Airlines can engage in Corporate Social Responsibilities and cause-related

marketing which is one of the effective ways they can use to achieve a good customer relationship management. They can conduct market research to know specific causes and partners to select for this. Also, a comprehensive program and schedule will be made where programs will be rolled out every quarter of the year with much focus on specific areas which will help Turkish Airlines to engage with customers effectively. This recommendation also suggests a 10% increase in revenue, holding all other factors constant. Turkish Airlines can also enjoy a positive brand image which can serve as a competitive advantage both in the short and long. The achievement of the positive brand image can let Turkish Airlines obtain higher prices for providing services which can change consumer buying behavior in the long term [69]. Many researchers also suggest that, the adoption of cause-related marketing can influence customer relationship management through corporate reputation, raising brand awareness, increase customer loyalty and increase in sales [66].

The economic effect of Turkish Airlines has been discussed with much focus on the two recommendation which are; social media strategy or social CRM and cause-related marketing aspect of corporate social responsibility and its effects customer relationship management. From the recommendations and analysis, it was derived that Turkish Airlines upon the implementation of the social CRM stand to gain a 15% increase in revenue. Also the second recommendation which is the adoption of cause-related marketing approach to CRM can yield a 10% revenue increase for Turkish Airlines. Therefore, the first recommendation which is the adoption of Social CRM is highly recommended for Turkish Airlines. Management of Turkish Airlines can roll out the second recommendation which requires much effort in future. The justification of customer relationship management system implementation at Turkish airlines has proven to benefit the company both in the long and short term with the implementation of the recommendations to strengthen the existing CRM systems.

CONCLUSION

The diversified nature of contemporary customers pose a challenge for companies to devise strategies to serve them better. It has been proven by many studies that, companies who seek to grow and stay highly competitive can use information technology, and a set processes to coordinate and manage relationship with its customers across different media channels and all touchpoints of the company. This makes it ideal for companies to adopt the customer relationship management which focuses on the importance of a good relationship between a company and its customers. This strategy and its benefits have been proven by many scholars as it has the tendency of increasing customer satisfaction, retaining customers, enhancing service recovery, increasing customer loyalty and achieving customer life-time value. All these benefits give a good indication and opportunity for companies to increase their market share and profit.

The customer relationship management system of Turkish Airlines, which is the national carrier of Turkey was assessed for the purpose of this research. Turkish Airlines happens to be one of the leading Airlines in the world with a good economic and financial standing. However, the competitive nature of the airline industry makes it ideal for the customer relationship management system of the company to be evaluated to identify areas that need improvement in order to serve customers better, increase market share and profit. The assessment gave an indication that, Turkish Airlines' strengths and opportunities outweighs its weaknesses and threats which can be attributed to the geopolitical location, the number of fleets, experienced staff etc. However, a further assessment of the SWOT with regards to customer relationship management showed that, management of Turkish Airlines should focus more on the threats and weaknesses of the company which are; higher prices, undesired location of airport, limited of beverages, unstructured social media strategy, low participation of corporate social responsibility, etc.

Turkish Airlines has an already existing strategies which are generally geared towards the achievement of customer relationship management. However, some suggestions and recommendations that were derived from the assessment of the customer relationship management of the company will strengthen the existing customer relationship management systems and fully prepare the company towards competition. The first recommendation sort to use the existing social media platforms of Turkish Airlines to establish a social media strategy or social customer relationship management which will ensure a full utilization of the various social media platforms to enhance customers' experience, satisfy them and make them loyal. Also it was ideal for Turkish Airlines to develop or revise their existing service marketing mix to solve the issue of high pricing, promotions, process, physical evidence etc. This will reduce the tendency of customers and potential customers defecting to competitors thereby increasing its market share. The last recommendation was for Turkish Airlines to increase its scope of corporate social responsibility to entail cause-related marketing which can greatly influence the attitude of customers and potential customers to be delighted and loyal. All the recommendations have the propensity to enable Turkish Airlines strengthen its existing customer relationship management system and get the benefits that comes with it. To know the efficiency and the benefits that come with the recommendations, the economic efficiency was further calculated for two of the recommendations; social media strategy or social customer relationship management and the cause-related marketing aspect of corporate social responsibility. From the economic effect, it was realized that, Turkish Airlines can have a profit increase of 15% from the implementation of the social customer relationship management and a 10% increase in profit from the implementation of the cause-related marketing. I therefore recommend the adoption of social customer relationship management strategy for Turkish Airlines as the first recommendation and the cause-related marketing aspect of corporate social responsibility as the second recommendation.

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