



Customer Retention

Submitted by:

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Introduction

IMPORTANCE OF THE STUDY:

Customer satisfaction and retention plays a vital role in a long-term success of a company. Economic Success of a company relies heavily on these two factors. If we analyze all the big profitable companies, Customer retention plays important factor for profit growth. Influencing customers to buy and so little to induce a repurchase.

- New customers are like an alien, to make them understand is not an easy task whereas existing one has an emotional connect and it required a large investment of time.
- Company knows how to do business with existing customer, it doesn't require to invest additional training and it saves a lot of time

- Satisfied customers are already convinced of value. They have already proven they can serve the customer and have provided proof. Executives don't have to invest the resources necessary to start from scratch again

STATEMENT OF PROBLEM

Ecommerce websites/platforms have become the shopping hub. Unlimited customers can shop at the same time from the convenience of time and place. It has provided the vast scope for ecommerce retailers. Although having unlimited scope there are many websites available which provided wide range of services.

Every company wants to add more and more customers to their platform, in addition to customer retention which ensure constant profit and consistency for a company.

How to retain customers. What are the methods and steps to retain them? What are the challenges we face to retain customers?

OBJECTIVES OF THE PROJECT

1. To identify the present situation of E-commerce platforms
2. To identify the ways to retain the customer

SCOPE OF THE PROJECT

Successful companies are constantly working in the field of customer retention, because without customer retention it isn't and wasn't possible to be successful in the long term.

Currently many companies are facing an aggressive battle regarding customer retention. This

Study will help E-Commerce companies to know the relinquishment level and how to retain the customers.

COLLECTION OF DATA

Two types of data are collected: Primary and secondary data

Primary Data:

The data are collected by the questionnaire method. The questionnaire consists of a number of questions interviewed to the customers for their response. Responses are to provide points out of 5. Where 5 is best and 1 is poor.

Secondary Data:

Secondary data are collected by the customers. The questionnaire consists of e-commerce websites. Responses are to provide preferences for ecommerce website/application

SAMPLE DESIGN

The research will be carried out among the customers of many states in India and sample will be around 269.

REVIEW OF LITERATURE

INTRODUCTION

Literature reviews have different purposes in scholarly articles, research papers, and books, depending on the discipline at hand. First and foremost, reviews are generally meant to showcase the extensive research carried out by an author on a particular topic and their findings which will form the foundation of the research. It then summarizes the information to show the author's familiarity with the topic in question.

The review also demonstrates the relationship between the topic being investigated and other topics that were under consideration. Finally, it outlines the gaps in the previous works of other scholars, which create areas of research.

Literature reviews provide a new interpretation of previous scholarly publications and aim to resolve conflicting studies done in the past. In addition, identifying existing gaps in a particular research area illustrates the starting point of research. This chapter began with retention, measuring retention, importance of customer retention, advantage of customer retention, benefits of customer retention.

CUSTOMER RETENTION

In today's time, the most challenging aspect is to retain their customers. Organization's competitors will always look for a loophole which in this case is by not giving any good reason to stay. Customer retention and customer satisfaction drive profits. It's very expensive to find new customers, its damn hard job to cultivate from the beginning and the easiest way is to make the existing customer happy. In this era of intense competition, it is very important for any service company to understand that merely acquiring customer is not sufficient because there is a direct link between customer retention over time and profitability & growth. Customer retention is the mirror image of customer defection or chum.

Studies say it costs ten times more to generate a new customer than to maintain an existing one. If organization has a small number of customers, losing a few could cripple company. Even if there are a large number of customers, a small increase in the rate should dramatically increase profits

Loyalty is the game here, Customer retention occurs when a customer is loyal to a company, brand or to a specific product or service. This concrete mentality refuses to purchase from competitors. Despite the fact the competitors are giving some great offers, the loyal customers will never bother looking at those offers. This is a clean case of winning the trust, Human being has that tendency to stick with that one which has been very kind to them at past. It has been argued that customer retention is linked to employee loyalty, since loyal employees build up long-term relationships with customers. Customer retention has always been an important topic for the marketing.

This technique is now used as a means of counter balancing new customer and opportunities with current and existing customers as a means of maximizing profit and counteracting the "leaky bucket theory of business" in which new customer gained in order direct marketing oriented businesses were at the expense of or coincided with the loss of older customers. This process of "churning" is less economically viable than retaining all or the majority of customers using both direct and relationship management as lead generation via new customers requires more investment. Many companies in competing markets will redirect or allocate large amounts of resources or attention towards customer retention as in markets with increasing competition it may cost 5 times more to attract new customers than it would to retain current customers, as direct or "offensive" marketing requires much more extensive resources to cause defection from competitors. However, it is suggested that because of the extensive classic marketing theories centre on means of attracting customer and creating transactions rather than maintaining them, the majority usage of direct marketing used in the past is now gradually being used more alongside relationship marketing as its importance becomes more recognizable. According to Buchanan and Gilles the increased profitability associated with customer retention efforts occurs because of several factors that occur once a relationship has been established with a customer.

IMPORTANCE OF CUSTOMER RETENTION

There are a number of reasons for this. To begin with, to acquire a customer a company incurs promotional costs like advertising, sales promotion etc. It is said that it costs five times more to attract a new customer than retaining one. The operating cost decrease when a customer stays. Service being rich in experience and credence qualities, it takes some time for customers to get accustomed to it and once they are used to the service and are satisfied with the service provider, they tend to purchase more over a period of time. As they remain satisfied with a service provider, they spread a positive word of mouth, which is very effective in case of service for attracting new customers. Longer the customer stays with an organization, more the organization knows about him, which enables it to offer a customized service which makes it difficult for the customer to defect. This may even provide opportunities to the organization to charge price premium by offering individualized service which may be difficult for the competitors to offer. Considering the importance of retaining customers in service business, Reich held & Sasser coined a term 'Zero Defection'. They highlighted that companies can boost profits by almost 100% by retaining just 5% more of their customers. Further, it is also very important to understand the life time value of a customer. Further, if by a positive word of mouth, he brings just one more customer to the organization, his value to the organization doubles. Therefore, it is important for all the employees in the organization to understand the life time value of their customers.

ADVANTAGES OF CUSTOMER RETENTION

- **POSSIBILITY OF REPEAT BUSINESS**
- **REDUCED COSTS FOR CUSTOMER ACQUISITION**
- **FOSTERING GREATER INTERACTION BETWEEN BUSINESS AND CUSTOMER**
- **HAVING MORE DELIGHTED CUSTOMERS**