

Project Report

Customer Retention Case Study

Submitted by:-

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Internship 33

Introduction

Problem Statement:

Customer satisfaction has emerged as one of the most important factors that guarantee the success of online store; it has been posited as a key stimulant of purchase , repurchase intentions and customer loyalty.

A comprehensive review of the literature, theories and models have been carried out to propose the models for customer activation and customer retention.

Five major factors that contributed to the success of an e-commerce store have been identified as: service quality, system quality, information quality, trust and net benefit.

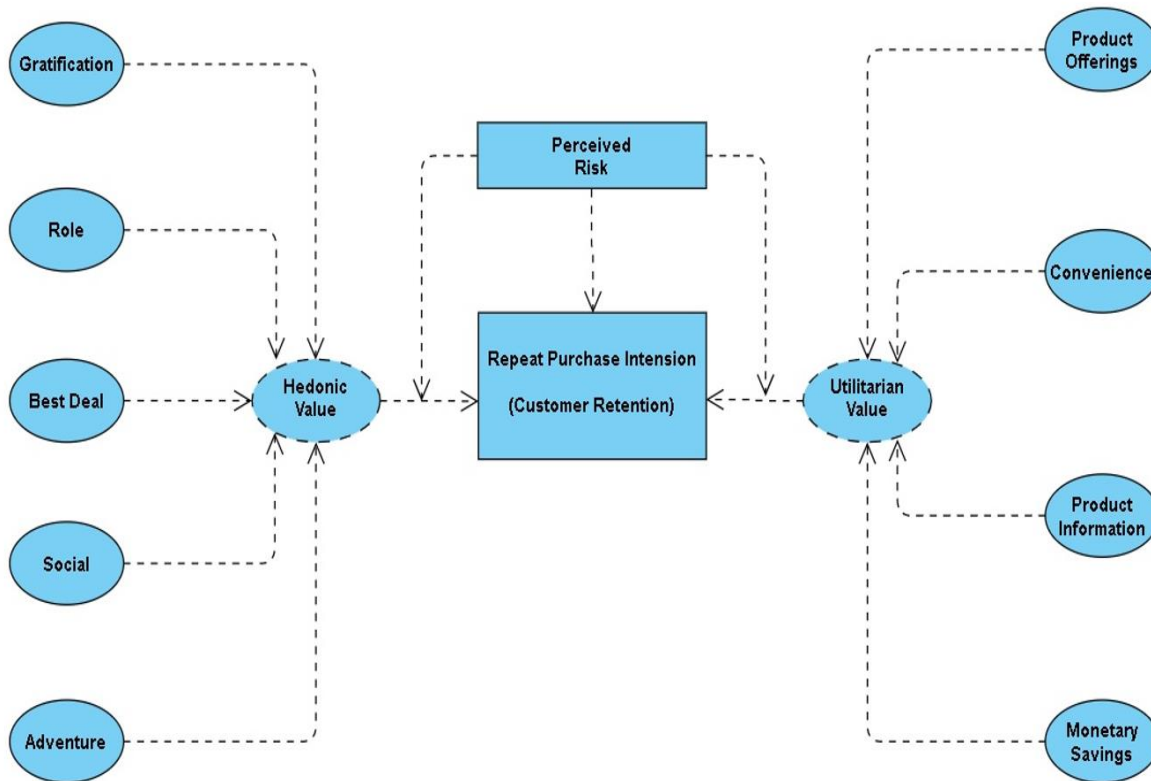
The research furthermore investigated the factors that influence the online customers repeat purchase intention.

The combination of both utilitarian value and hedonistic values are needed to affect the repeat purchase intention (loyalty) positively.

The data is collected from the Indian online shoppers.

Results indicate the e-retail success factors, which are very much critical for customer satisfaction.

Use Case Diagram:



In the above use case diagram, we can see that the Repeat Purchase Intention basically our Customer Retention strategy relies on Hedonic value and Utilitarian value. Also, we see that there are perceived risks affecting the purchase and re purchase intentions of our customers. The Hedonic value has 5 major parts such as gratification, role, best deal, social aspect and adventure feeling criterions. Where as in Utilitarian value we have product offerings, convenience, product information and monetary savings.

Motivation for the Problem Undertaken

Our main objective of doing this project is to analyze whether the users are shopping products from e-commerce websites. How did they give feedbacks to these websites on the basis of several positive and negative factors and also the details of the users on basis of factors like age, gender, city etc.

Benefits of Customer Retention:

1. Retention is cheaper than acquisition

- While the old adage about "it costs five times as much to acquire a new customer" may not be accurate in every case, the basic principle is spot on: it's more cost-effective to keep someone in the fold than to bring in new customers.
- Even still, if it's data you want, there has been plenty of research into acquisition vs retention, and every one of them has come back with the economics favoring retention as the more economically viable focus.
- One caveat though: retention is cheaper than acquisition, but it isn't necessarily easier.

2. Loyal customers are more profitable

- Not only is loyalty cheaper, it has better returns. According to research, engaged consumers buy 90% more frequently, spend 60% more per transaction and are five times more likely to indicate it is the only brand they would purchase in the future.
- On average, they're delivering 23% more revenue and profitability over the average customer.
- While loyal customers are more profitable, don't take their loyalty for granted.
- They'll be more open to price increases, but be cautious not to raise prices simply to see how long they'll stick around.
- Consider the flipside: "Actively disengaged" customers (people who oppose the brand and may be actively spreading that opinion) can cost a brand 13% of its revenue.

3. Your brand will stand out from the crowd

- Put your consumer hat on, and consider how many brands you interact with that actually seem to value your patronage.
- You can probably only think of one or two.
- Most brands focus on acquisition, which makes the retention-centric among us stand out even more.
- People see around 10,000 marketing exposures a day, but only engage with a few of them.
- The ones that earn continual engagement are those with whom they feel an emotional connection with on some level.
- Forget a unique selling proposition; the best brands have a unique retention proposition.

4. You'll earn more word-of-mouth referrals

- Your loyal customers will be your best source of new business.

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- Despite all the efforts into online and mobile marketing and social media, people are still most strongly influenced by referrals from friends and family.
- Millennials in particular will spread the word of a brand's exploits: 90% share their brand preferences online.

5. Engaged Customers Provide More Feedback

- Feedback is critical to the success of any business.
- Customers who provide feedbacks are often willing to give brands the benefit of the doubt.
- They're telling you how to earn their business repeatedly. As research has shown, people who have complained and seen their issue resolved are 84% less likely to decrease their spend.
- Need help dealing with the customers who are providing nasty feedback?

6. Customers will explore your brand

- That's a nice way of saying you'll be able to sell them more stuff.
- Once a brand has proven itself with one product or service, customers are six times more likely to say they would try a new product or service from the brand as soon as it becomes available.
- That's not just valuable for sales, but these folks can be utilized to help with #5 above as beta testers - a critical element in product development.

7. Loyal Customers are more forgiving

- An Accenture study states over \$1.6 trillion is lost each year due to customers bailing after a poor service experience.
- We've gone so far as to claim that it's the top reason people will ditch a brand.
- But customers who consider themselves loyal will let some misdeeds slide - just don't let it happen too often.

8. Customers will welcome your marketing

- No one likes being marketed to.
- Except for loyal customers!
- Those folks are four times more likely to say they "appreciate when this brand reaches out to me" and seven times more likely to "always respond to this brand's promotional offers."

9. You earn wiggle room to try new things

- Loyalty is fickle, so too many changes could chase people away.
- But once you've established a core base of proven customers, your brand can expand its boundaries.
- Maybe it's new messaging or a new product line, or even a new logo. The bottom line is as long as you maintain the basic premises that keep people in your corner; they'll

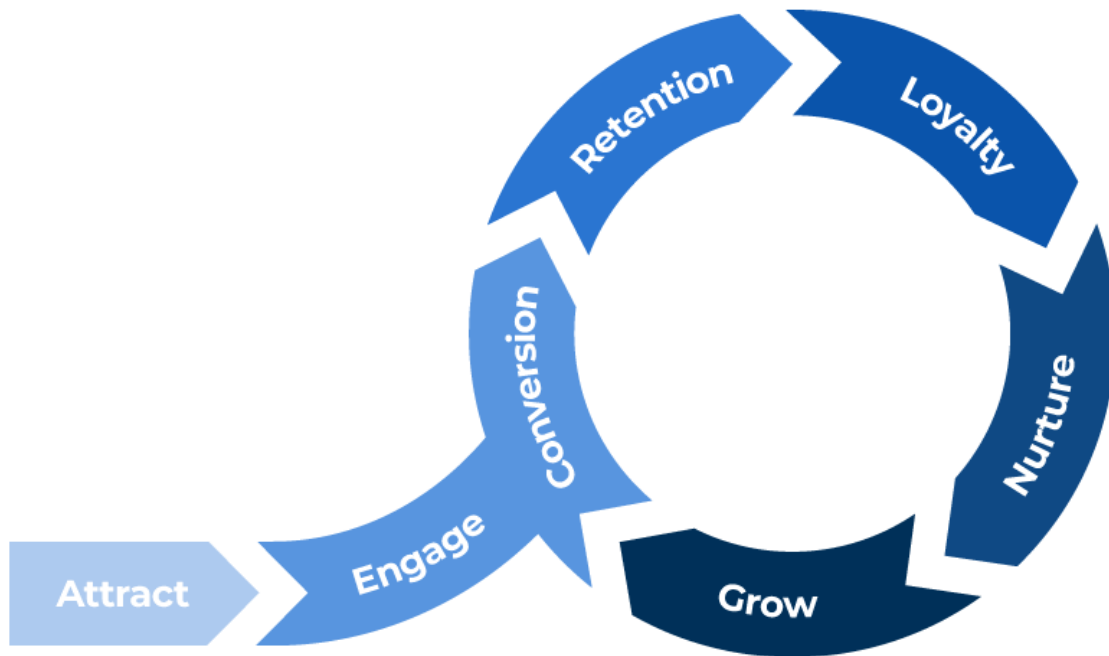
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stick with you through thin and thin.

- In fact, some of them will be excited to see what you can do.
- Existing customers are 50% more likely to try new products, according to a study.

Client Lifecycle Stages



Lifetime revenue is the end goal, not just today's revenue.

Need for Customer Retention:

Keeping current customers happy is generally more cost-effective than acquiring first-time customers. According to the Harvard Business Review, acquiring a new customer can be five to 25 times more expensive than holding on to an existing one.

Companies don't need to spend big on marketing, advertising, or sales outreach. It is easier to turn existing customers into repeating ones, since they already trust your brand from previous purchases. New customers, however, often require more convincing when it comes to that initial sale.

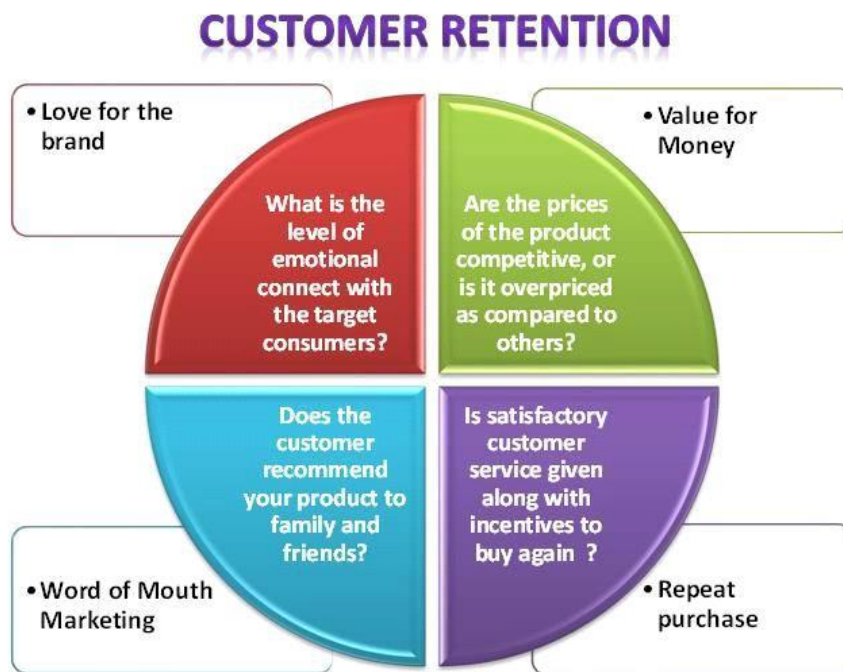
Customer loyalty won't just give companies repeat business. Loyal customers are more likely

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to give free recommendations to their colleagues, friends, and family. Creating that cycle of retained customers and buzz marketing is one way a company can cultivate customer loyalty for long-term success.

Improving customer retention means improving the customer experience. In fact, 77 percent of customers surveyed in a 2021 Customer Experience Trend Report being more loyal to a company that offers a good customer experience if they have an issue. 72 percent are willing to spend more from a company the offers good customer experiences. And 50 percent say that customer experience is more important to them now compared to a year ago.



Since the cost of getting new customer is an estimated five to ten times more than keeping an old one, nurturing loyal customers is a powerful strategy that helps businesses grow.

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Data Analysis Steps of Jupyter notebook:-

1. Importing Libraries
2. Collection of Data.
3. Checking data types
4. Checking the null values
5. Exploratory Data Analysis
6. Visualization
7. Finding Meaningful Insights

Outcomes from the data analysis:-

1. In this project we have investigated ecommerce quality in online businesses and develop new knowledge to understand the most important dimensions of E-retail factor for customer activation and retention.
2. This project aimed to enhance prior understanding of how ecommerce websites affected customer satisfaction, customer trust, and customer behaviour, i.e., repurchase intention, customer loyalty, and site revisit.
3. The dimensions like information about the products, convenient payment mode, Trust, Fulfilment, website design change, security/privacy and many others had a positive impact on the ecommerce websites for customers. Also, some of the dimensions like ease of navigation, loading and speed, late delivery etc. did not have impact on the ecommerce websites. Thus, a company needs to pay attention to these dimensions more specifically and seek breakthroughs that can improve its performance and e-service quality.
4. Customer satisfaction and customer trust appeared as the outcomes of overall e-retail

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factor. The results of the analysis showed that e-retail factor had a positive impact on customer satisfaction. The majority of research done about e-retail factor states that customer satisfaction is the main determinant impacting on e-retail factor. It supports the idea that there is a significant relationship between e-retail factor and customer satisfaction. E-retail factor also had a positive impact on customer trust. The better the e-retail factor of a company, the higher the customer trust. Providing good service quality enhances customer satisfaction and customer trust.

From the above analysis we found that the mains reasons or factors which attract consumers to do shopping online and then main reasons or obstacles which discourage consumers from shopping online. Therefore, from the analysis, it is found that most of the respondents use internet daily but most of the respondents do not use internet daily to buy products. Nearly half of the total respondents' opinions were that they would only use the internet to buy products when the need arises to do so.

Assumptions or recommendations to the online sellers:-

Based upon the findings and analysis, the following assumptions are presented for the online sellers to make online shopping more popular, convenient, reliable and trustworthy.

1. Transaction security and consumers data safety are principal concerns of online customers purchasing products or services online. Therefore online vendors can assure their consumers' by offering personal information privacy, protection policy and guarantee for transaction security by improving their technological systems.

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2. Retailers should be careful about the annoying factors of online shopping such as being unable to access the website, long delays in completing online orders, inconsistencies in the items available online, mistakes in filling orders, and the hassle of returning goods.
3. Online sellers can be more concerned about delivery time, delivery charge and product return policies. They can make it easier, quicker and reliable, so that consumers can enjoy the online shopping experience and they like to shop in the particular websites regularly.
4. The respondents thought that products' mixing up or they find different product at delivery time which is the main inhibition of online shopping, so that the sellers must be very cautious when it comes to delivery.
5. Getting feedbacks from the customers is also one of the important thing to improve the sales of the company. The e-tailer wants to keep the customer happy in order to build the successful business, but they easily fall into a trap of assuming that the customers will give feedback without being prompted. If the e-tailers are doing something wrong, most of the customers won't complain, they will just go elsewhere. So it is important to ask customers how they really feel about their services.

Conclusions: -

The endeavor of this study is to identify the motivating factors towards online shopping and in which e-tailer the customers likely to shop more.

1. In this project, I have done some feature engineering by replacing the unwanted entries by suitable columns, found no null values, and renamed the columns by giving new names. Visualized the data using count plot, factor plot, pie plot and distribution plot, also encoded the object data into numerical using label encoding

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method. Checked the statistical summary of the dataset and checked for skewness, outliers and correlation between the features.

2. From the analysis it was found that consumers purchasing decisions were dependent on various factors. All these motives motivate consumers to purchase products through online. According to consumers' opinions, "time saving" is the most important motivating factor for online shopping.
3. Again "information availability", "open 24/7", "huge range of products/ brands", "reasonable prices", "various offers for online products", "easy ordering system", and "shopping fun" are other motivating factors for online shopping respectively. Also, "online payment system", "personal privacy or security issues", "delaying of delivery" and "lacks of personal customer service" are the main inhibitions of online shopping to the respondents.
4. After visualizing the data, I found Amazon is the best online store where the customers trust on buying products and it has positive impact on the customers. Also, amazon and flip kart have increased customers' expectations. So, they are the best online retailer who makes the loyal customers and satisfies the customers.
5. It was also observed that online shopping is not trustworthy and reliable to some consumers due to only online payment system and personal privacy. In addition, online security is a major concern for the consumer particularly in terms of fraud, privacy and hacking. So, the organizers should make up their organization for better sales.

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