



**PROJECT REPORT ON:
“CUSTOMER RETENTION”**

**BY
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Apart from the efforts of myself, the success of any project depends largely on the encouragement and guidelines of many others. I take this opportunity to express my gratitude to the people who have been instrumental in the successful completion of this project.

I would like to Thank my parents & Data Trained Team for their kind co-operation and encouragement which helped me in completion of this project.

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1.INTRODUCTION

1.1 Background:

A successful business strategy today is not only developing cost-effective and highly targeted ways to reach out the new customers, it is more about keeping the existing customers engaged in the company. It has been acknowledged that bringing in new customers is expensive (Ang & Buttle, 2006). Investment in the acquisition of new customers is six times higher than investing in existing customers (Raab et al., 2010). Increased performance in customer retention practices, on the other hand, has been found to create five times more impact than a similar amount of discount or cost of the capital, leading into the more profitable customer relationship. (Ang & Buttle, 2006.)

The situation in the market has changed, and the competition has become tougher. Customers have the luxury to choose between many providers. The increasing number of actors in the market has caused a rise in the significance and relevance of customer retention (Raab et al., 2010). Ang and Buttle (2006) have stated that the planning of a customer retention process is essential in order to achieve the desired level of outcome which is determined in the modern management literature. Although, the development of the customer retention process still is a rather unknown concept due to the lack of research in this specific field. The limited research around the metrics and segments of the customer retention processes has turned out to be the root cause for the problematic implementation of customer retention on companies' business strategies. (Ang & Buttle, 2006.)

Overall, customer retention has been recognized to be an effective way to lower the maintenance costs per se and yield economic benefits (Ang & Buttle, 2006). Progress in retention activities enables the growth in revenue more cost-efficiently than in the acquisition of new customers (Artun & Levin, 2015).

1.2 Limitations:

The thesis is conducted as a case study by basing its findings and results on a specific area where the case company operates. For the competitive advantage reason, parts that include confidential information are hidden from another

version of the thesis. Empirical data received from the interview and the focus group is not suitable for generalized usage due to its focused, one company orientation. A customer retention specific angle has been chosen for this thesis and it was decided to look at the concept from a certain company's point of view. Due to the specific company focus with the research aim, the results and the final discussion around the topic have classified as confidential. There will be two versions of the thesis made: an original one and censored one, this representing the censored one.

1.3 Literature Review

Customer acquisition, customer retention and customer development are the three elements that form a customer lifecycle. A customer is acquired into the company as a part of reaching the ambition to grow the business. Acquired customers form the base of customer retention – without any customers, there is no churn to prevent or value to enhance.

2. Analytical Problem Framing

2.1 Mathematical/ Analytical Modelling of the Problem

The studies were identified using different keywords that are related mainly to customer retention and analysing other factors such as satisfaction, trust, and commitment in several searching processes until reaching a suitable number of related and targeted articles and studies to select and analyse. The given dataset is unsupervised data. The datasets were downloaded and then filtered to remove the duplicate entries. The Visualising of the features given us a good insight that what actually customers are expecting from the e-commerce sellers.

2.2 Data Source

The data is collected from the Indian e-commerce customers. Results indicate the e-retail success factors, which is very much critical for customer satisfaction. There are two sheets (one is detailed) and second is encoded in

the excel file. You may use any of them by extracting in separate excel sheet.
The number of column(s) is more than 47.

The features in the dataset are as follows:

- 1 Gender of respondent
- 2 How old are you?
- 3 Which city do you shop online from?
- 4 What is the Pin Code of where you shop online from?
- 5 Since How Long You are Shopping Online ?
- 6 How many times you have made an online purchase in the past 1 year?
- 7 How do you access the internet while shopping on-line?
- 8 Which device do you use to access the online shopping?
- 9 What is the screen size of your mobile device?
- 10 What is the operating system (OS) of your device?
- 11 What browser do you run on your device to access the website?
- 12 Which channel did you follow to arrive at your favorite online store for the first time?
- 13 After first visit, how do you reach the online retail store?
- 14 How much time do you explore the e- retail store before making a purchase decision?
- 15 What is your preferred payment Option?
- 16 How frequently do you abandon (selecting an items and leaving without making payment) your shopping cart?
- 17 Why did you abandon the “Bag”, “Shopping Cart”?
- 18 The content on the website must be easy to read and understand
- 19 Information on similar product to the one highlighted is important for product comparison
- 20 Complete information on listed seller and product being offered is important for purchase decision.
- 21 All relevant information on listed products must be stated clearly
- 22 Ease of navigation in website.
- 23 Loading and processing speed
- 24 User friendly Interface of the website
- 25 Convenient Payment methods
- 26 Trust that the online retail store will fulfill its part of the transaction at the stipulated time
- 27 Empathy (readiness to assist with queries) towards the customers
- 28 Being able to guarantee the privacy of the customer
- 29 Responsiveness, availability of several communication channels (email, online rep, twitter, phone etc.)

- 30 Online shopping gives monetary benefit and discounts
- 31 Enjoyment is derived from shopping online
- 32 Shopping online is convenient and flexible
- 33 Return and replacement policy of the e-tailer is important for purchase decision
- 34 Gaining access to loyalty programs is a benefit of shopping online
- 35 Displaying quality Information on the website improves satisfaction of customers
- 36 User derive satisfaction while shopping on a good quality website or application
- 37 Net Benefit derived from shopping online can lead to users satisfaction
- 38 User satisfaction cannot exist without trust
- 39 Offering a wide variety of listed product in several category
- 40 Provision of complete and relevant product information
- 41 Monetary savings
- 42 The Convenience of patronizing the online retailer
- 43 Shopping on the website gives you the sense of adventure
- 44 Shopping on your preferred e-tailer enhances your social status
- 45 You feel gratification shopping on your favorite e-tailer
- 46 Shopping on the website helps you fulfill certain roles
- 47 Getting value for money spent

From the following, tick any (or all) of the online retailers you have shopped from

Easy to use website or application

Visual appealing web-page layout

Wide variety of product on offer

Complete, relevant description information of products

Fast loading website speed of website and application

Reliability of the website or application

Quickness to complete purchase

Availability of several payment options

Speedy order delivery

Privacy of customers' information

Security of customer financial information

Perceived Trustworthiness

Presence of online assistance through multi-channel

Longer time to get logged in (promotion, sales period)

Longer time in displaying graphics and photos (promotion, sales period)

Late declaration of price (promotion, sales period)

Longer page loading time (promotion, sales period)
 Limited mode of payment on most products (promotion, sales period)
 Longer delivery period
 Change in website/Application design
 Frequent disruption when moving from one page to another
 Website is as efficient as before
 Which of the Indian online retailer would you recommend to a friend?

2.3 Data Preprocessing

Firstly, the dataset was imported which was in excel format. Then I did all the statistical analysis like checking shape, nunique, value counts, info etc..... Then duplicate entries were removed from the dataset.

```
In [30]: df["7 How do you access the internet while shopping on-line?"].replace("Mobile internet","Mobile Internet",inplace=True)
```

I have changed the column names for better understanding.

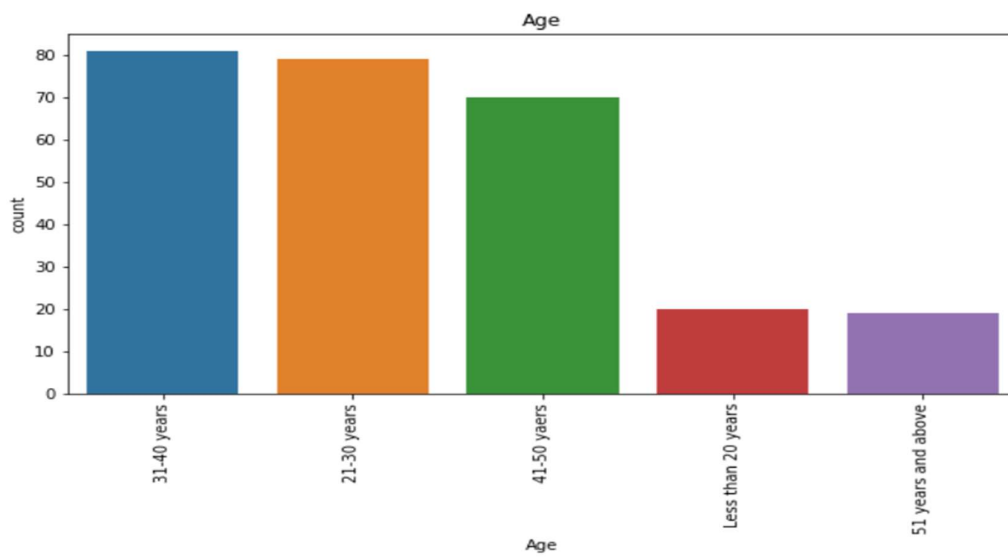
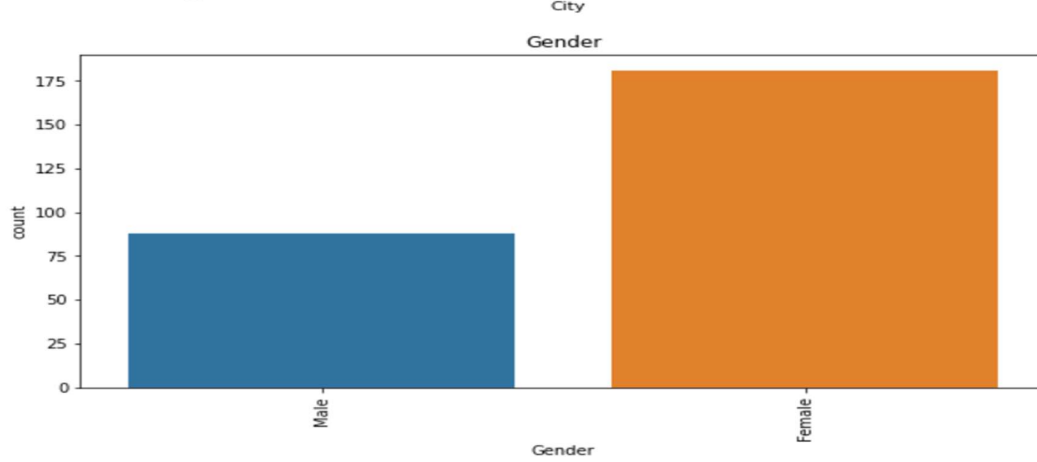
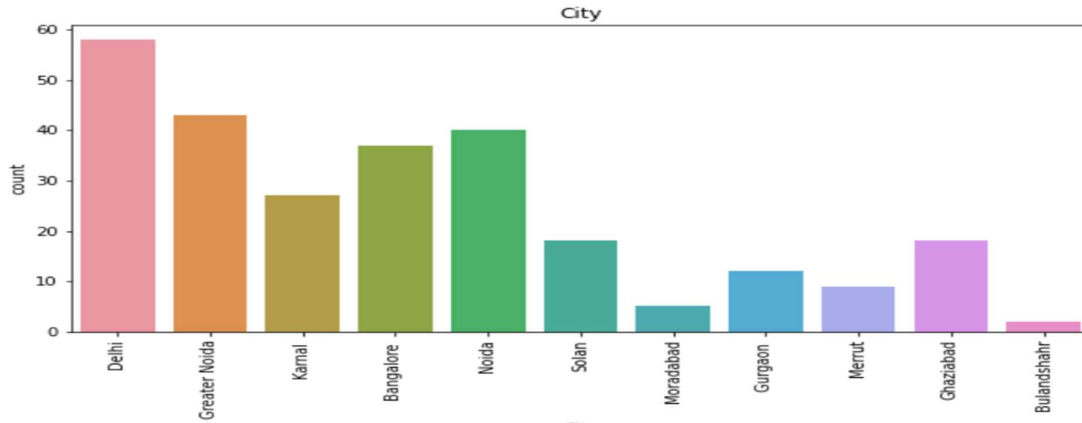
```
In [32]: rename_columns = ['Gender','Age','City','PinCode','Shopping_Since','Shopping_Frequency','Internet_Accessibility','Device',
    'Screen_Size','OS','Browser','Channel_FirstUsed','Mode_of_login','TimeSpent','Payment_Mode','Abandon_Frequency',
    'Abandon_Reason','Readability','Similar_ProductInfo','Seller_ProductInfo','ProductInfo_Clarity','Ease_Navigation',
    'Loading_Speed','UserFriendly_Interface','Convenient_Payment_Method','TimelyFulfilment_Trust','Customer_Empathy',
    'Customer_Privacy_Guarantee','Various_Channel_Responses','Benefit_Discount','Enjoy_Online_Shopping','Convenience_Flexi',
    'QualityInfo_Satisfaction','WebsiteQuality_Satisfaction','NetBenefit_Satisfaction','User_Trust','Product_SeveralCategor',
    'Patronizing_Convenience','Adventure_Sense','Enhances_SocialStatus','Gratification_Shopping','Role_Fulfilment','Money_W',
    'Visually_AppealingWebApp','Product_Variety','Complete_ProductInfo','Fast_WebApp','Reliable_WebApp','Quick_Purchase',
    'Fast_Delivery','CustInfo_Privacy','FinancialInfo_Security','Perceived_Trustworthiness','MultiChannel_Assistance','Lor',
    'LatePrice_Declare','Long>LoadingTime','Limited_PaymentMode','Longer_Delivery','Change_in_Design','Frequent_Disruption',
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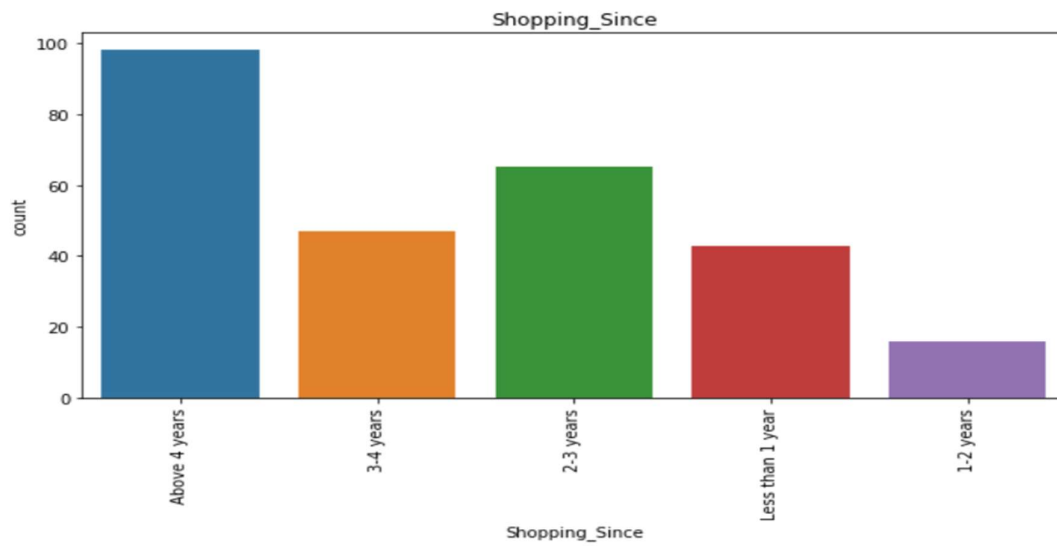
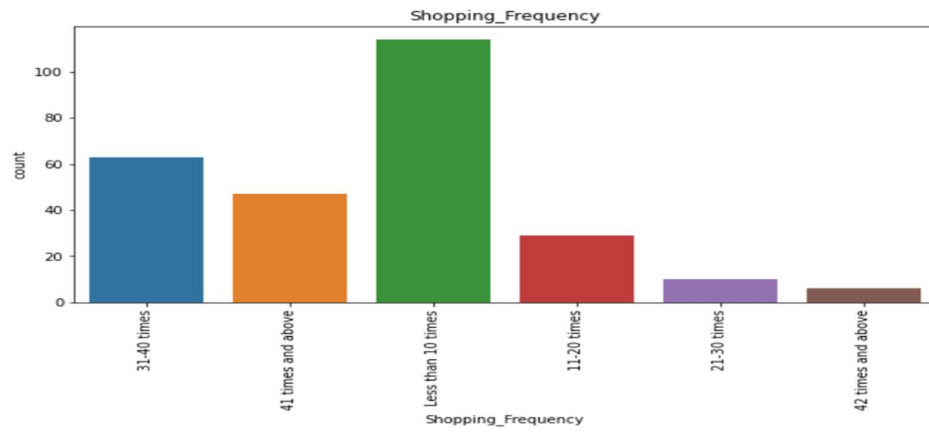
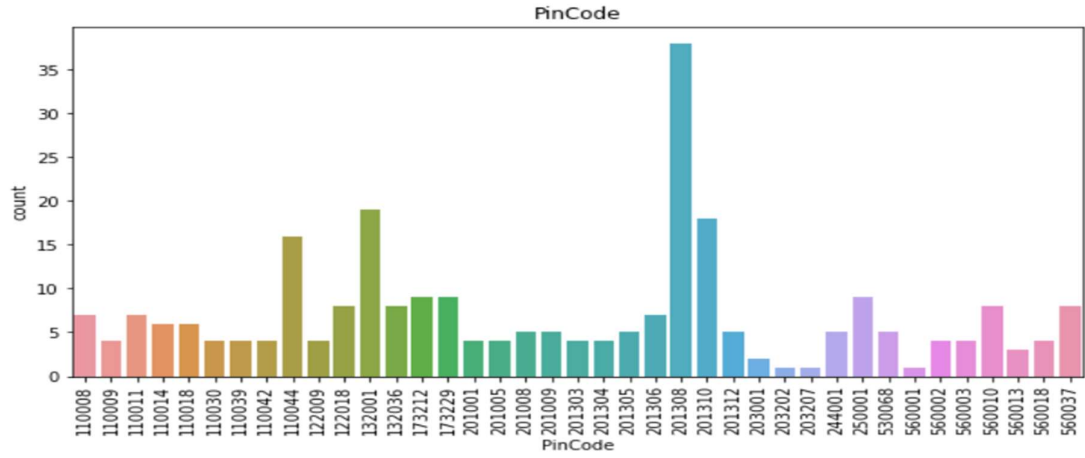
```
In [36]: df.columns
```

```
Out[36]: Index(['Gender', 'Age', 'City', 'PinCode', 'Shopping_Since',
    'Shopping_Frequency', 'Internet_Accessibility', 'Device', 'Screen_Size',
    'OS', 'Browser', 'Channel_FirstUsed', 'Mode_of_login', 'TimeSpent',
    'Payment_Mode', 'Abandon_Frequency', 'Abandon_Reason', 'Readability',
    'Similar_ProductInfo', 'Seller_ProductInfo', 'ProductInfo_Clarity',
    'Ease_Navigation', 'Loading_Speed', 'UserFriendly_Interface',
    'Convenient_Payment_Method', 'TimelyFulfilment_Trust',
    'Customer_Empathy', 'Customer_Privacy_Guarantee',
    'Various_Channel_Responses', 'Benefit_Discount',
    'Enjoy_Online_Shopping', 'Convenience_Flexibility',
    'Returns_and_ReplacementPolicy', 'Loyalty_ProgramAccess',
    'QualityInfo_Satisfaction', 'WebsiteQuality_Satisfaction',
    'NetBenefit_Satisfaction', 'User_Trust', 'Product_SeveralCategory',
    'Relevant_ProductInfo', 'Monetary_Savings', 'Patronizing_Convenience',
    'Adventure_Sense', 'Enhances_SocialStatus', 'Gratification_Shopping',
    'Role_Fulfilment', 'Money_Worthy', 'Shopped_From', 'Easy_WebApp',
    'Visually_AppealingWebApp', 'Product_Variety', 'Complete_ProductInfo',
    'Fast_WebApp', 'Reliable_WebApp', 'Quick_Purchase',
    'PaymentOptions_Availability', 'Fast_Delivery', 'CustInfo_Privacy',
    'FinancialInfo_Security', 'Perceived_Trustworthiness',
    'MultiChannel_Assistance', 'Long_LoginTime', 'LongPhoto_DisplayTime',
    'LatePrice_Declare', 'Long>LoadingTime', 'Limited_PaymentMode',
    'Longer_Delivery', 'Change_in_Design', 'Frequent_Disruption',
    'Efficiency', 'Recommendation'],
    dtype='object')
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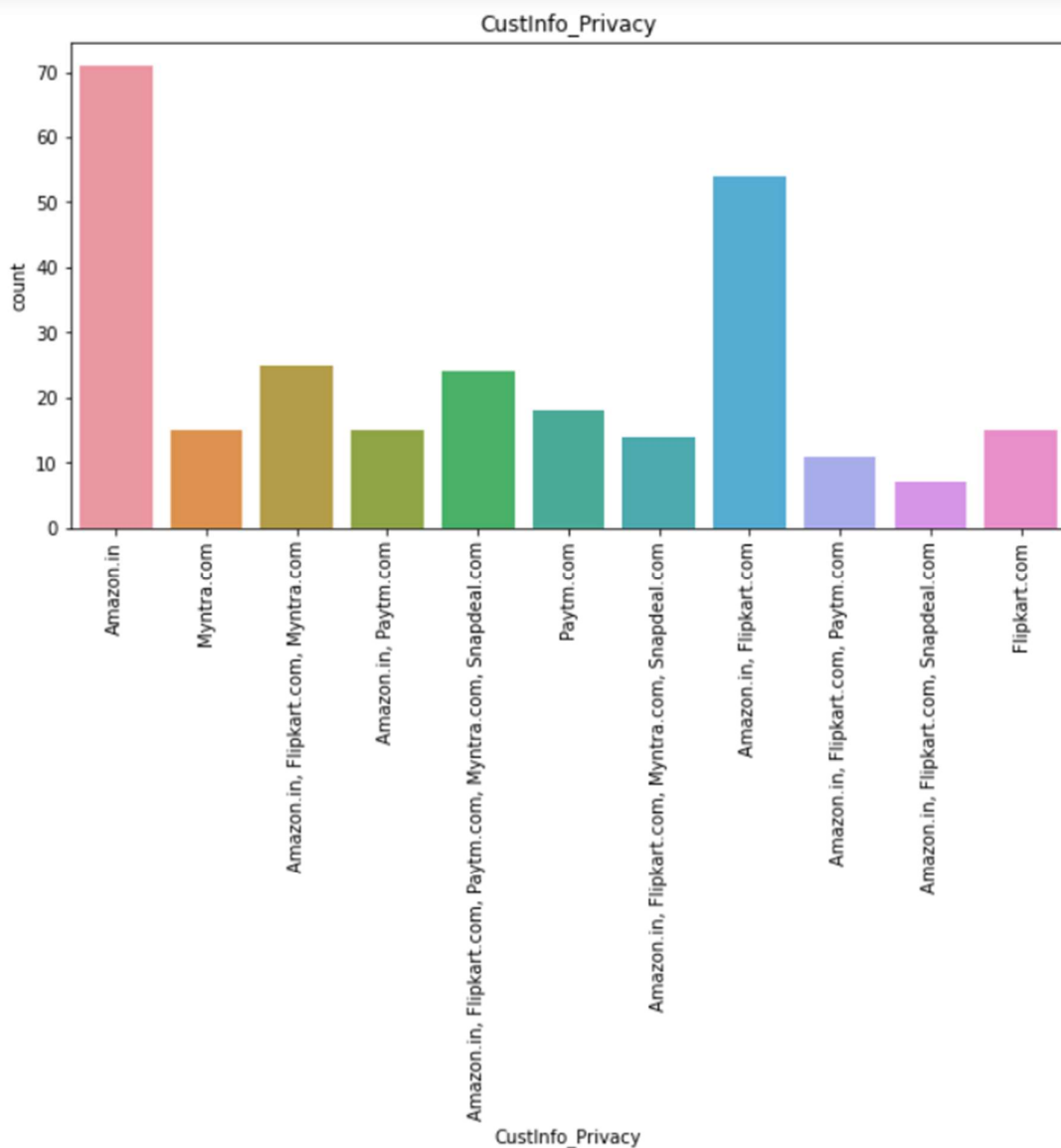
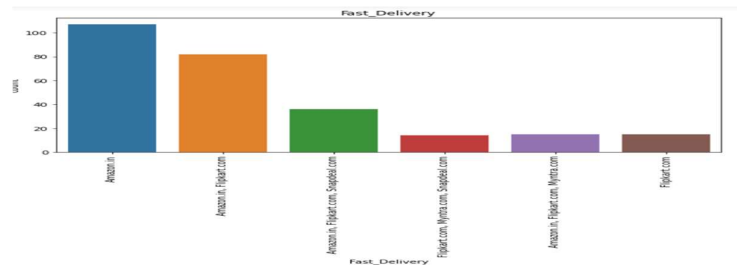

3.Data Visualisation

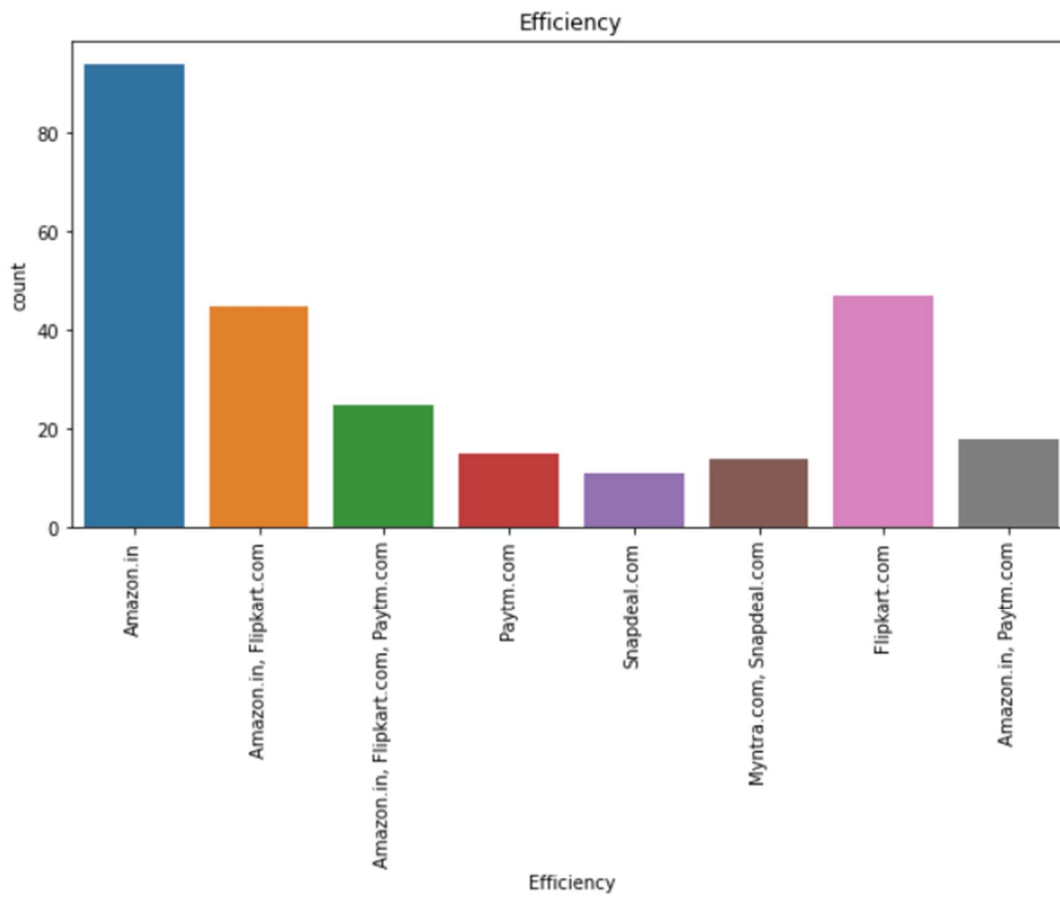
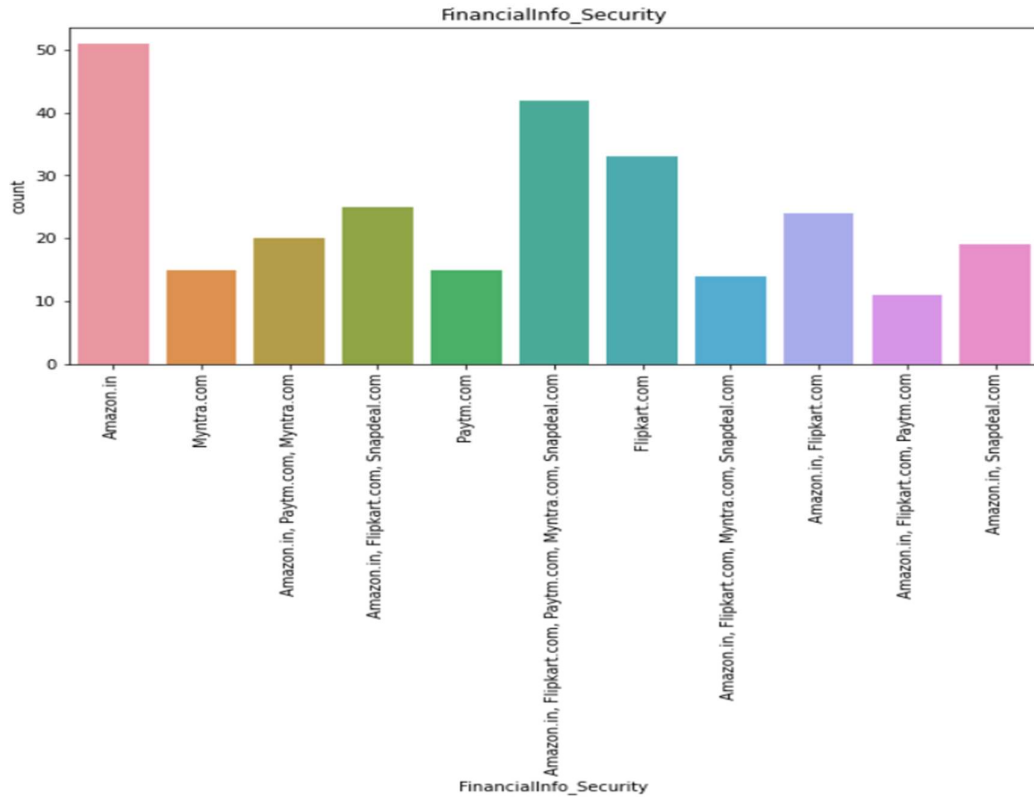
3.1 Visualisations

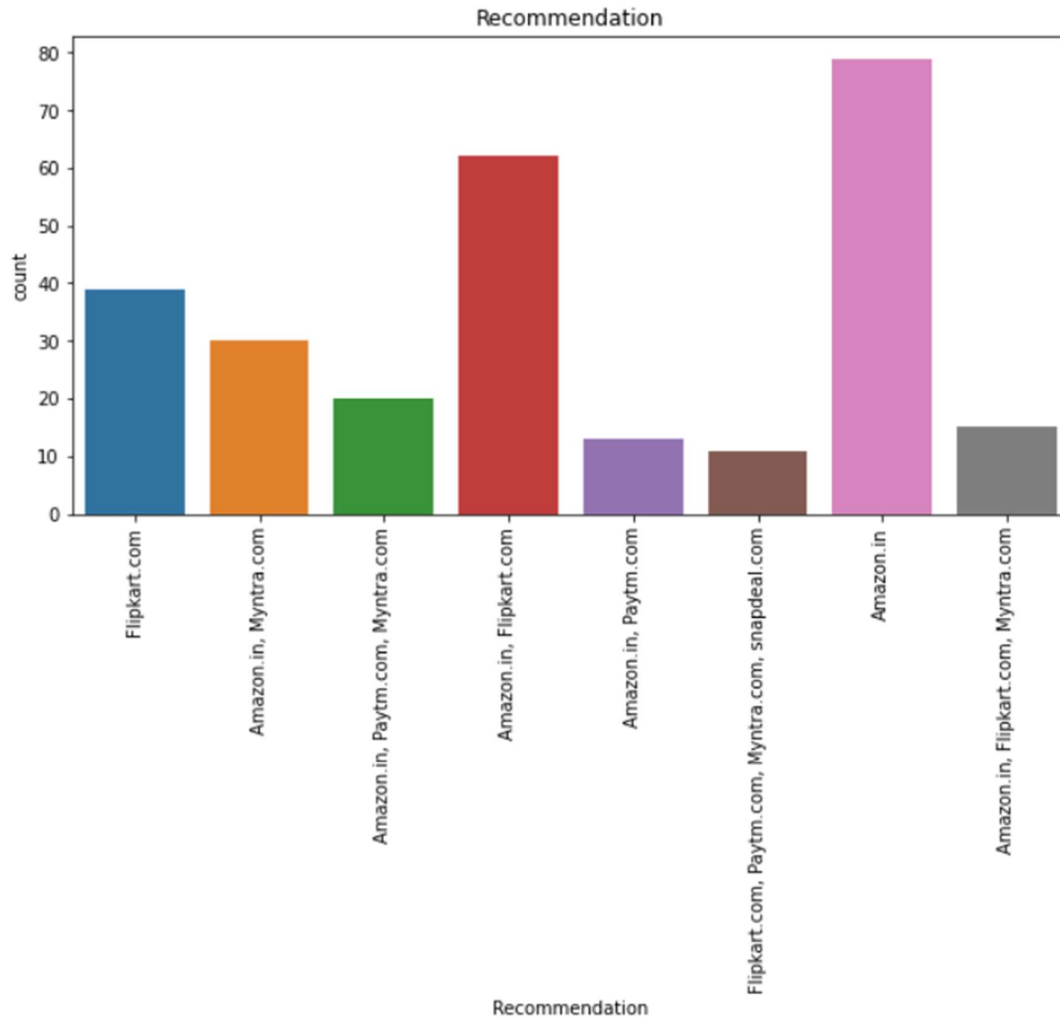




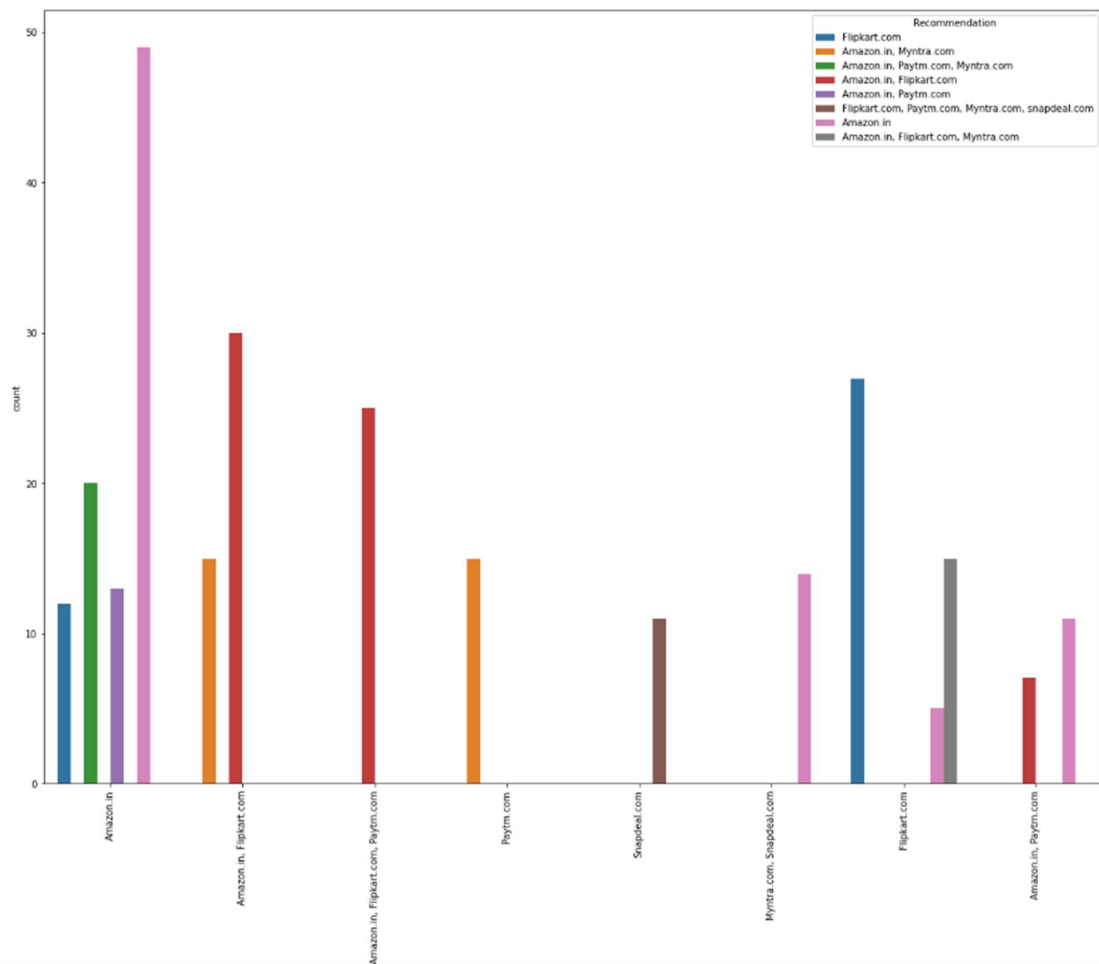
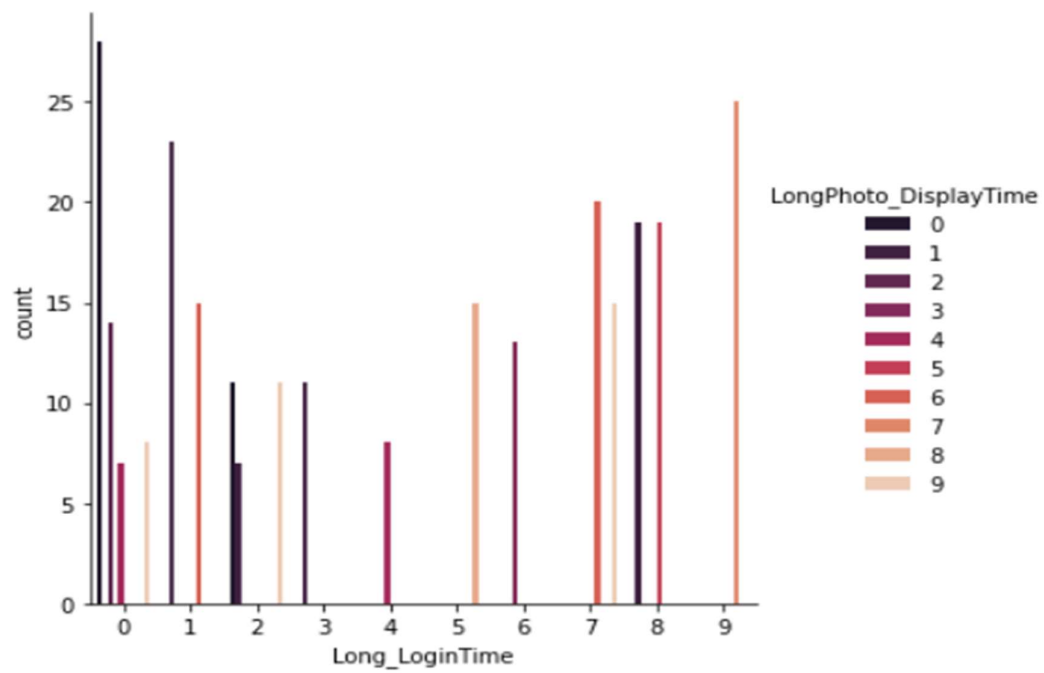
- Female customers are more than Male customers.
- According to 'Age' 31 to 40 years old shops more and 51 years above shops less.
- Delhi has maximum count of customers.
- The people from 201308 pincode shop more.

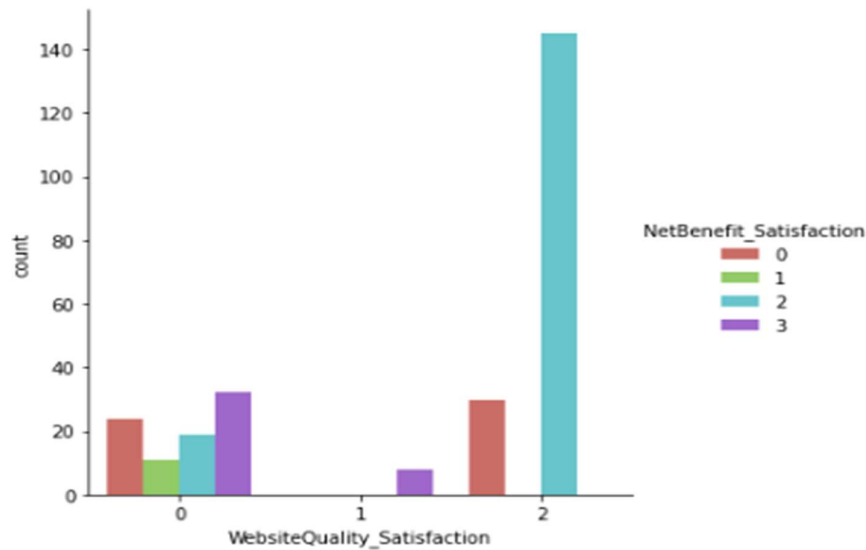






- 1.Many people make online shopping with Smartphone and Mobile Internet.
- 2.Google chrome is the people's favourite browser for online shopping.
- 3.Many People Strongly Agree with the customer_Privacy_Guarantee.
- 4.Amazon and Flipkart provides complete product info.
- 5.Amazon is the reliable and fast web app.
- 6.Amazon and flipkart has maximum payment options Availability.
- 7.Amazon makes fastest delivery among all other shopping sites.
- 8.Myntra and Paytm takes longer to load.
- 9.Snapdeal has limited payment mode.
- 10.Paytm takes longer delivery time.
- 11.Amazon.in has good efficiency.
- 12.Mostly People shop from "Amazon.in"





- Maximum customers agree to have the content on the web page to be easy to read and understand.
- People agrees to have all relevant information on listed products and agrees with complete information on listed seller and product being offered is important for purchase decision.
- Maximum customers want user friendly interface of the website and convenient payment methods.
- Mostly Customers wants to have the guarantee privacy of the customer and they wish to have Responsiveness, availability of several communication channels.
- Maximum customers agrees that Online shopping gives monetary benefit and discounts and they also agree that Enjoyment is derived from shopping online.
- Many customers agree with Gaining access to loyalty programs.
- Customers agrees that displaying quality information on the website improves satisfaction.
- Maximum customers agree shopping on the websites helps to fulfil certain roles and they also agree that getting value for money spent.
- Maximum customers chose Amazon and Flipkart as best visual appealing web-page layout and best platform which gives wide variety of products.
- Most of the customers chose Amazon and Flipkart as the best platform that gives complete relevant description information of products and also they choose Snapdeal as the fast loading website.

- Mostly customers say that the Reliability of the website or application and quickness to complete purchase is good with Amazon.
- Max customers chooses Amazon and Flipkart as having best payment option available and also they are giving fastest delivery also.
- Max customers chooses Amazon for giving best customers information privacy and also for giving best financial information security.
- The drawback of snapdeal is late delivery and less payment modes.
- When many customers login to amazon, due to busy server it takes long time to load.
- According to most of the customers the services offered by the amazon is recommended by most of the customers.

3.2 Interpretation of the Results

- Females aged 20-50 shop more and they use smart phone and mobile internet.
- Maximum Number of customers use credit/debit cards for payment.
- Amazon and Flipkart has maximum benefits than drawbacks.
- Compared to all other online shopping platforms Snapdeal and Myntra has many drawbacks.
- Amazon is recommended by most of the customers.

4.CONCLUSION

The study has found that clear state of return policy, quality guarantee and refund policy are important for the customers while making an online purchase. These are useful findings which organized e-commerce websites need to keep in mind while conducting their business through websites. E-commerce websites must be convenient for customers to find what they want complexity in using a website may lead customers in switching over to another website. The study also points out serviceability and web design factor while trading through online. E-commerce websites should ensure about Prompt delivery, complaint handling and good packaging. Because, this factor is considered as a significant factor in retaining customers. They should ensure about website designs, easy navigation, updated information and easy to recall in order to avoid discomfort.