

**CASE STUDY &
ANALYSIS ON FACTORS
FOR CUSTOMER
RETENTION OF E-
RETAILERS**

**PREPARED BY
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ACKNOWLEDGEMENT

It is my pleasure to work with FLIP ROBO Technologies (Bangalore). It was possible for me to prepare this report and analysis as FLIP ROBO Technologies provided me the chance to work on this CUSTOMER RETENTION OF E-RETAILERS project.

Herein I have tried to analyze the factors that affect the buying decisions of the customers, the variety of products they need, the discounts that customers expect and so on. FLIP ROBO Technologies had provided me with a dataset of 269 customers who shop online from various online portals having various requirements and feed-backs of customers.

I wish to extend my thanks to my friends who helped me in this study and analysis.

ABSTRACT

Retention of customers is very important for E-Retailers. It goes back to old age strategy of direct marketing or branding as that was the best solution available then for customer retention.

There are many factors affecting customers to shop on specific E-Commerce websites or apps, some of these are Service quality, System quality, Detail Product info availability, Trust on the E-Retailer, Discounts offered by the E-Retailer.

Customers prefer the Utilitarian Values and Hedonistic Values for repetitive purchase decision. E-Retailer have customers as an asset and hence they work more on these values by providing special promotion discounts and so on. Thus this report has analysis of different factors for customers retention considered by E-Retailers.

INTRODUCTION

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 or 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.

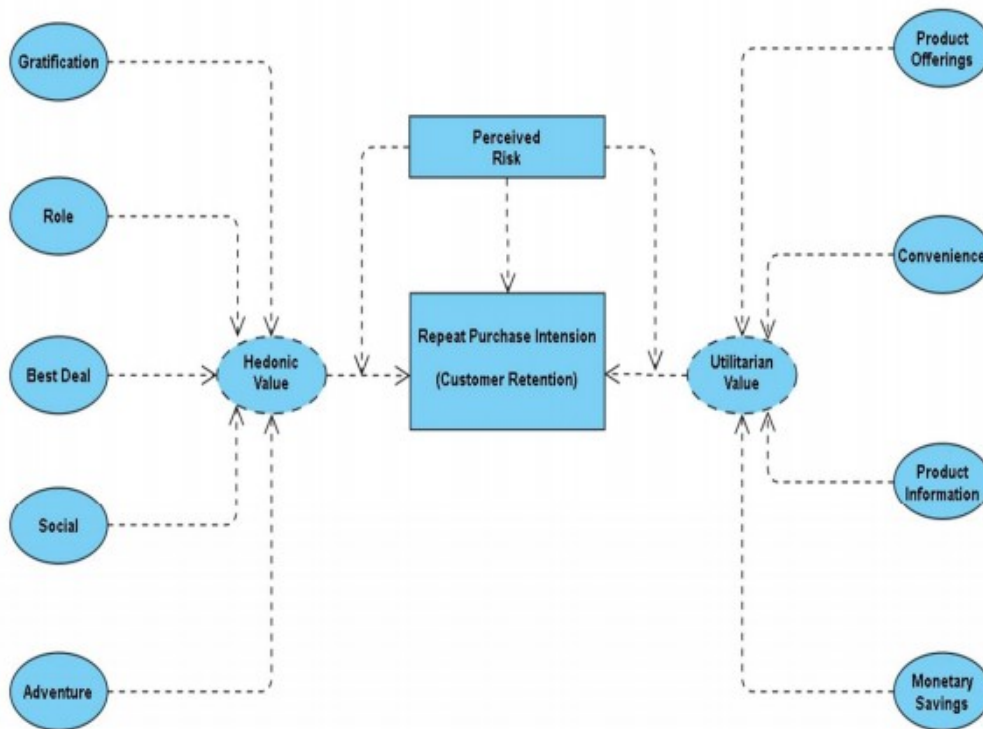
Five major factors that contributed to the success of an e-commerce store have been identified as: service quality, system quality, information quality, trust and net benefit.

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.

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

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

The main aim is to investigate the E- retailer's factors which lead to customer's retention and Influence the buying decision. With increase in the various online platforms like Amazon, Flipkart, Myntra, Paytm, and Snapdeal etc. shoppers are having multiple choice. These days' shoppers compare price and all the services provided by the E-retailers before making online purchase. In such situation it become more interesting to study the factors which influence shoppers to make buying decision.

Problem Statement

E-Retails industries emerged rapidly from past decades and it has grown faster during Covid-19 pandemics. The completion has increased.

We have giants like Amazon, Flipkart, Myntra, Snap deal and Big Basket etc. who are capturing Indian market rapidly through their online platform.

In such competitive market retaining customers and winning trust is very big challenge for e-retailers.

Understanding various factors that influence buying decision.

Understanding customer's perception regarding selected online retailers.

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 warning 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 flip side: "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 centrist 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. Despite all the efforts into online and mobile marketing and social media, people are still most strongly influenced by referrals from friends and family.

5. Engaged Customers Provide More Feedback

Feedback is critical to the success of any business.

Customers who provide feed-backs 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.

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 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 more likely to “appreciate when this brand reaches out to me” and much more likely to “always respond to this brand’s promotional offers.”

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 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.

Analytical Problem Framing

Data Sources and Format:

The data was collected from Indian online shoppers from different regions of India. Data set consist entry of 269 online shoppers which represent the row of the data and the question asked from the shoppers are the columns of the dataset.

Dataset has 71 columns which are the questions asked during the survey. These questions include some personal information questions, Recommendation questions, personal views and questions related to marketplaces. All the data is of object type. We have two type of data files normal file which having object type data and encoded format file with encoded data. Data consist of customer's ratings and some recommendation made by the online shoppers.

Data Inputs- Logic- Output Relationships

In this article we are investigating e-retailers factors which affect the customer's retention and influence the buying decision. So the factors described in the data set are input factors to investigate the buying decision.

Assumptions:

As we have not collected the data, we are assuming it was collected from actual online shoppers.

All the ethical measure followed during data collection process.

Software Requirement: We need anaconda installed in our laptop or desktop. It comes with all the packages required for data analysis and visualization.

Anaconda has Jupyter Notebook, the best environment for data analysis.

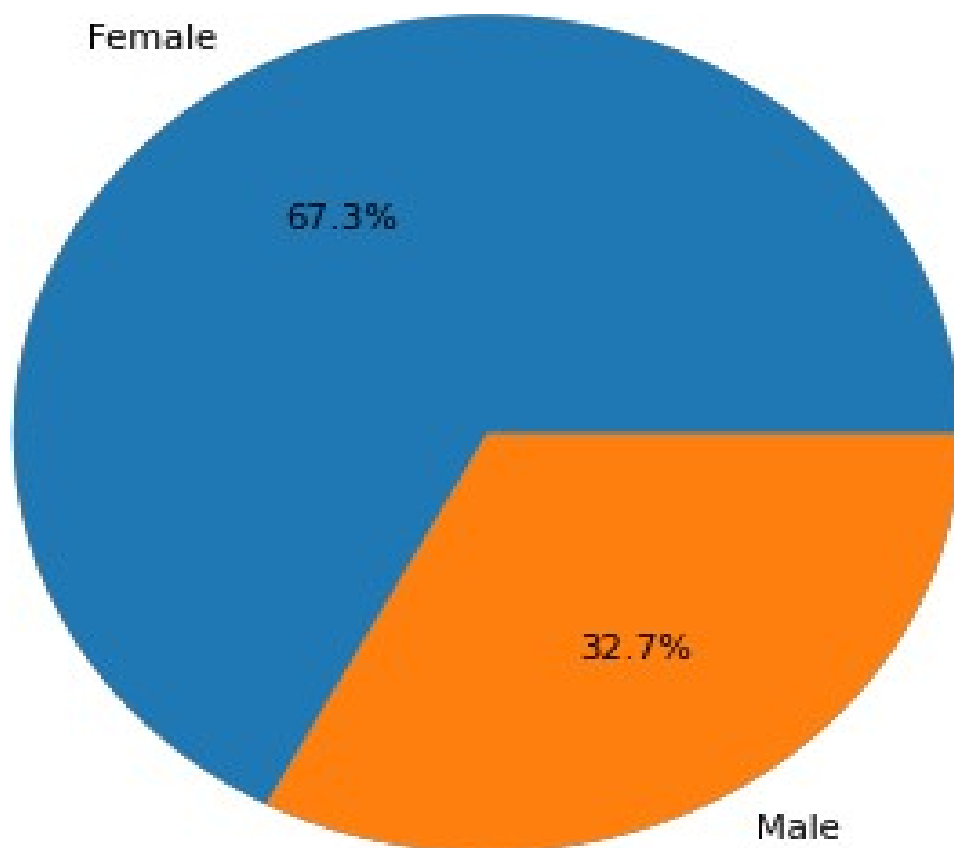
Libraries Used: We have used mainly four libraries for data analysis, mathematical calculation and Visualization of data. Numpy is used for Numerical calculation and pandas is used for making data frame and pre-processing of the data. For visualization part we have used Matplotlib and Seaborn package. Both the package provides a wide variety of the graphs for data visualization and analysis.

Coding Language: Python

Data Analysis and Visualization

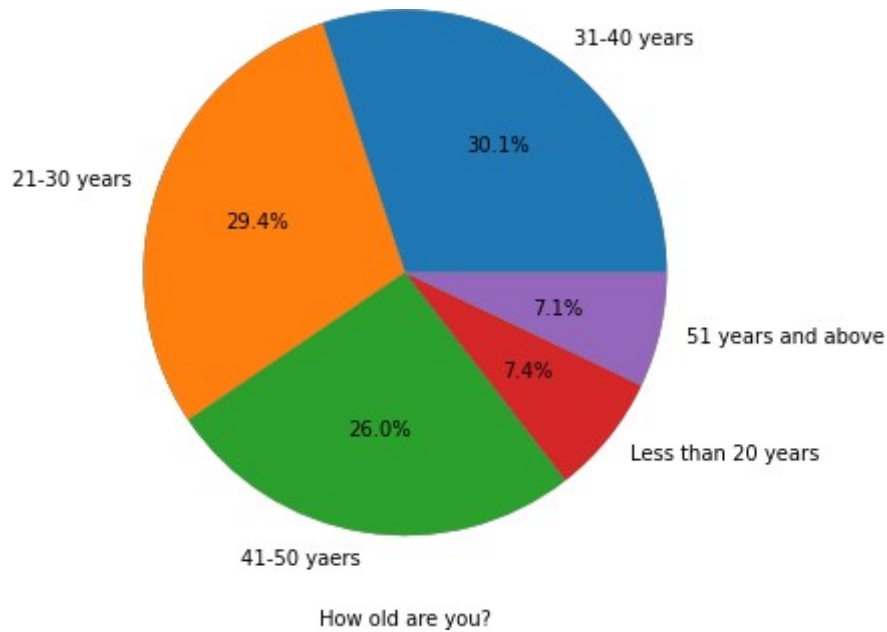
In this section of the report we will analyze the data and visualize it using tools available in python. In Jupyter Notebook we first import all the required libraries.

Our dataset having 269 rows and 71 columns. All the data is of object type except PIN. Data is not having any null values. We have seen from 269 online shoppers 67.3% shoppers are female and 32.7 % are male. Which indicates females prefer online shopping

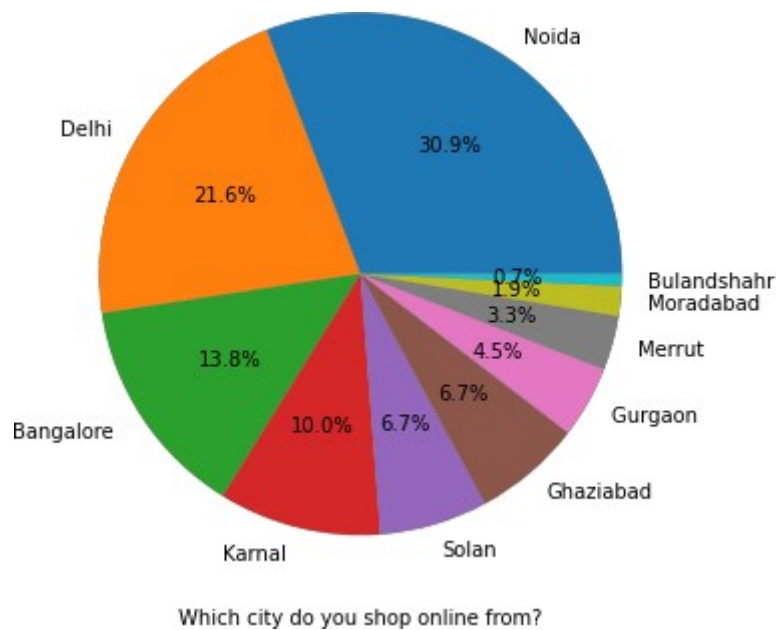


Gender of respondent

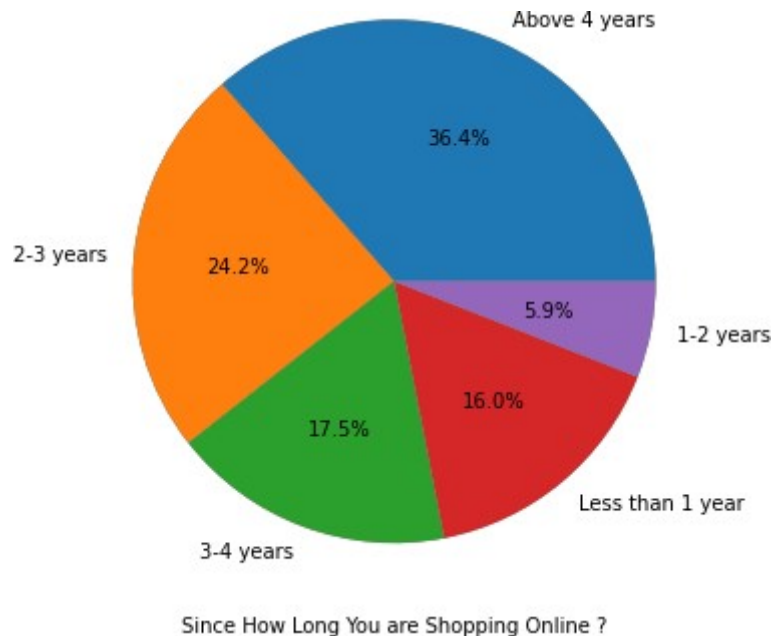
Majority of the online shoppers are between 21 years to 50 years.
People below 20 years and above 51 years shop less.



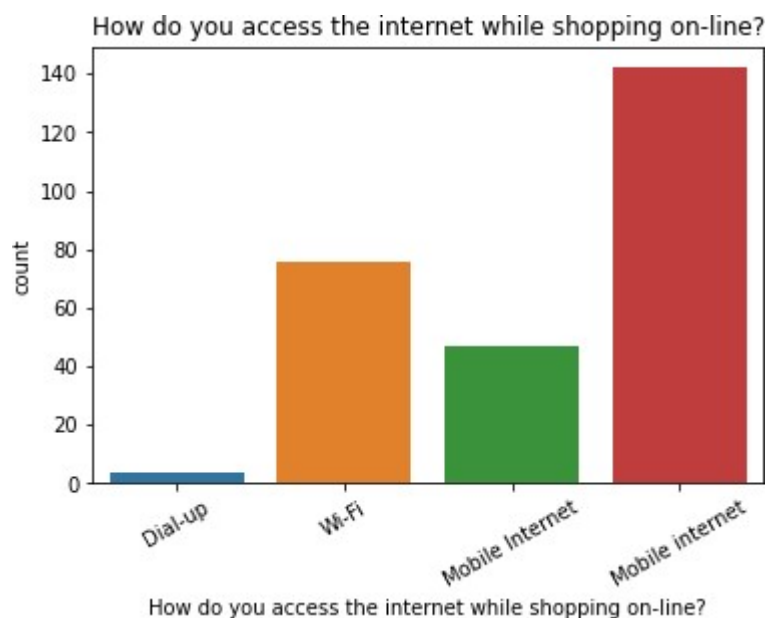
If we see the city wise data majority of the shoppers are from Delhi and Noida.

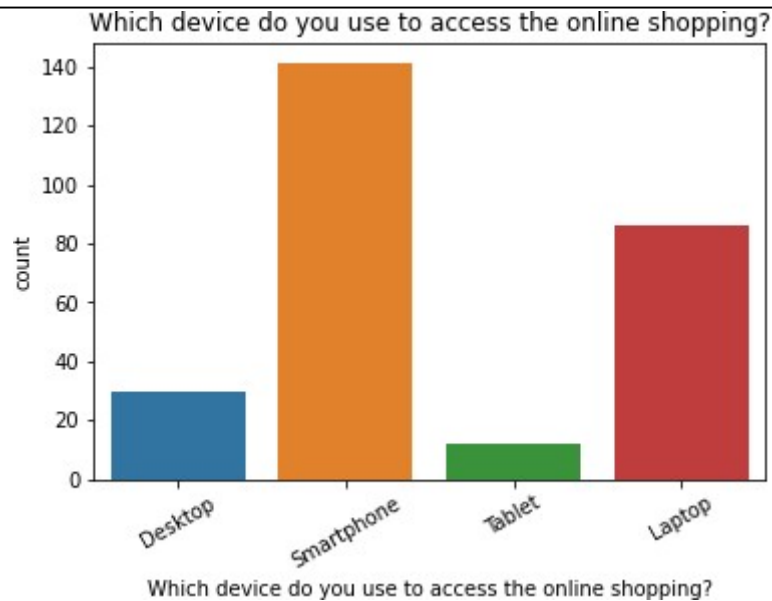


More than 63% of the shoppers are from Delhi, Noida and Bangalore. And majority of the shoppers are shopping online for more than 4 years. We can see in the below graph.



If we talk about internet access 70 percent shoppers use mobile internet for shopping online as seen below:



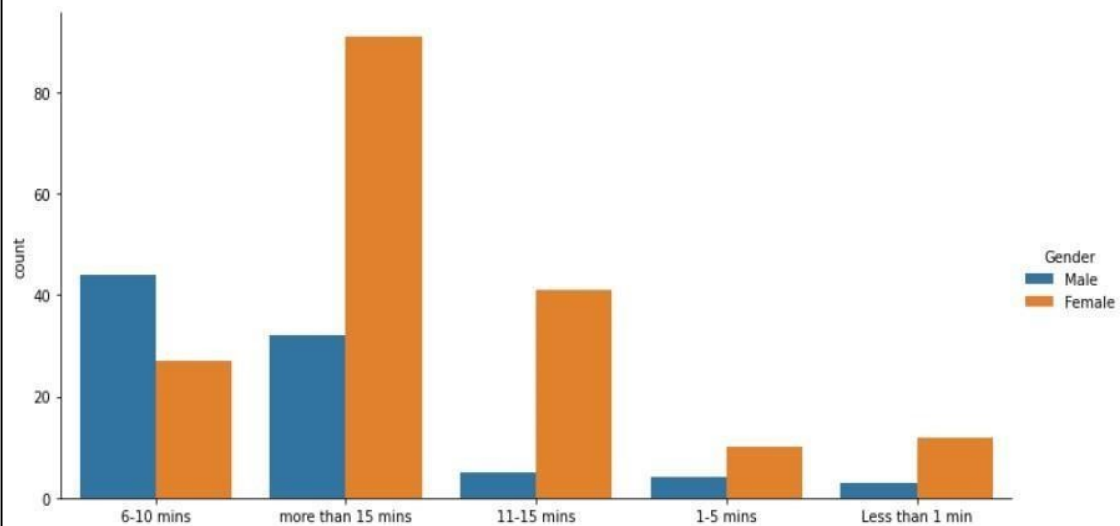


From the above we can see majority of the people use smartphone for shopping online.

Let's check the decision time for making purchase decision. Graph below shows the decision time which indicates majority of the shoppers take more than 15 mins to make a purchase decision.

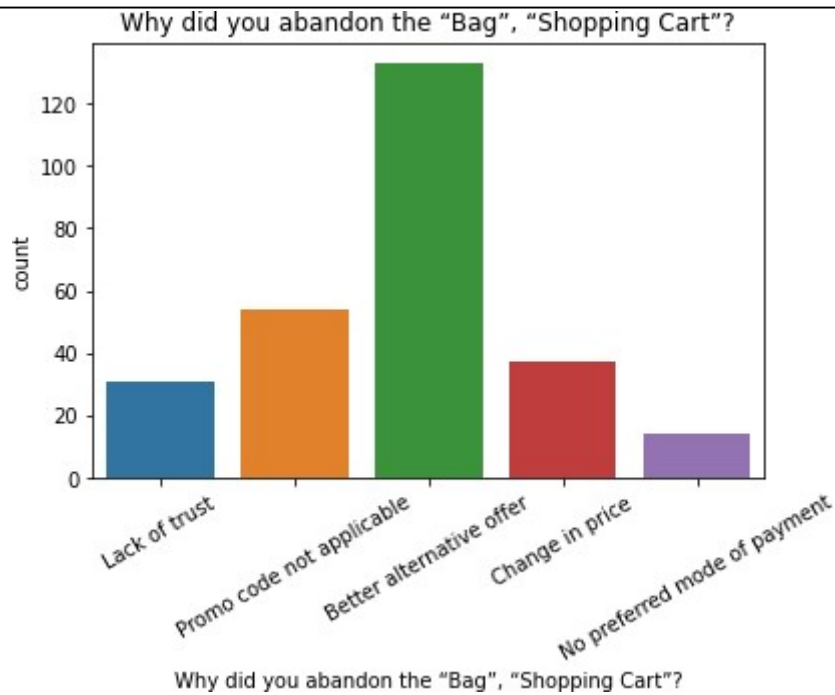


Here more interesting thing is to analyze who take more time to make buying decision. The graphs for male and female with their decision time is shown below

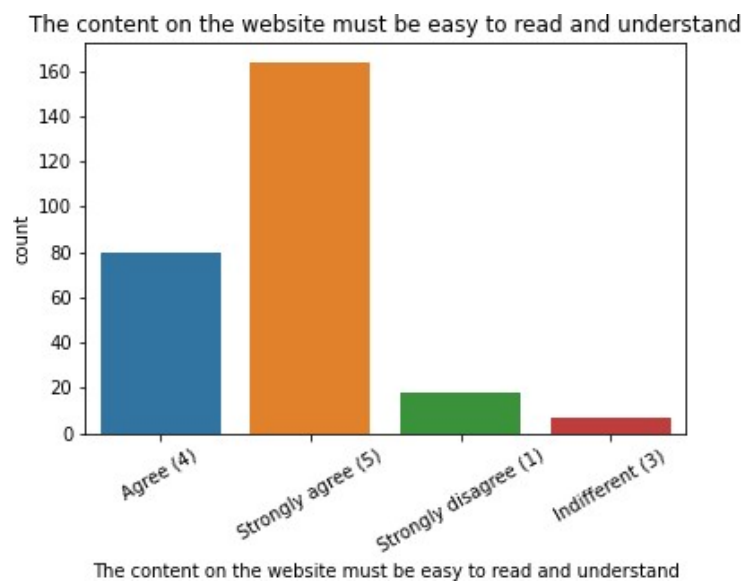


We can see females are more as compare to male who take more than 15 min before making any purchase.

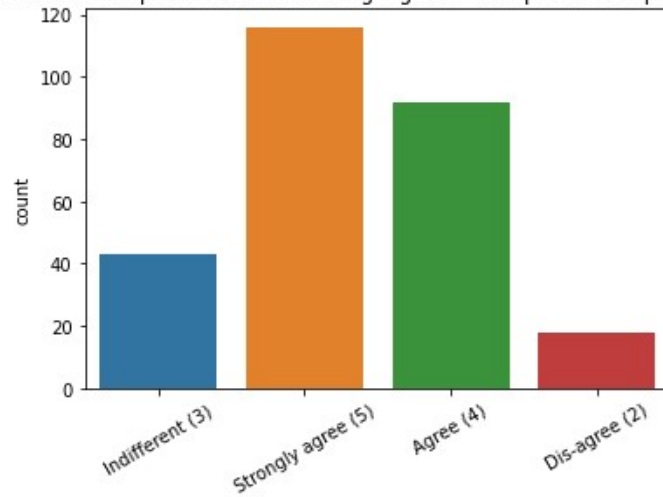
Let's analyze the reason for abandon during shopping. Graph below shows the reason for abandon. Majority of the shoppers having Better alternative as reason for abandon.



We have seen shopper's decision is depend on the content and web information.

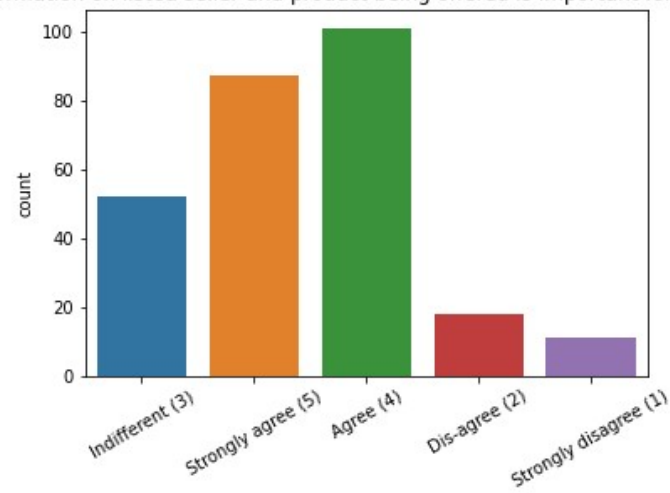


Information on similar product to the one highlighted is important for product comparison



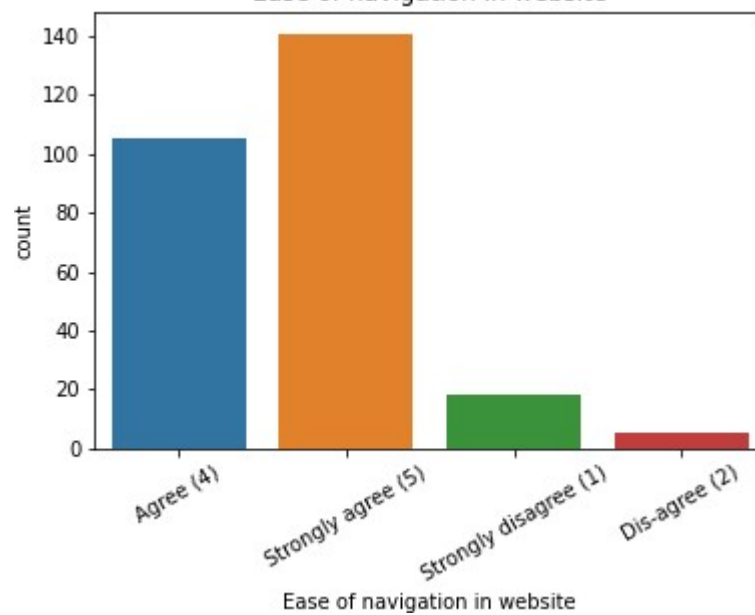
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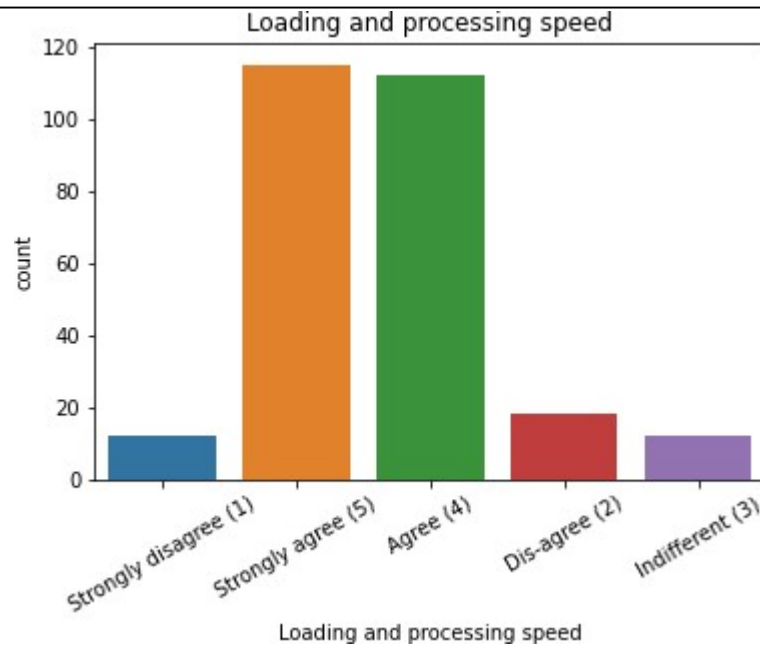
Complete information on listed seller and product being offered is important for purchase decision.



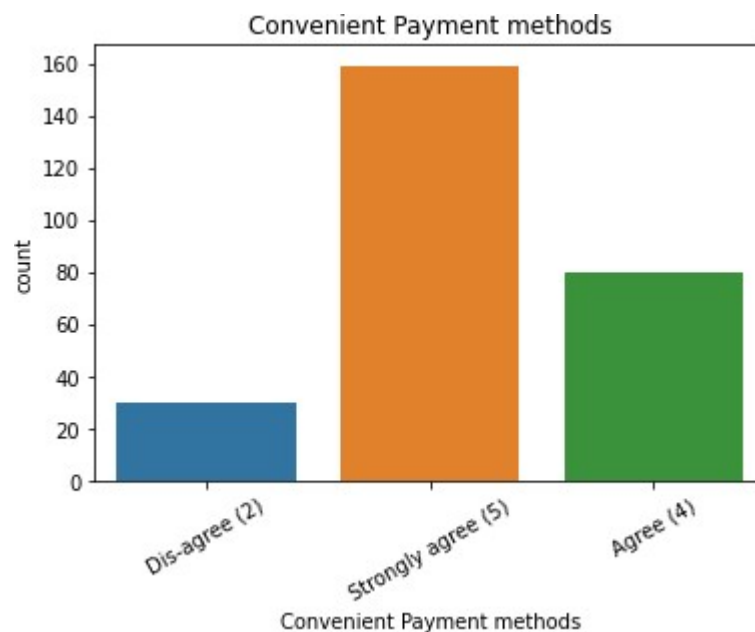
Complete information on listed seller and product being offered is important for purchase decision.

Ease of navigation in website





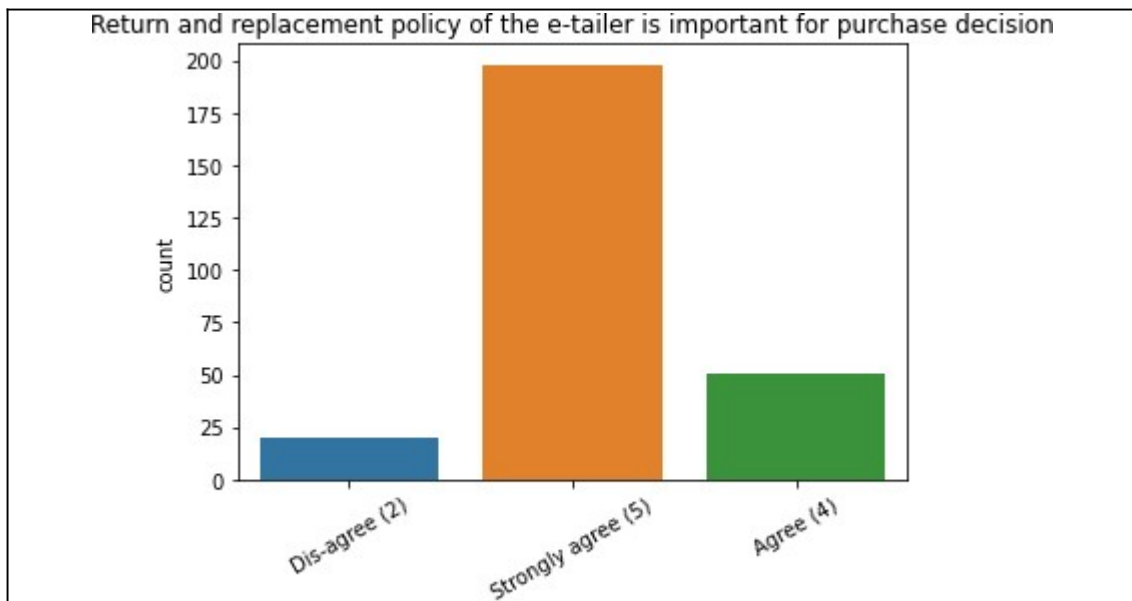
In above graphs we see shoppers strongly agree that website should be easy to navigate, content should be easy to read and understand, loading and processing speed should be fast and in the end product and seller information. All these factors affect the buying design and retention of the shoppers.





Graphs above shows convenient payment mode and Trust during payment is very important factor for shopper's retention and making a buying decision.

Majority of the shoppers strongly agree on factors like, Empathy to Customers, Privacy of the customers, Communication channel responsiveness, monetary benefits and discounts, Enjoyable, Convenience and flexibility affect the buying decision. The most important is return policy and loyalty program.

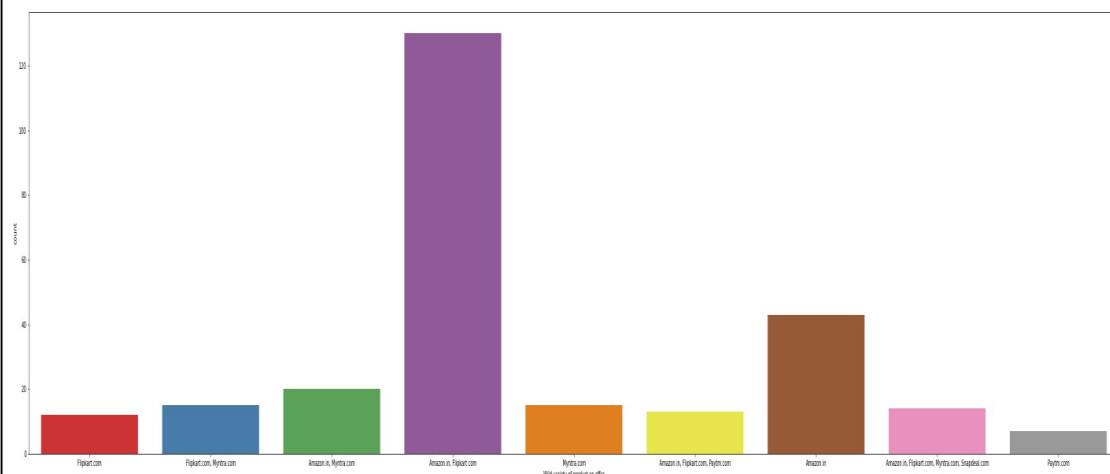


Return and replacement policy of the e-tailer is important for purchase decision

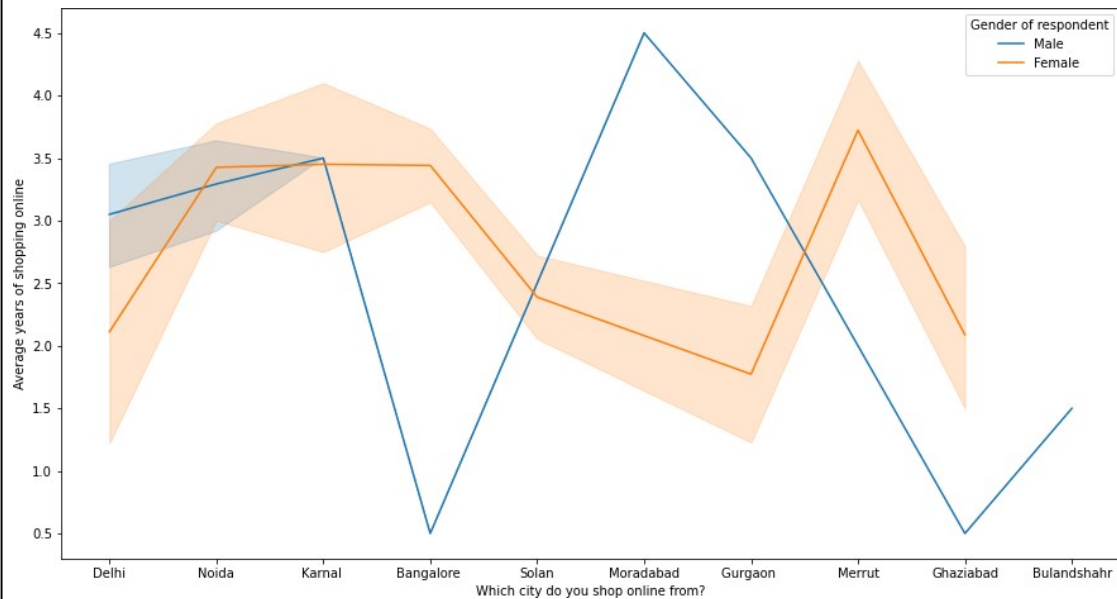
Majority of the shoppers are strongly agree a good return policy have higher impact on buying decision as seen in above graph.



We can see majority of the customer's first choice is Amazon and second choice is Flipkart.



Amazon provides a wide range of product to choose.



Female customers are more than male. Men living in Bangalore and Ghaziabad have shopped online for less than 1 year. Highest number of men shopping online belong from Delhi and Noida, while men from Moradabad have been shopping online for the longest. Women from Meerut and Noida have shopped the longest.

Interpretation of the Results:

We have seen in our data analysis majority of the shoppers are females and majority of the shoppers come from Delhi, Noida, Bangalore and Karnal.

The online shopping increased due to use of mobile because majority of the shopper are using mobile phone for accessing internet service.

We can see a very good insights for Decision time, majority of the shoppers take more than 15 min to make a buying decision and shoppers abandon shopping because they find better alternative.

When it comes about the content and website easiness, shoppers are strongly agree that website content easiness, loading speed, seller product information, ease of navigation, User friendly interface and convenient pay mode and trust are important to make buying decision, which lead to customer's retention too. Support before and after purchase, communication channel responsive also play a big role in customer satisfaction. Last but not the least is return policy, a better return policy increase the trust and retention of the customers.

Majority of the shoppers doing online shopping because they are agree that online shopping gives value of money, convenience of patronizing, Monetary saving, wide variety and satisfaction and trust.

Majority of the shoppers are recommending Amazon, Flipkart and Myntra. Amazon is the first choice for majority of the customers due to wide variety of product, timely delivery, website easiness, variety of payment options and quickness in purchase.

Return policy also makes Amazon the first choice for majority of the customers.

After Amazon Flipkart is the second choice of the shoppers, they prefer Flipkart and Myntra.

CONCLUSION

Key Conclusions of the Study

With increase in the internet access and mobile shoppers are switching form offline mode of shopping to online mode of shopping.

Majority of the shoppers find it adventures, time saving and value of money.

The main factors which affect the customer's retention are Trust, return policy, privacy of user payment details & Fast delivery.

Learning Outcomes of the Study in respect of Data Science

It was very interesting to study and visualize the data using tool available in python. We have visualized the data very deeply and come to conclusion what customer need and what factor cause the retention of the shoppers.