FLIP ROBO

CUSTOMER RETENTION ANALYSIS

Submitted by:

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ACKNOWLEDGMENT

INTRODUCTION

- What is customer retention?

Simply put, customer retention rate is the ability of a company to retain its customers over a given period of time. There are a number of actions and activities certain companies take to reduce churn and increase customer retention. Focusing on customer retention is important because it not only looks at how good a company is at acquiring new customers but also how good they are at keeping those customers. While you may have the best acquisition process in the business, if your retention is terrible then it's all worthless.

- Conceptual Background of the Domain Problem

  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.

- **5 reasons why retention is the foundation of customer acquisition and growth**

- 1. Improve ROI

  The Harvard Business Review reports that research shows increasing customer retention rates by 5% increases profits by

25-95%. While that's a wide range, it shows that even just a small percentage of improved customer retention can make a hugely positive impact on your company's ROI. On the other side of the table, HBR also reports that it's five to 25 times more expensive to acquire a new customer than it is to retain an existing one. You can save money **and** improve your ROI simply by focusing more on customer retention.

- ## 2. Convert more sales

It's easier to sell more to existing customers because the truth is—they already love your product. They already have a rapport with your company and are more likely to spend more on additional features to enhance their already pleasurable experience. An improved [customer retention rate](#) results in more sales with a focus on upselling. Your company can offer existing customers additional features or upgrades as an attempt to make a more profitable sale.

- ## 3. Spend less on TOFU marketing

From email marketing to social media, a business' marketing team usually focuses on attracting new customers. But, when we add customer retention to the mix, the marketing strategy changes. When you focus on customer retention, you can spend less money on top of funnel marketing and focus more on building stronger customer relationships.

This is not to say you should forgo traditional marketing methods. Instead, supplement these methods with tactics that ensure customer expectations are met on the product level. The bonus? You'll unlock the power of word-of-mouth marketing from happy customer referrals that feed back into your acquisition strategy. All without making a single cold call.

- # 4. Increase customer LTV

  The better your retention strategy, the higher your customer lifetime value (LTV). For reference, LTV is the amount of money a customer is expected to spend on your products during their lifetime. If you have a solid retention strategy in place, then your customer LTV will skyrocket. The goal is to spend as little as possible on acquisition and gain more

  via LTV. This happens when you focus on retention.

- # 5. Earn more referrals

  Loyal long-term customers are more likely to refer their friends and acquaintances to your business. Voluntary referrals are the best free acquisition strategies out there. When a customer has been with your company for a while and enjoys the experience, they are more likely to recommend your products to someone else. This social proof does most of the "sales" work for your company. When retention becomes a priority, acquisition happens naturally.
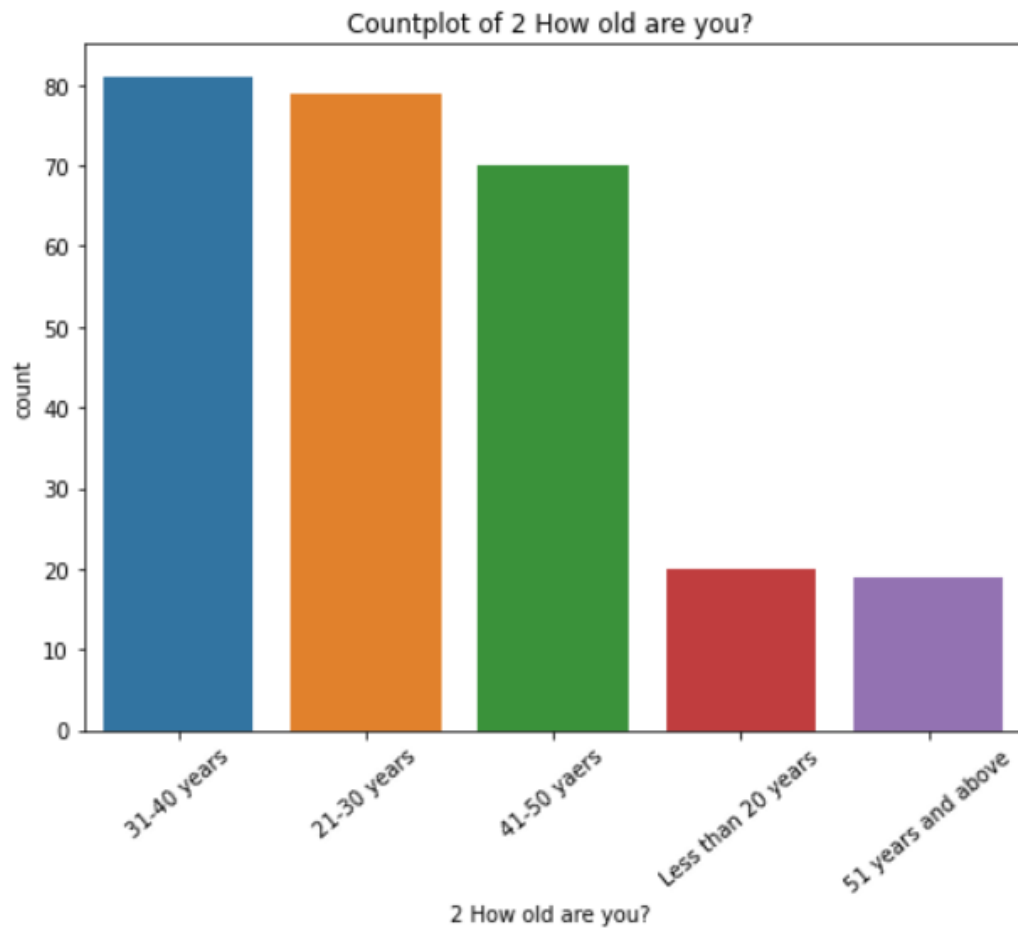
Data Analysis

Countplot of Gender of respondent
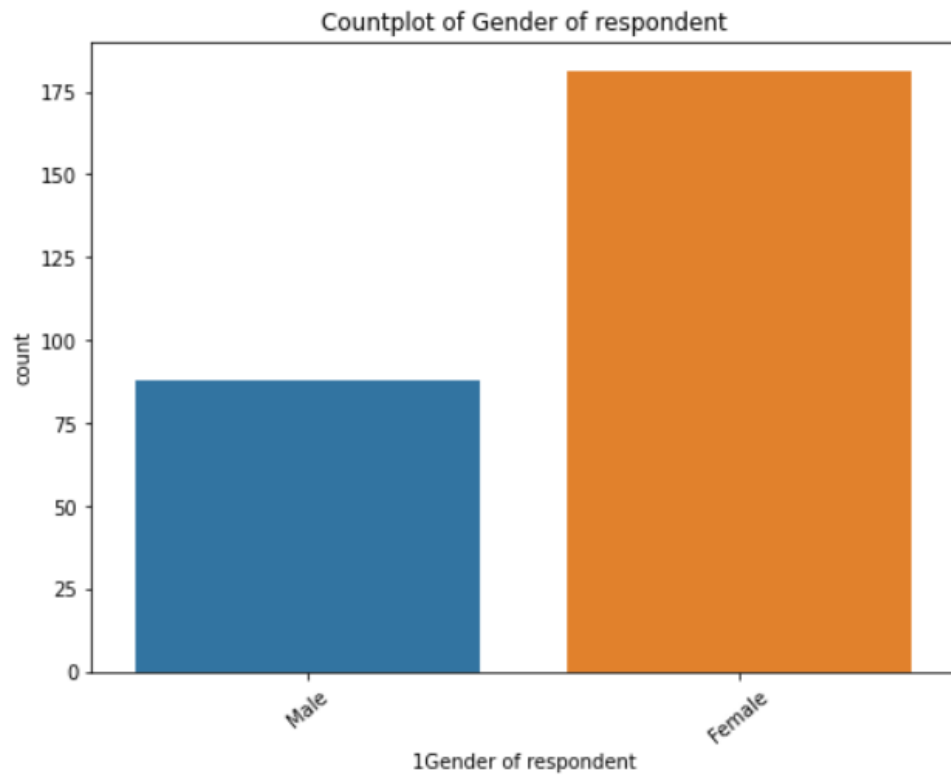
```
Female    181
Male       88
Name: 1Gender of respondent, dtype: int64
```

Observation:

Majority, 181 of the customers are Female whereas Male are 88.

Countplot of 2 How old are you?

```
31-40 years          81
21-30 years          79
41-50 yaers          70
Less than 20 years   20
51 years and above   19
Name: 2 How old are you? , dtype: int64
```
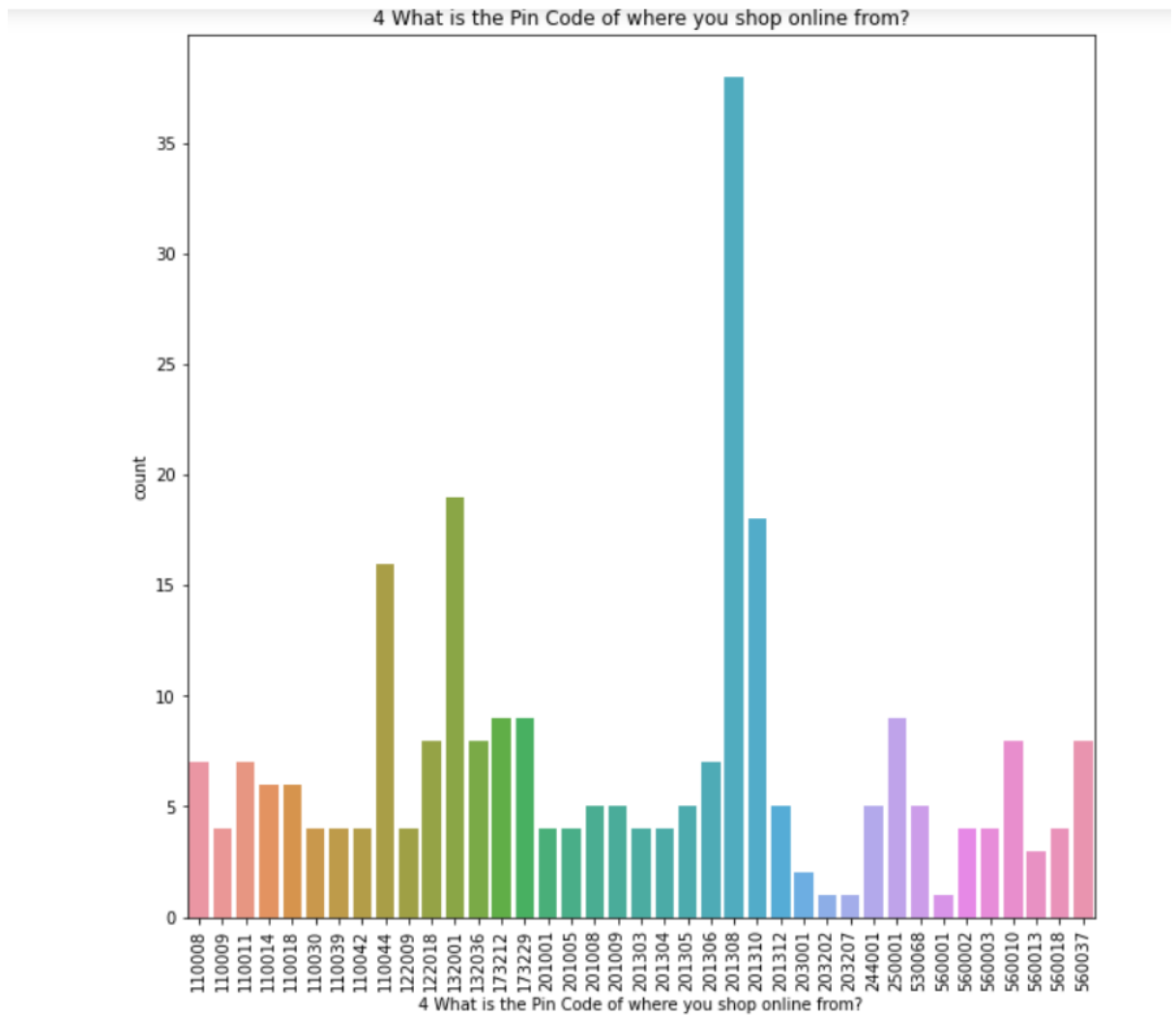
Observation:

Majority, 81 of the customers are from age group 31-40 years.

3 Which city do you shop online from?
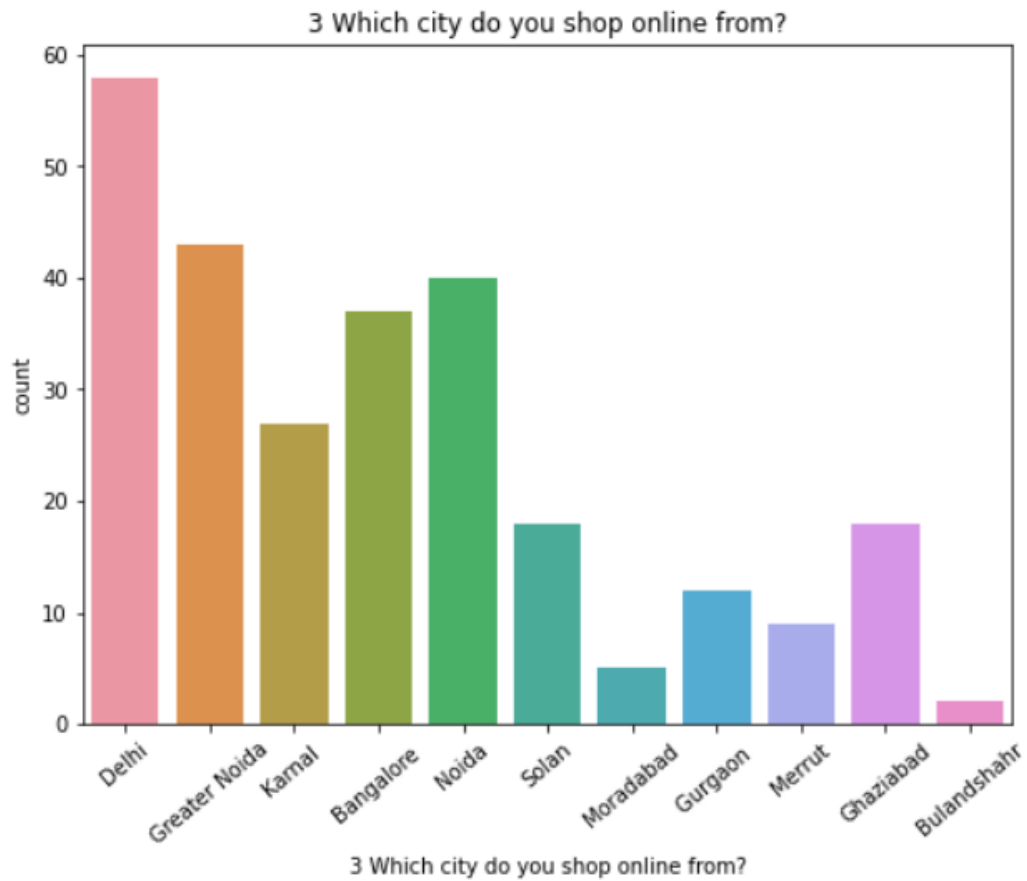
Delhi	58
Greater Noida	43
Noida	40
Bangalore	37
Karnal	27
Solan	18
Ghaziabad	18
Gurgaon	12
Merrut	9
Moradabad	5

Observation:

Majority, 58 of the customers placed the order from Delhi city.

4 What is the Pin Code of where you shop online from?

Observation:

Majority, 38 of the customers placed an order from the pincode 201308.

5 Since How Long You are Shopping Online ?

5 Since How Long You are Shopping Online ?

```
: Above 4 years        98
  2-3 years            65
  3-4 years            47
  Less than 1 year     43
  1-2 years            16
Name: 5 Since How Long You are Shopping Online ?, dtype: int64
```
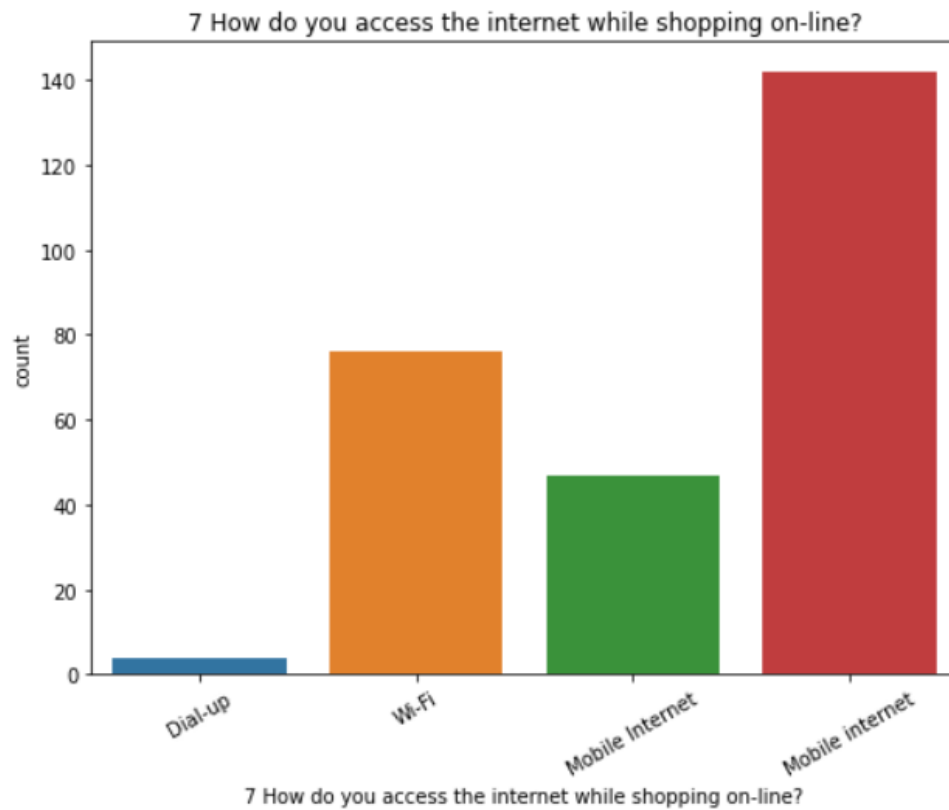
Observation:

Majority, 98 customers are shopping since above 4 years.

6 How many times you have made an online purchase in the past 1 year?
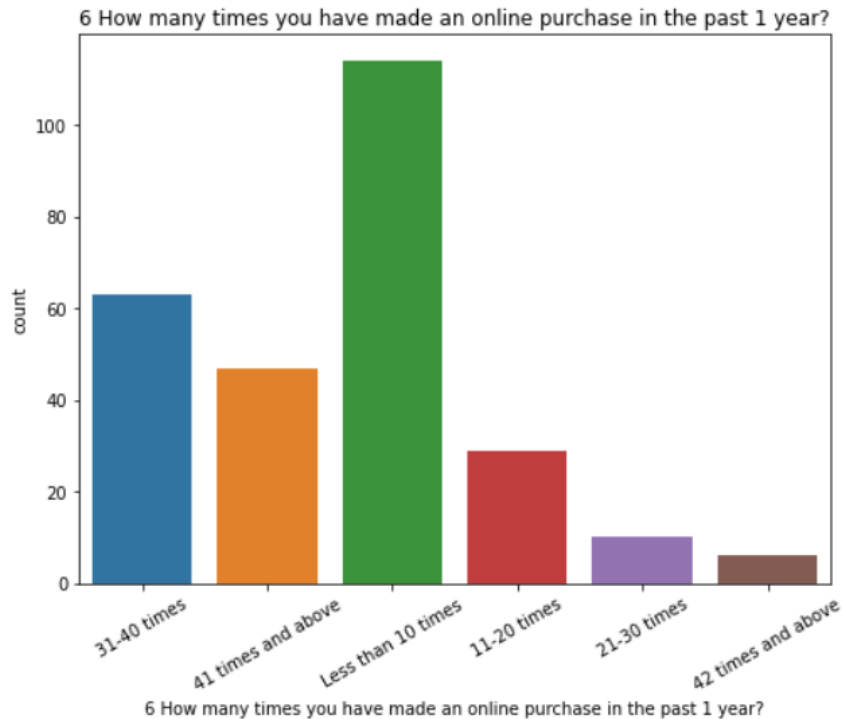
```
Less than 10 times    114
31-40 times            63
41 times and above     47
11-20 times            29
21-30 times            10
42 times and above      6
Name: 6 How many times you have made an online purchase in the past 1 year?, dtype: int64
```
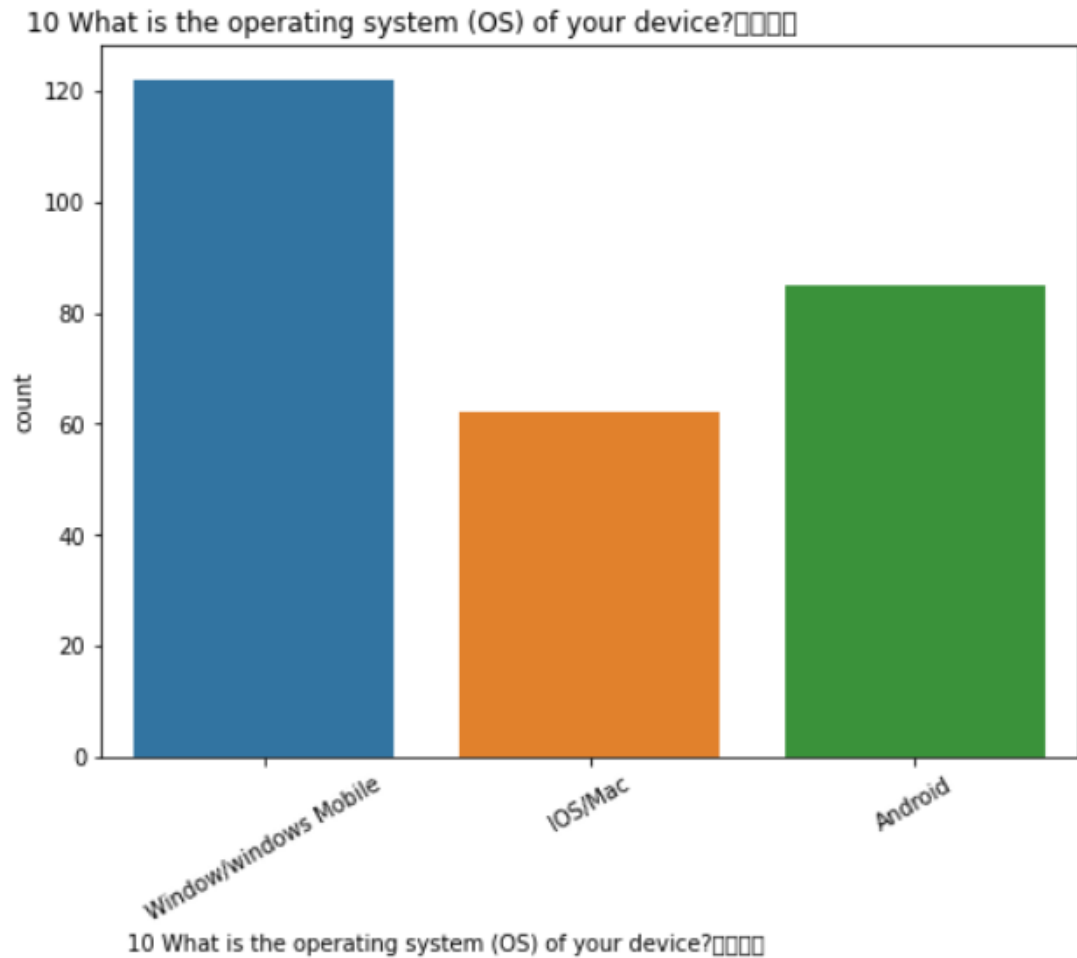
Observation:

Majority 114 of the customers have made less than 10 times online purchase in the past 1 year.

7 How do you access the internet while shopping on-line?

```
Mobile internet    142
Wi-Fi               76
Mobile Internet     47
Dial-up              4
Name: 7 How do you access the internet while shopping on-line?, dtype: int64
```
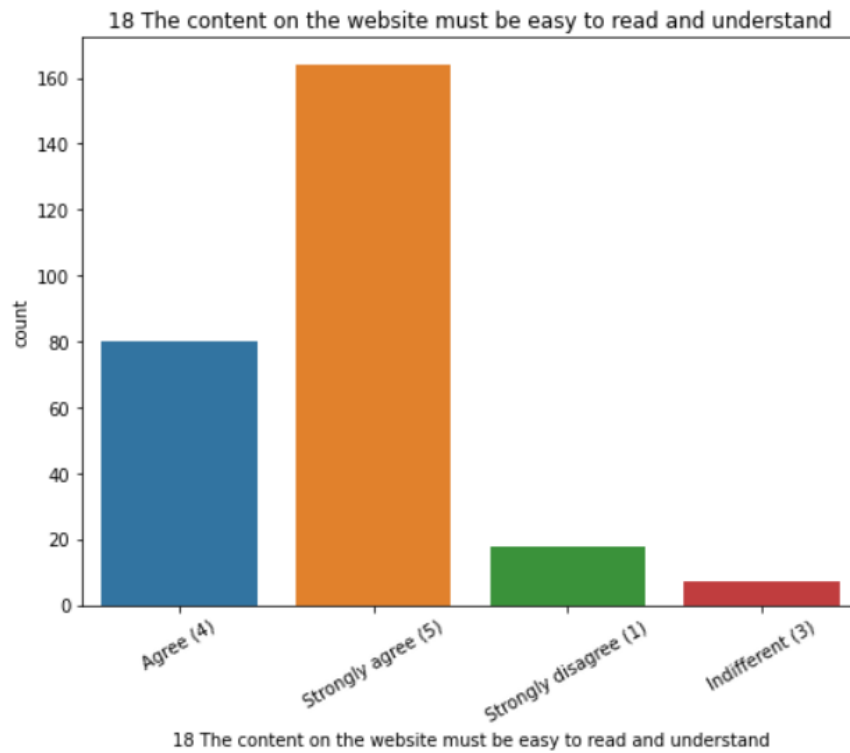
Observation:

  Majority, 189 customers use Mobile internet while shopping online.

10 What is the operating system (OS) of your device?□□□□

```
Window/windows Mobile      122
Android                     85
IOS/Mac                     62
Name: 10 What is the operating system (OS) of your device?\t\t\t\t
```

Observation:

   Majority, 122 customers device operating system is Window/windows mobile

18 The content on the website must be easy to read and understand

```
Strongly agree (5)      164
Agree (4)                80
Strongly disagree (1)    18
Indifferent (3)           7
Name: 18 The content on the website must be easy to read and understand, dtype: int64
```
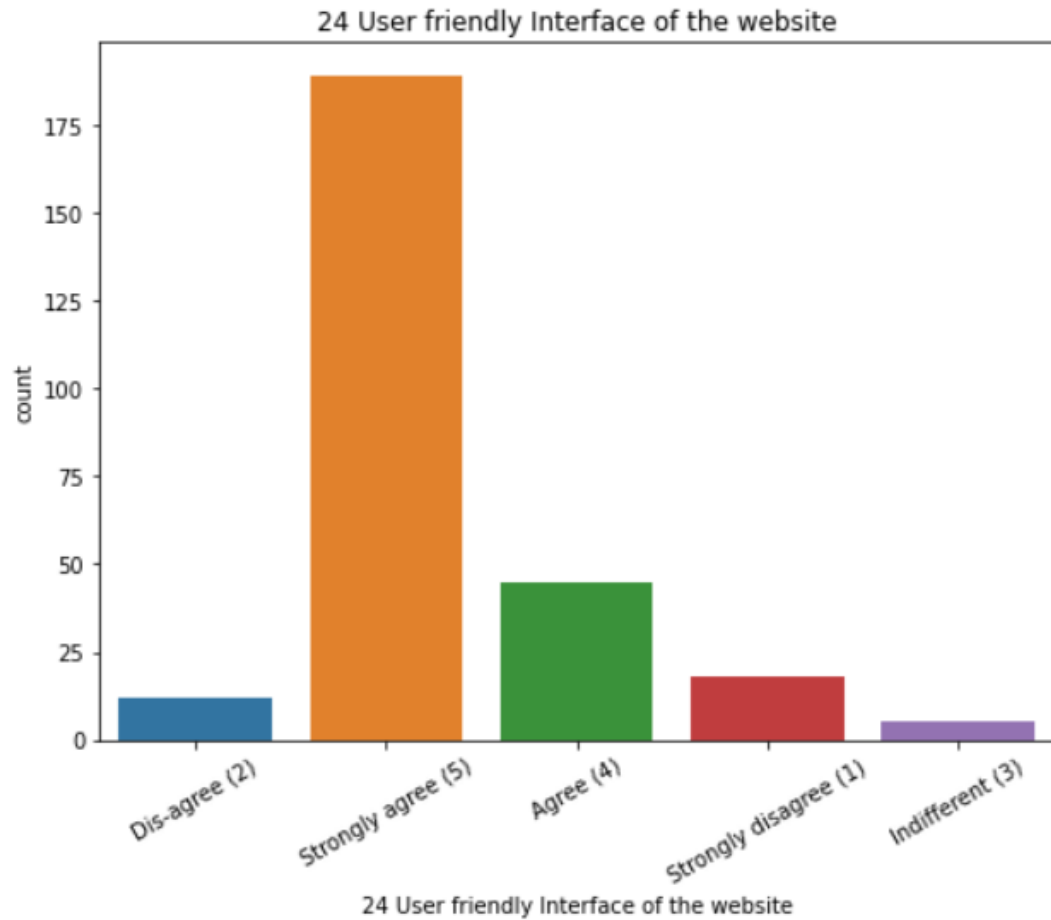
Observation:

Majority, 164 customers strongly agree that the content on the website must be easy to read and understand

22 Ease of navigation in website
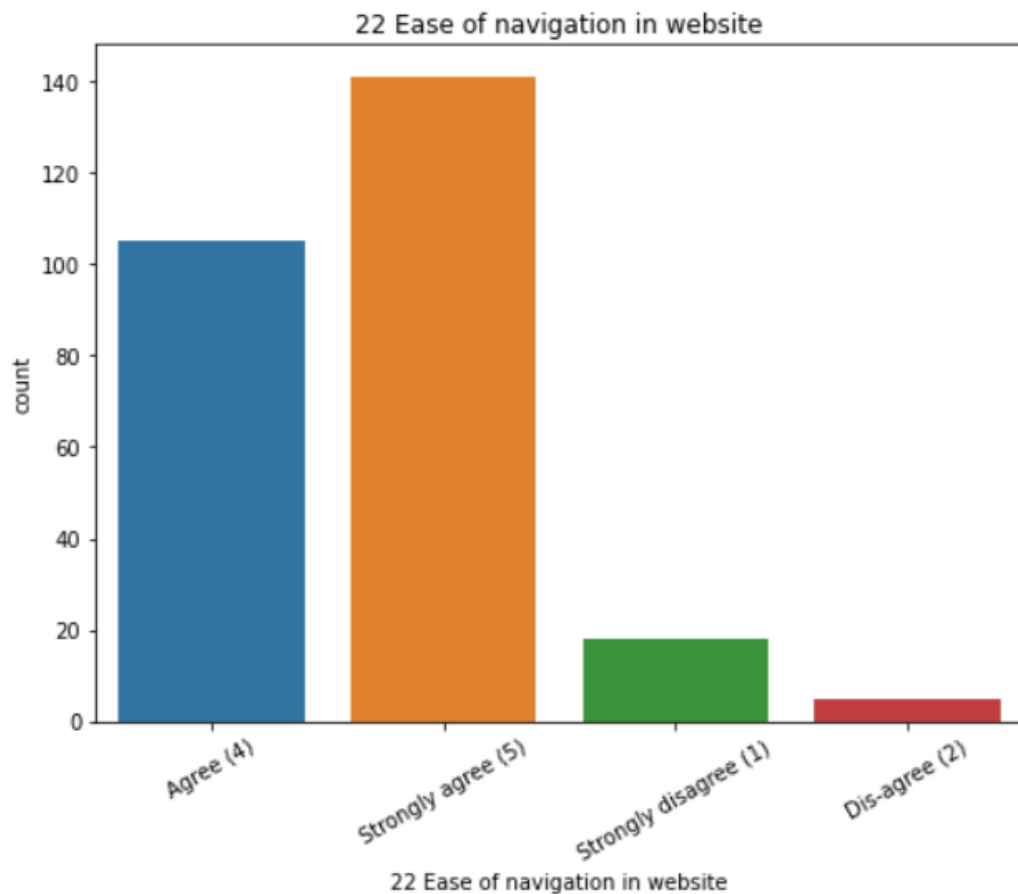
```
Strongly agree (5)       141
Agree (4)                105
Strongly disagree (1)     18
Dis-agree (2)              5
Name: 22 Ease of navigation in website, dtype: int64
```
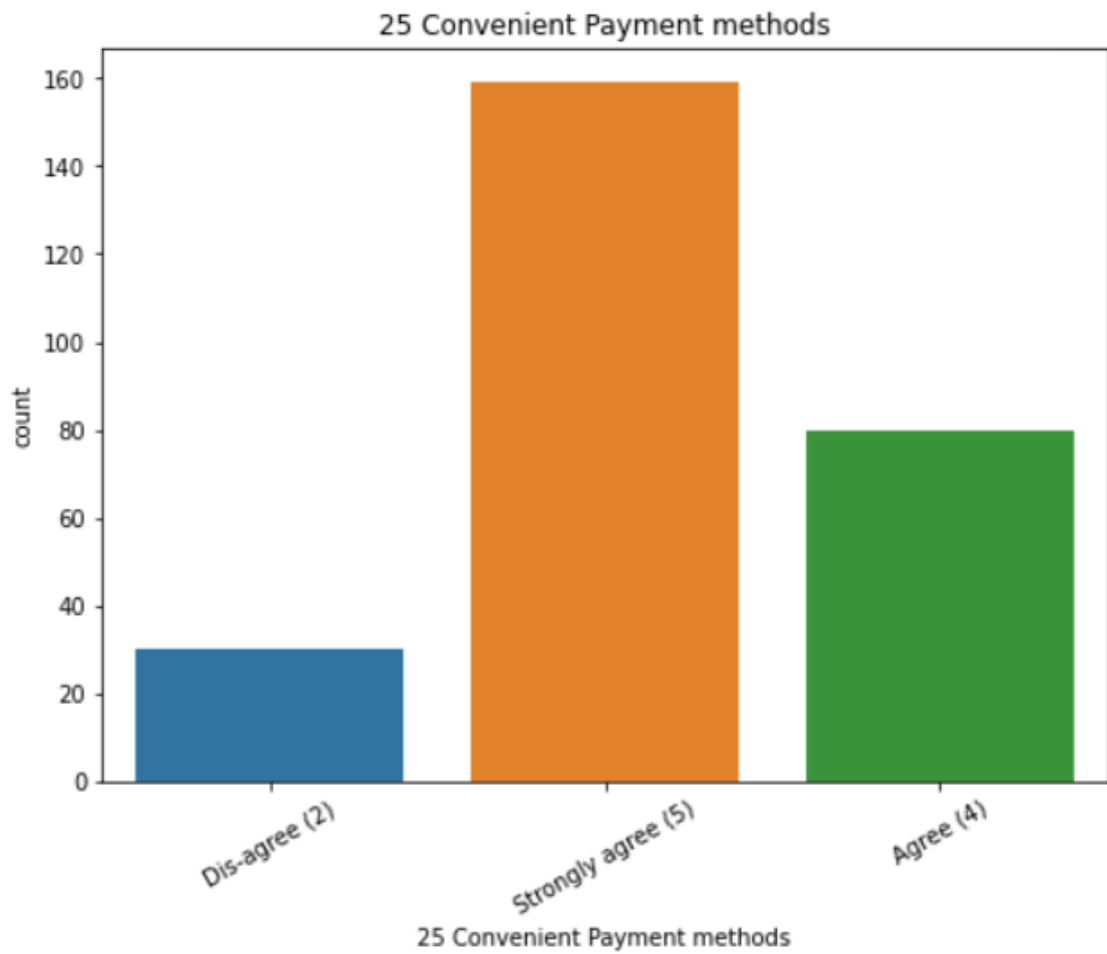
Observation:

   Majority, 141 customers Strongly agree to Ease of navigation in website

24 User friendly Interface of the website

```
Strongly agree (5)       189
Agree (4)                 45
Strongly disagree (1)     18
Dis-agree (2)             12
Indifferent (3)            5
Name: 24 User friendly Interface of the website, dtype: int64
```

Observation:

   Majority, 189 customers Strongly agree to User friendly Interface of the website

25 Convenient Payment methods
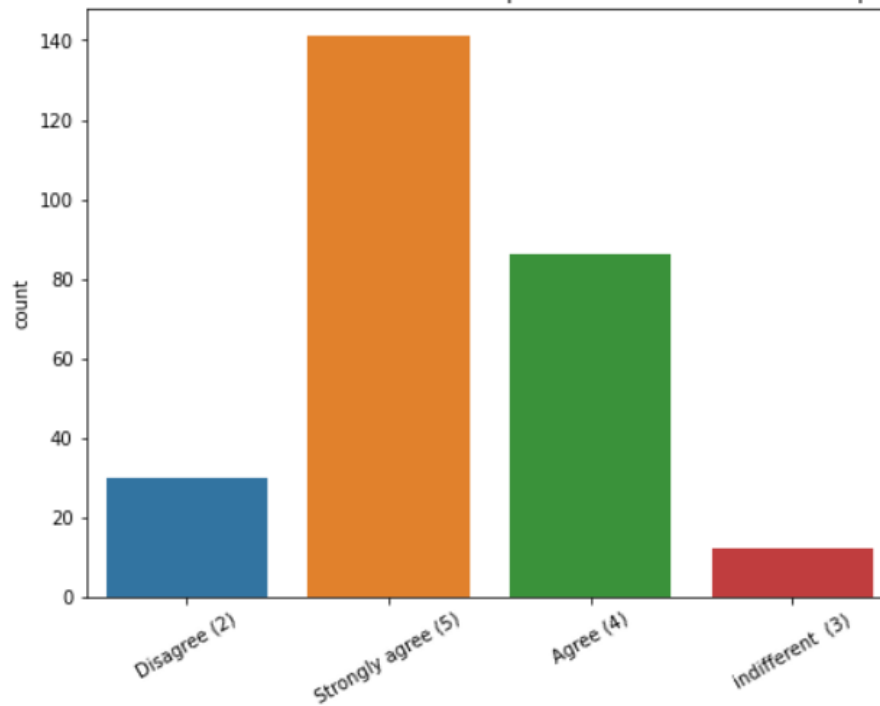
```
Strongly agree (5)      159
Agree (4)                80
Dis-agree (2)            30
Name: 25 Convenient Payment methods, dtype: int64
```

Observation:

   Majority, 159 customers Strongly agree to Convenient Payment methods

26 Trust that the online retail store will fulfill its part of the transaction at the stipulated time
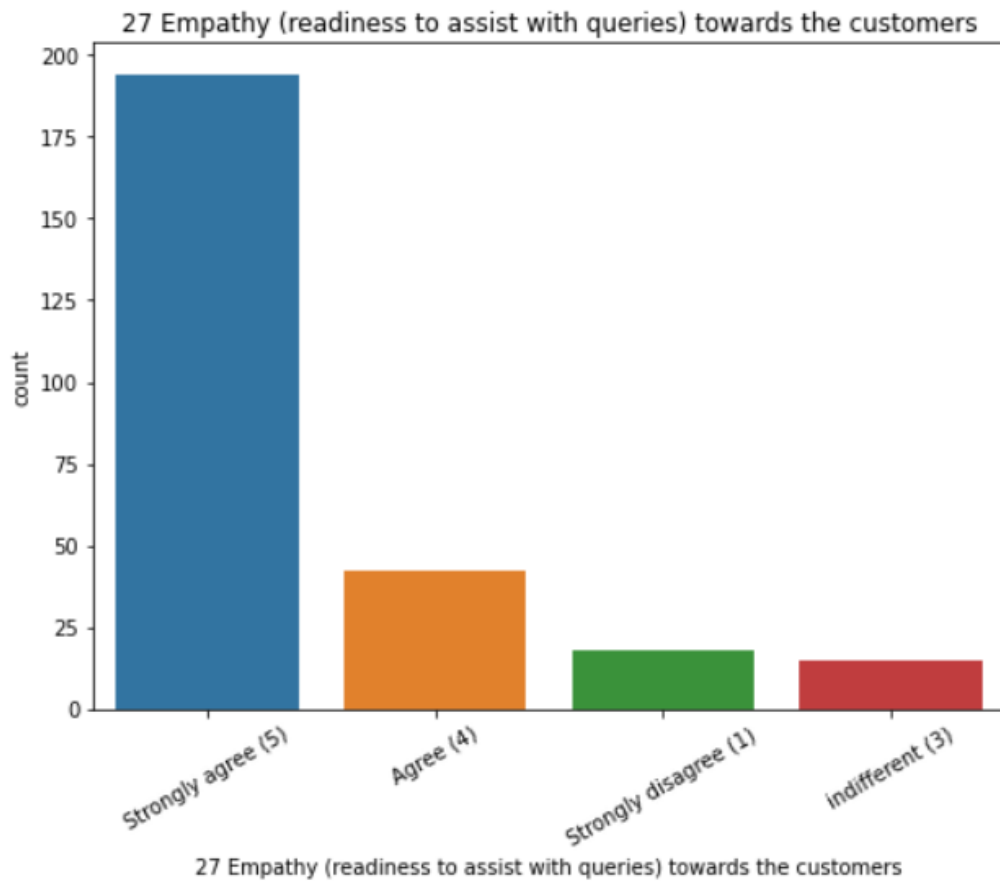
Strongly agree (5)	141
Agree (4)	86
Disagree (2)	30
indifferent (3)	12

Observation:

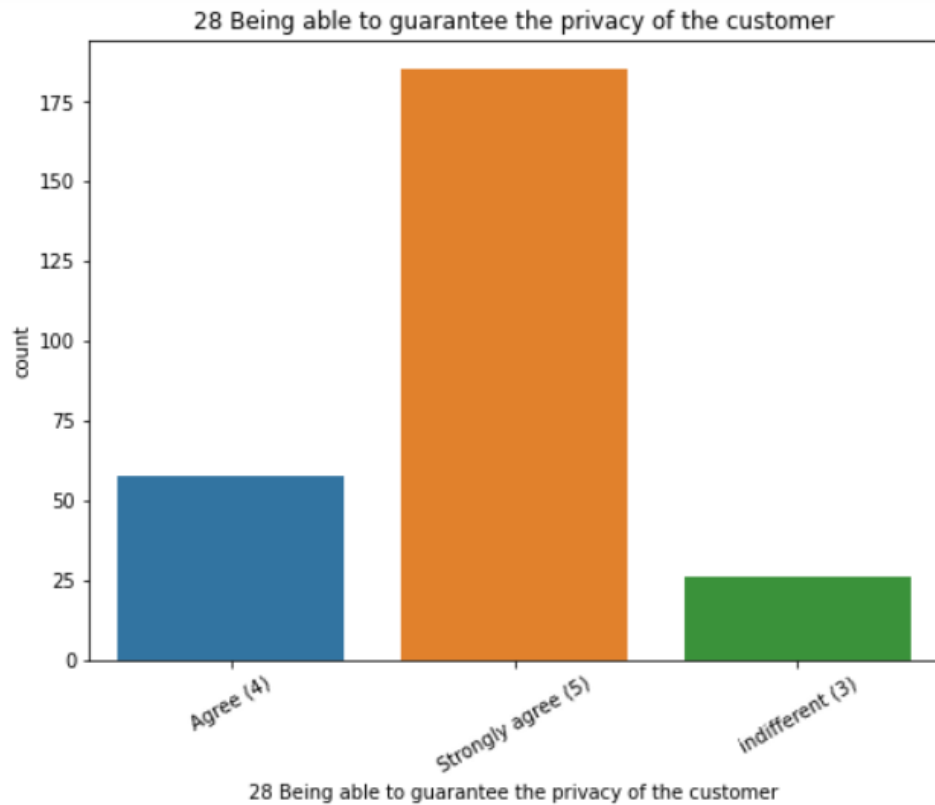Majority, 141 customers Strongly agree to Trust that the online retail store will fulfill its part of the transaction at the stipulated time

27 Empathy (readiness to assist with queries) towards the customers

```
Strongly agree (5)       194
Agree (4)                 42
Strongly disagree (1)     18
indifferent (3)           15
```

Observation:

Majority, 194 customers Strongly agree to Empathy (readiness to assist with queries) towards the customers

28 Being able to guarantee the privacy of the customer
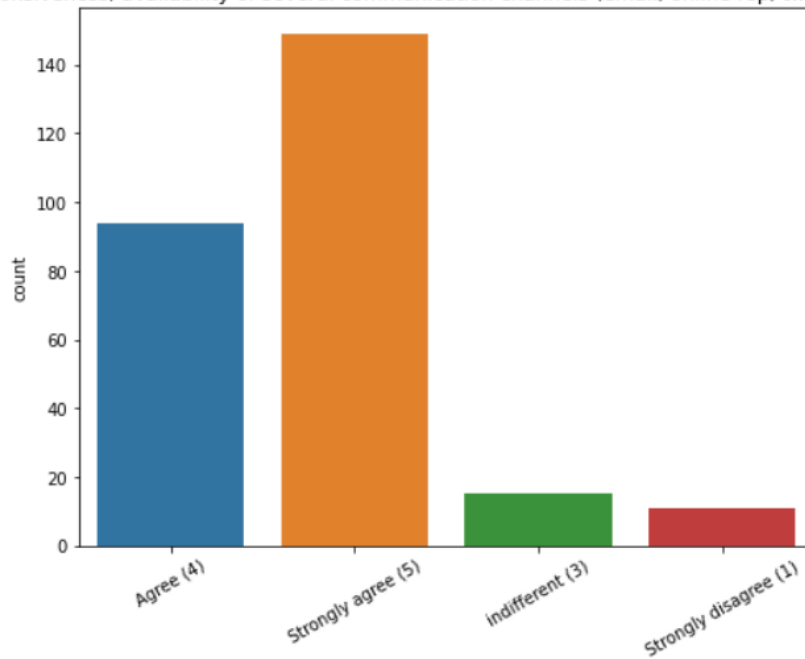
```
Strongly agree (5)    185
Agree (4)              58
indifferent (3)        26
Name: 28 Being able to guarantee the privacy of the customer, dtype: int64
```

Observation:

Majority, 185 customers Strongly agree to Being able to guarantee the privacy of the customer

29 Responsiveness, availability of several communication channels (email, online rep, twitter, phone etc.)


29 Responsiveness, availability of several communication channels (email, online rep, twitter, phone etc.)

```
Strongly agree (5)          149
Agree (4)                    94
indifferent (3)              15
Strongly disagree (1)        11
```
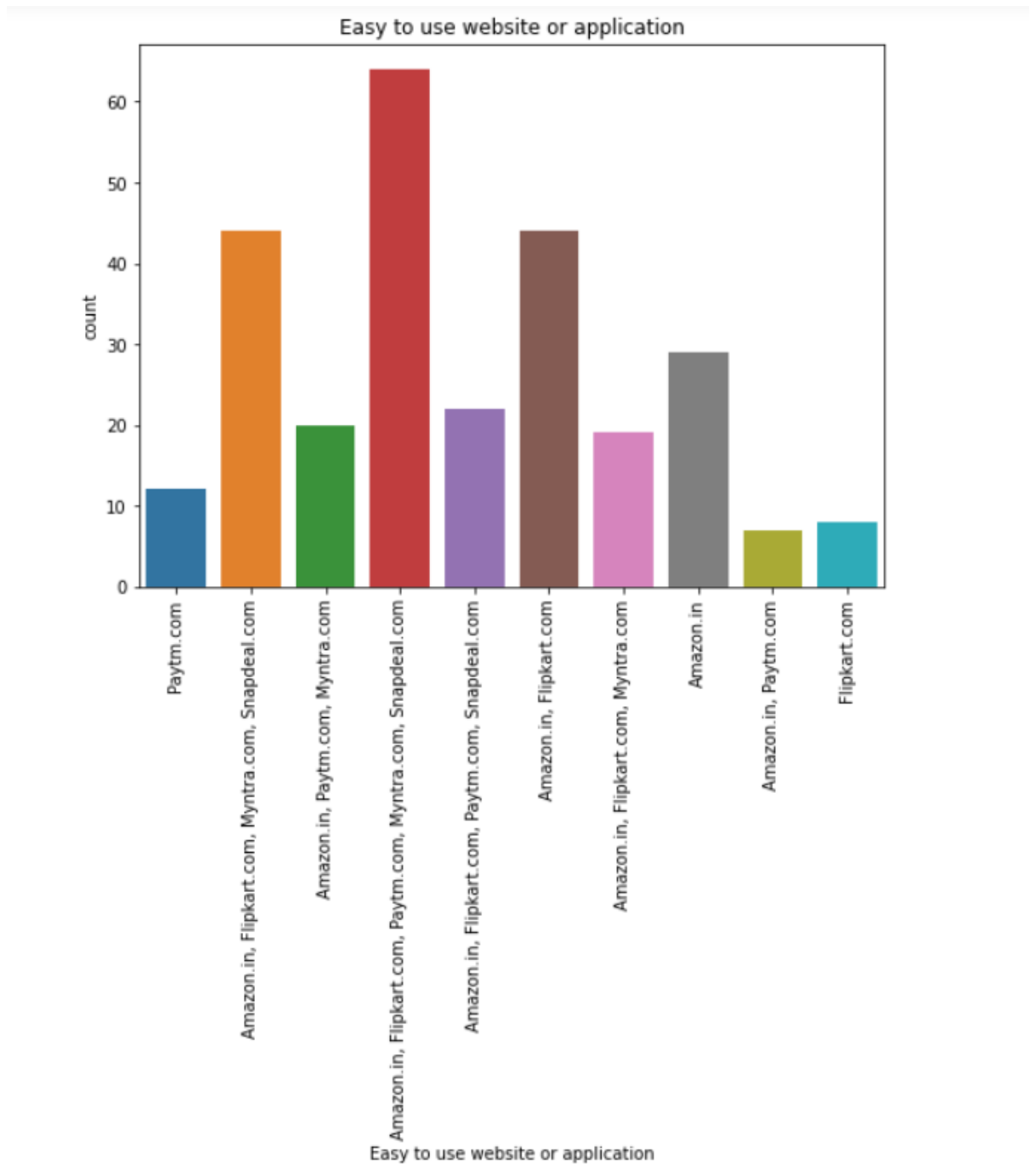
Observation:

Majority, 149 customers Strongly agree to Responsiveness, availability of several communication channels (email, online rep, twitter, phone etc.)

30 Online shopping gives monetary benefit and discounts
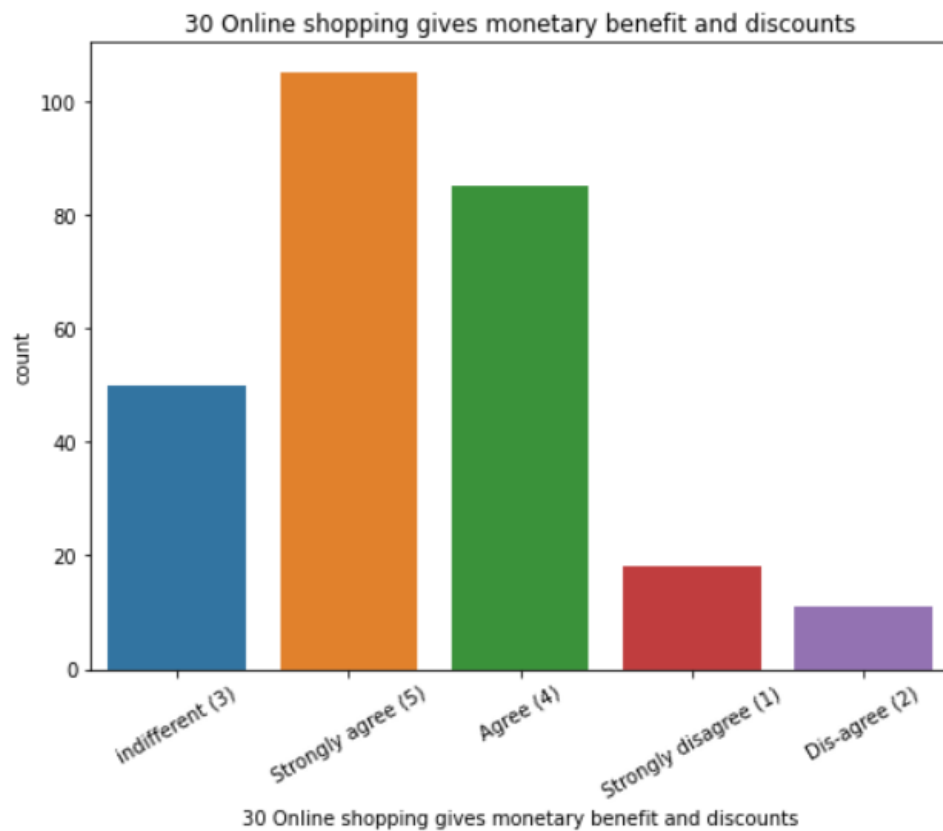
```
Strongly agree (5)        105
Agree (4)                  85
indifferent (3)            50
Strongly disagree (1)      18
Dis-agree (2)              11
Name: 30 Online shopping gives monetary benefit and discounts, dtype: int64
```
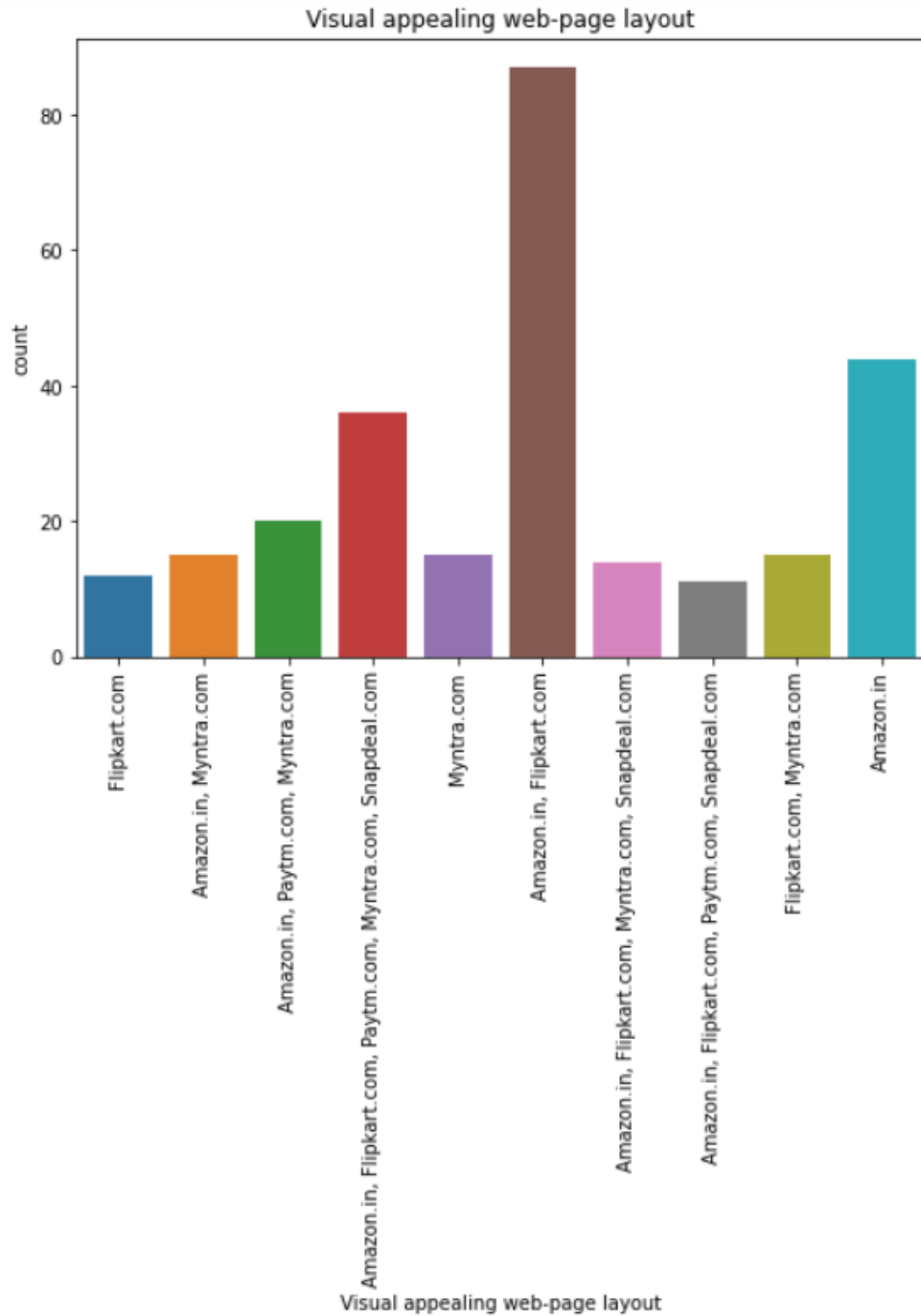
Observation:

Majority, 105 customers Strongly agree to Online shopping gives monetary benefit and discounts
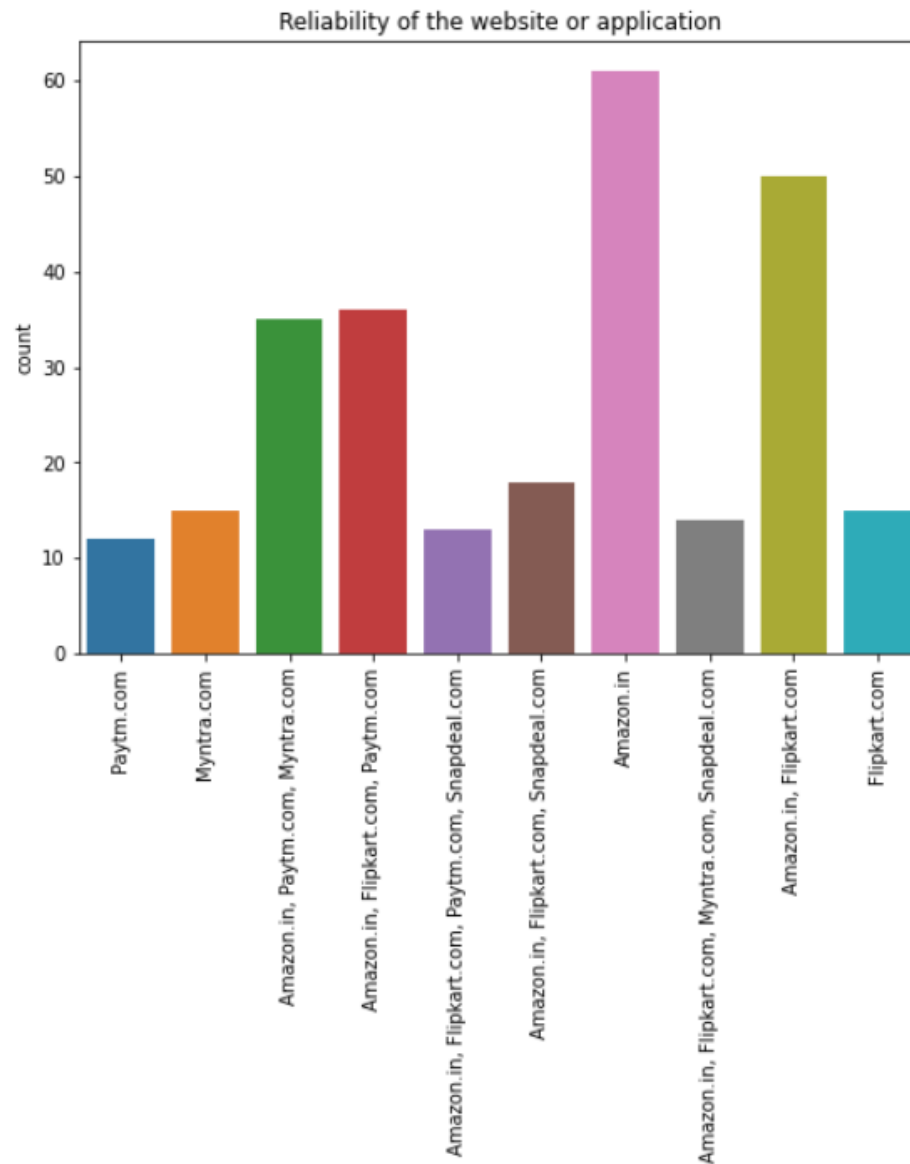
Easy to use website or application

Observation:

Majority, 64 customers agree that Amazon.in, Flipkart.com, Paytm.com, Myntra.com, Snapdeal.com are Easy to use website or application
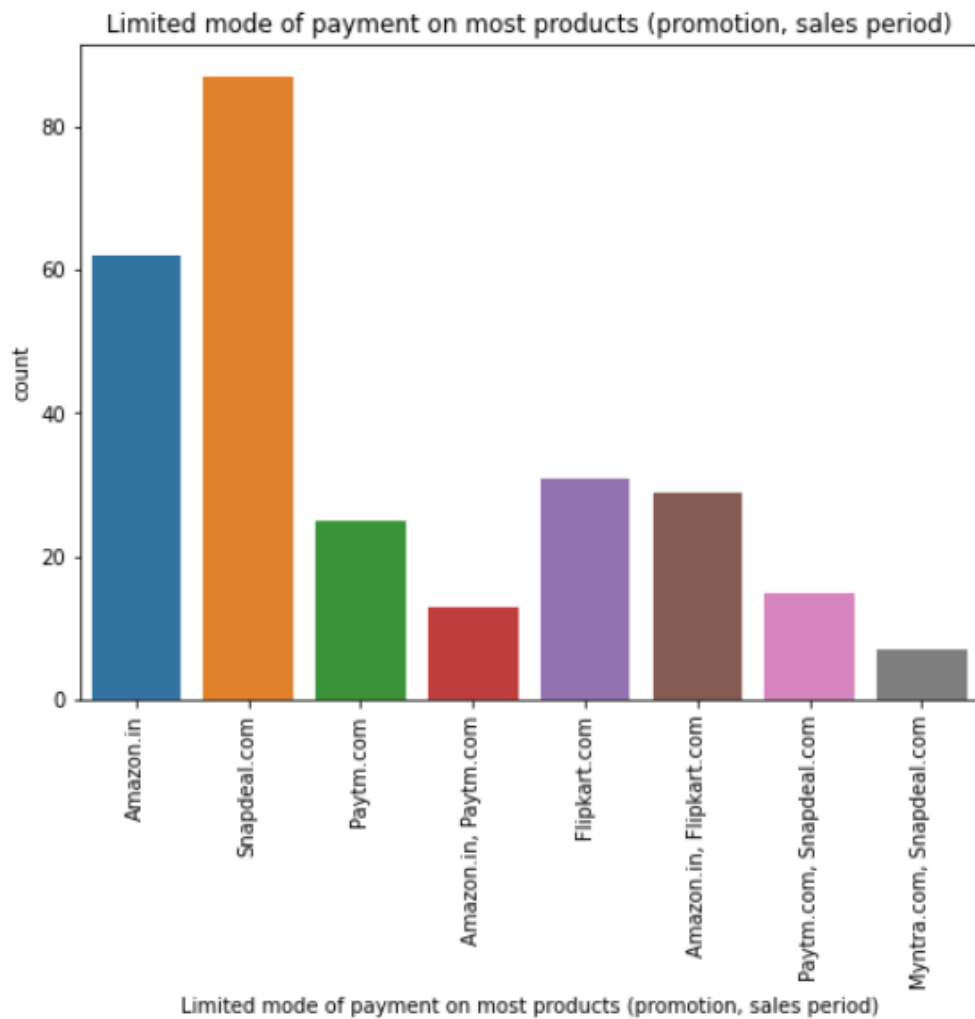
Visual appealing web-page layout

Observation:

Majority, 87 customers agree that Amazon.in, Flipkart.com have Visual appealing web-page layout

Reliability of the website or application
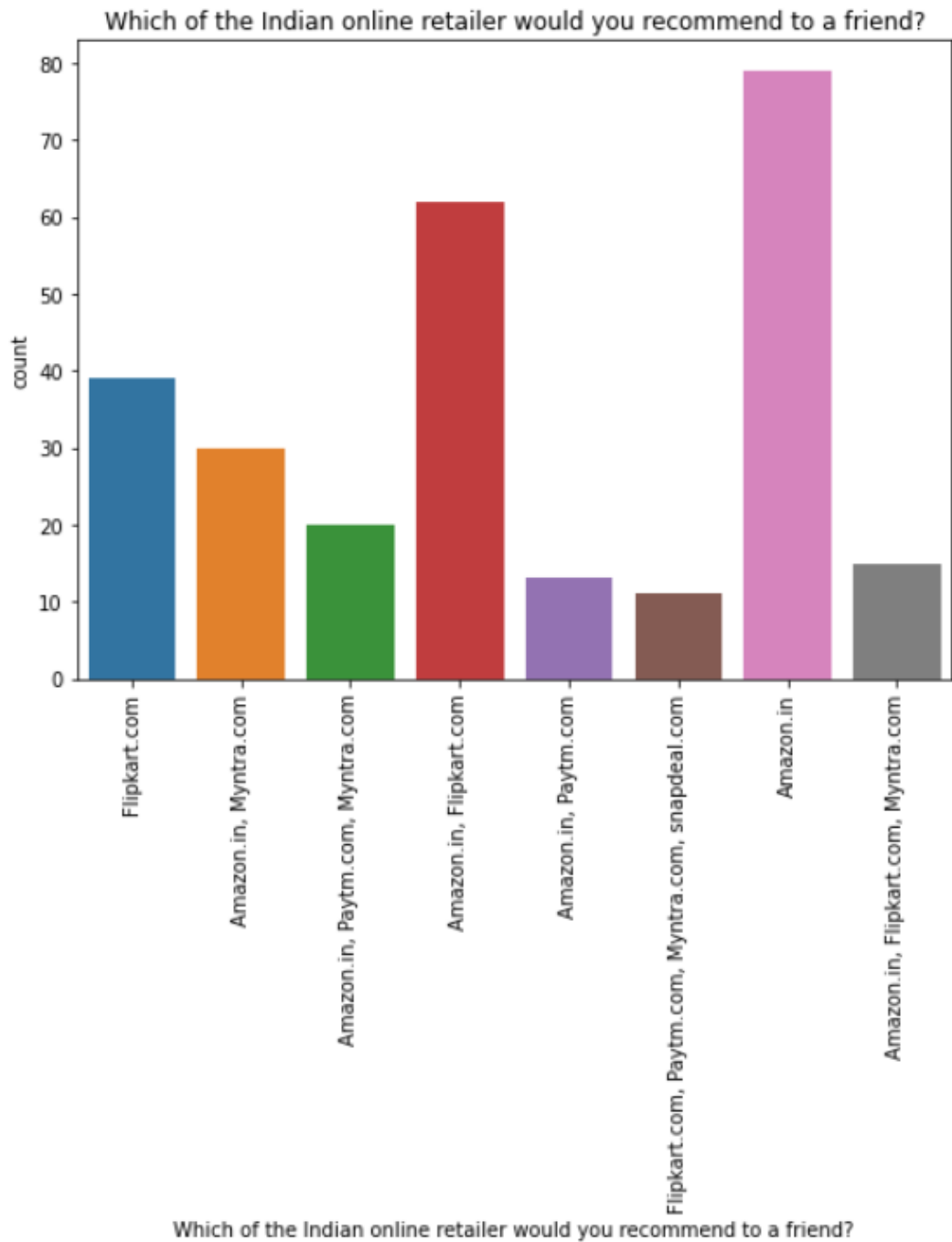
Observation:

Majority, 61 customers agree that Amazon.in Reliability of the website or application

Limited mode of payment on most products (promotion, sales period)

Observation:

Majority, 87 customers agree to snapdeal.com for Limited mode of payment on most products (promotion, sales period)

Which of the Indian online retailer would you recommend to a friend?

Observation:

Majority, 79 customers agree to Amazon.in to recommend to a friend

CONCLUSION

Retention analysis is an integral part of your customer retention and marketing strategies. By taking full advantage of the data you collect by tracking customer behavior, requesting feedback, and studying important metrics, you can decrease the churn rate, improve customer satisfaction, and boost your revenue.

- ## Limitations of this work and Scope for Future Work

  We are able to properly analyse the valuable feedback of the customers but given, the dataset was very small as it may result in bias understanding. If we are able to increase the feedbacks from more customers all over it would provide a great understanding of the strategies we will have to use to improve customer retention.