Project Report

Customer Retention Case Study

Submitted by:
N.Rahul

Internship 32

Customer Retention Case Study

Problem Statement:-

Customer satisfaction has emerged as one of the most important factors that guarantee the success of online stores; 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. 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

RQ1: Factors influencing customer retention

Customer Satisfaction

Customer Involvement

Service quality & Price

Customer trust

Switching barriers

Communication effectiveness

RQ2: Strategies of customer retention

- Creating value processes

- Creating bonds binding the customer to the firm.

- Monitoring customer relationship.

- Use of loyalty programs.

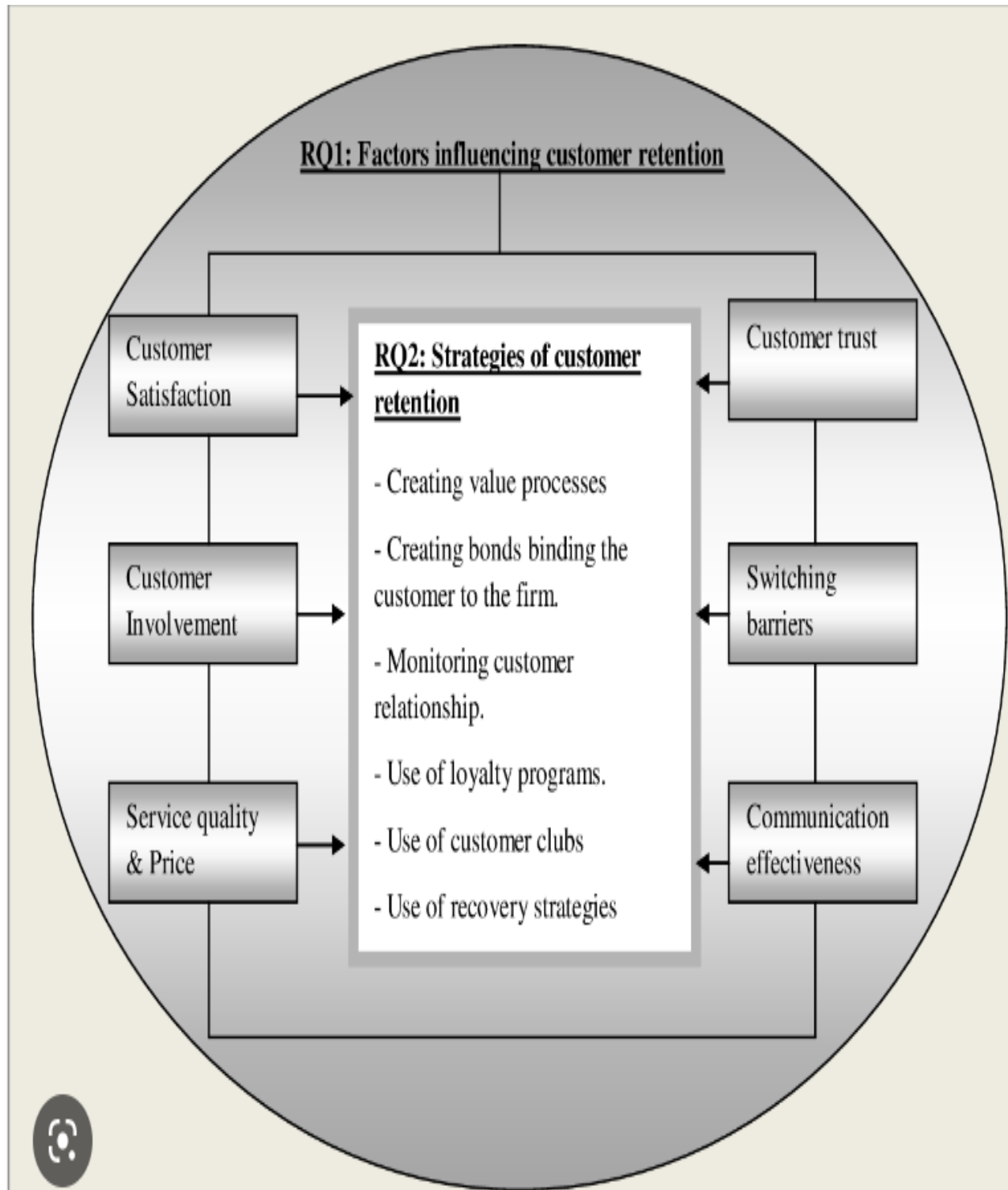- Use of customer clubs

- Use of recovery strategies

Figure shows:- Factors influencing customer retention and strategies of customer retention.

Outcomes from the data analysis:-

1. In this project we have investigated ecommerce quality in online businesses and developed new knowledge to understand the most important dimensions of the 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 behavior, i.e., repurchase intention, customer loyalty, and site revisit.

3. The dimensions like information about the products, convenient payment mode, Trust, Fulfillment, 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 an 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 the overall e-retail factor. The results of the analysis showed that the e-retail factor had a positive impact on customer satisfaction. The majority of research done about e-retail factors states that customer satisfaction is the main determinant impacting e-retail factors. It supports the idea that there is a significant relationship

between e-retail factor and customer satisfaction. The 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 main 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.

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 times, 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 on particular websites regularly.

4. The respondents thought that products' mixing up or they find different products 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 are 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 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 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 "lack 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 a positive impact on the customers. Also, amazon and flip kart have increased customers' expectations. So, they are the best online retailer who makes 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 the 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.