CUSTOMER RETENTION ANALYSIS

Submitted by :
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Introduction

Customer Retention: Customer retention is the ability of an organisation to retain its customers over a given period of time. There are a number of actions and activities that 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.

Why retention of Customers is Important?

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.

Customer Retention Benefits

While most companies traditionally spend more money on customer acquisition because they view it as a quick and effective way of increasing revenue, customer retention often is faster and, on average, costs up to seven times less than customer acquisition. Selling to customers with whom you already have a relationship is often a more effective way of growing revenue because companies don't need to attract, educate, and convert new ones.

Data Analysis
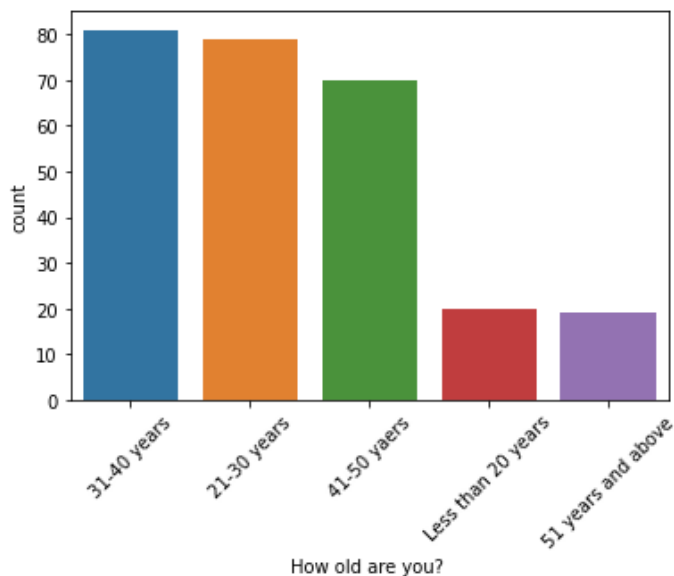
- Gender of respondent

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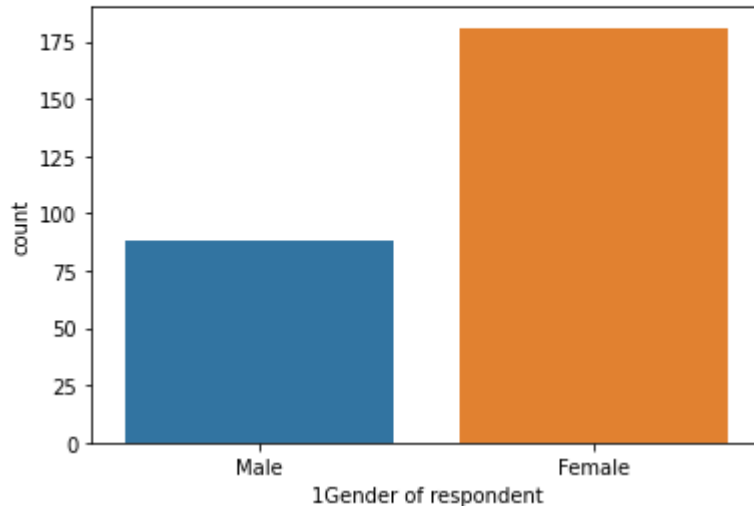

- The no of females (181) is higher than no of males (88) of people who have participated in the survey.

- Age of participants

```
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
```
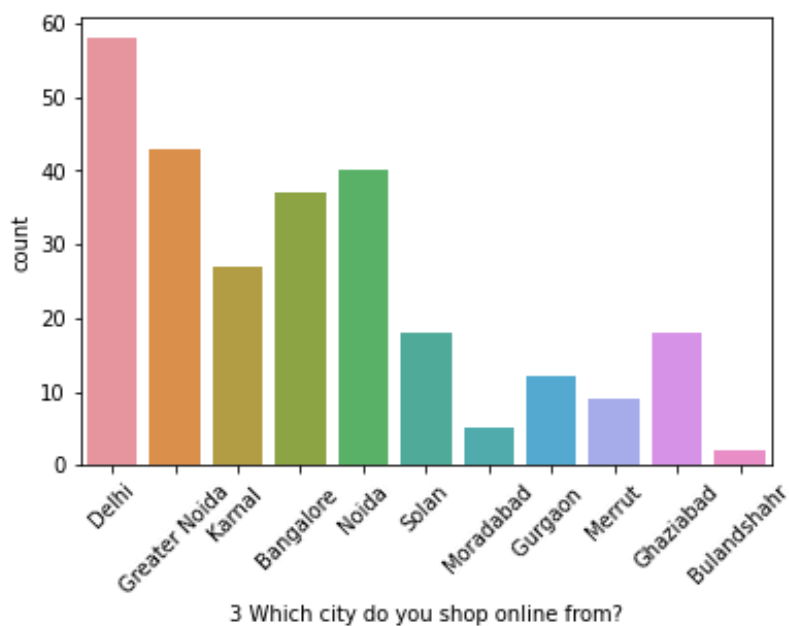

- The no of people who participated in the survey is highest among 31-40 years of age group and least from 51 years and above.

- 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
Bulandshahr          2
Name: 3 Which city do you shop online from?, dtype: int64
```


- The highest no of people shopping is for the city Delhi and least is for the Bulandshahr.
- From the highest and least no of people shopping from the respective cities tells us that it is because of region falling under metro region.

- **Pin Code of where shopping online**
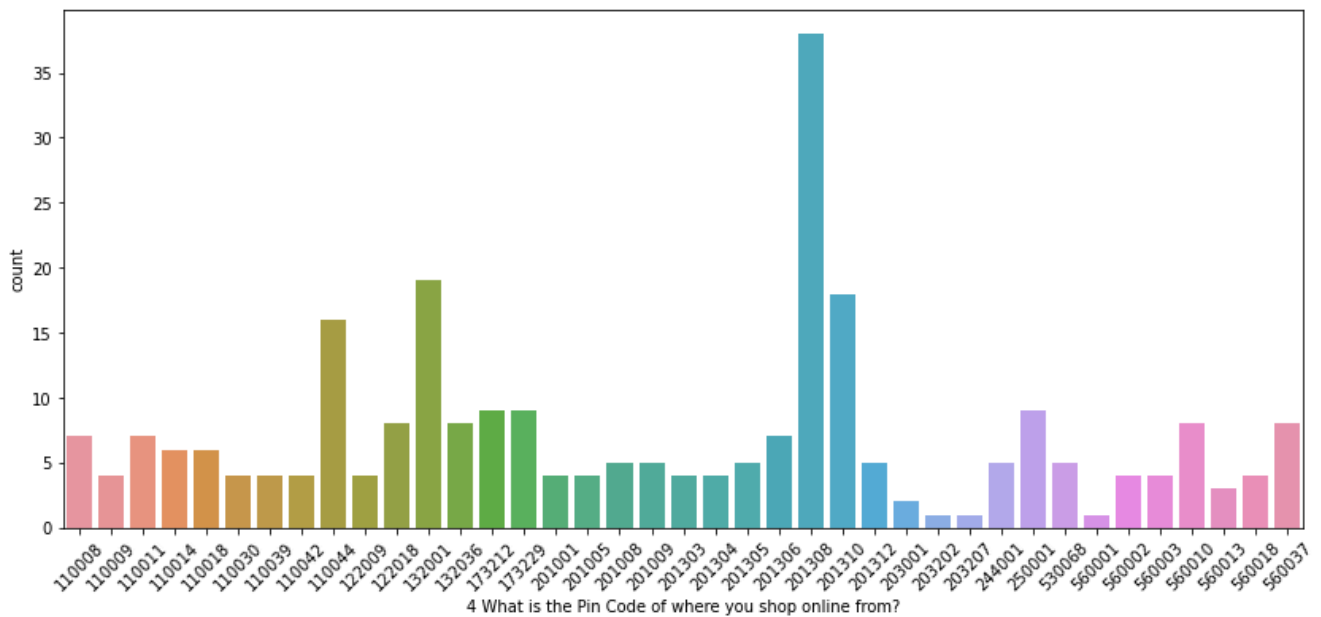
- The highest no of people shopping is from the region with pic code as 201308 and least if from 560001,203207 and 203202.

- **How Long Shopping Online**
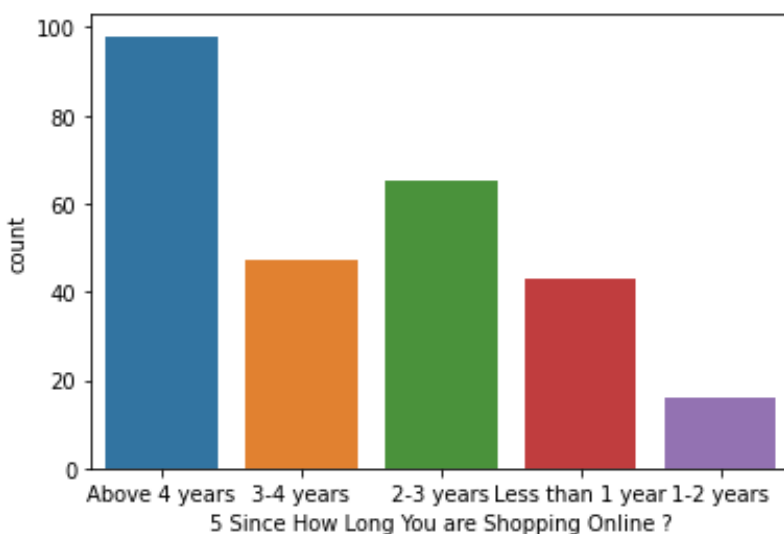
- The majority of people who have been shopping more than 4 years is highest and new customers have been adding from past 1-2 years.

- **How many times you have made an online purchase in the past 1year**

6 How many times you have made an online purchase in the past 1 year?
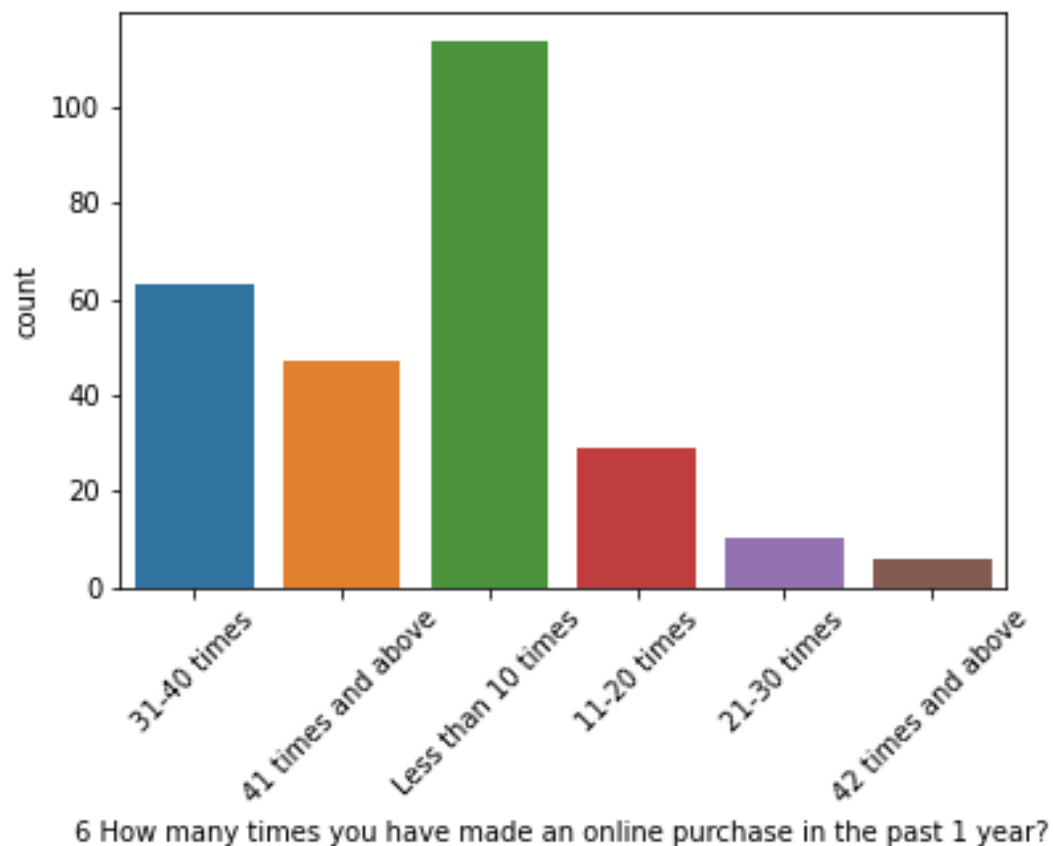
- The no of people who have been shopping online for about 42 times and above is very less whereas people shopping less than 10 times a year is the highest.

- **How do you access the internet while shopping on-line**

7 How do you access the internet while shopping on-line?
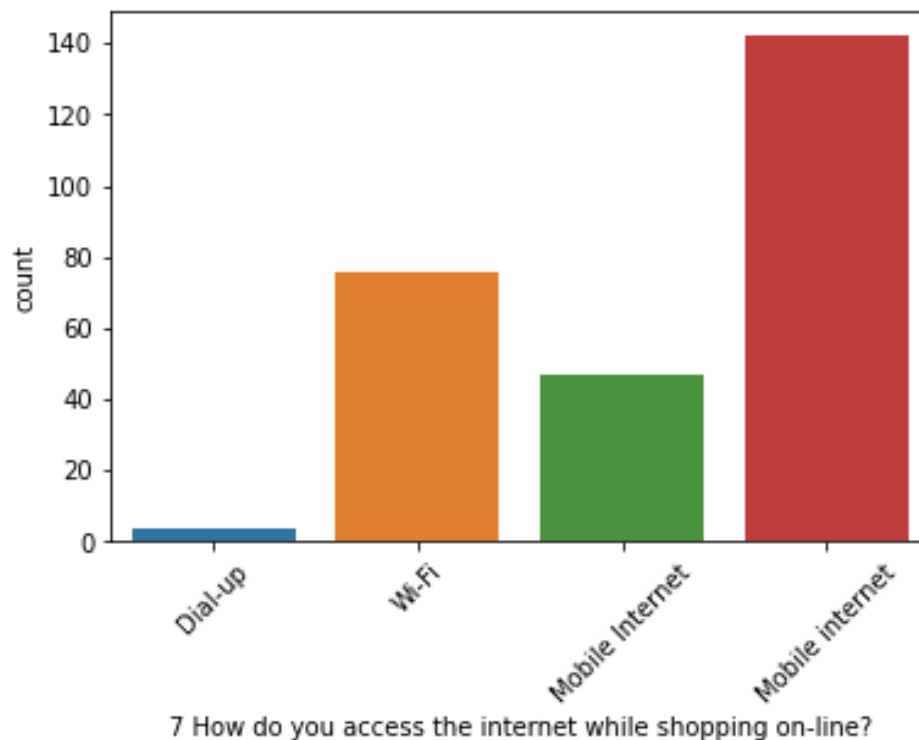
- Using Mobile Internet for shopping online is the most preferred way of internet access and Dial-up is the least preferred way.

- **Which device do you use to access the online shopping**

8 Which device do you use to access the online shopping?
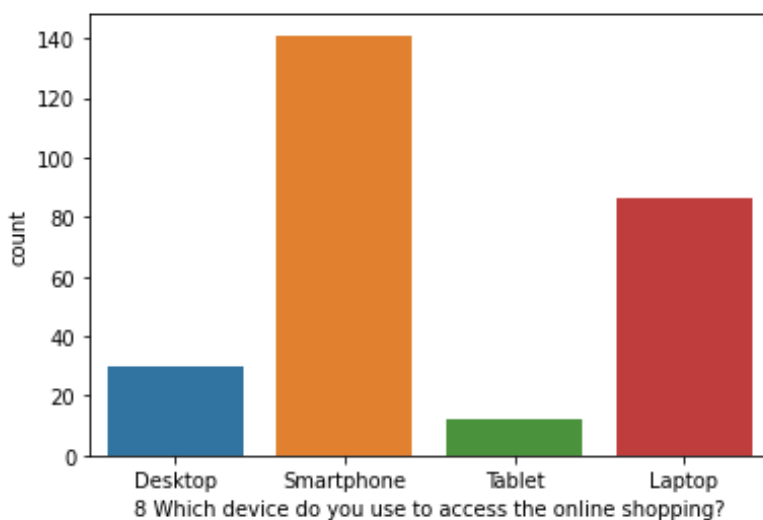
-Smartphone is the most preferred device for online shopping and tablet is the least preferred.
- The reason for smartphones being popular choice for online shopping might be because of the online shopping website present in application format.

- **What is the screen size of your mobile device**

9 What is the screen size of your mobile device?
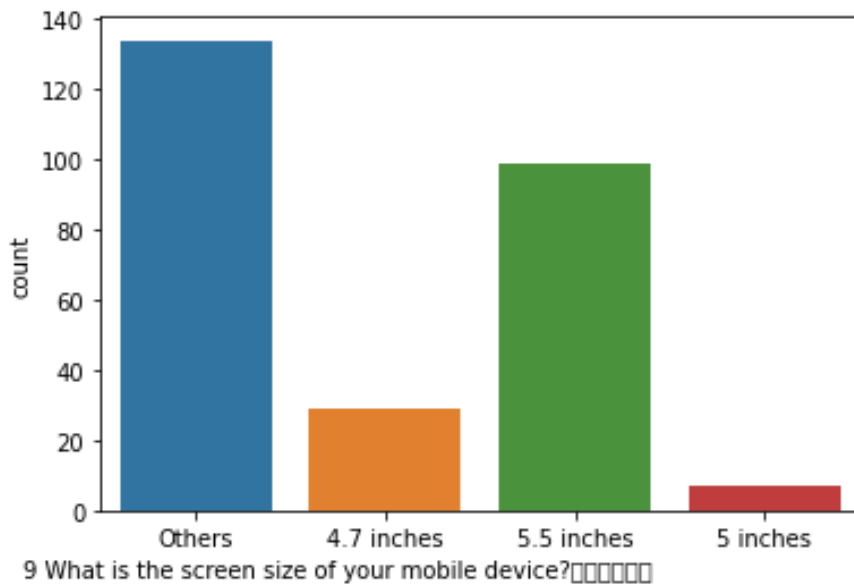
-The screen size of device used for sopping don't have any link or significant role in affecting the buyers decisions.

- **What is the operating system (OS) of your device**

10 What is the operating system (OS) of your device?
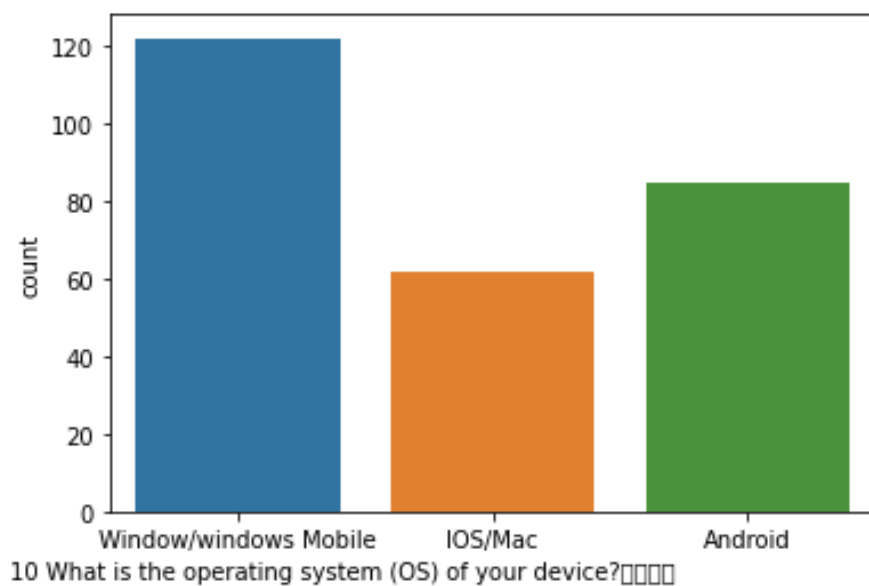
- Windows operating system is the most popular choice among online shoppers whereas IOS/Mac is the least preferred option.

- **What browser do you run on your device to access the website**

11 What browser do you run on your device to access the website?
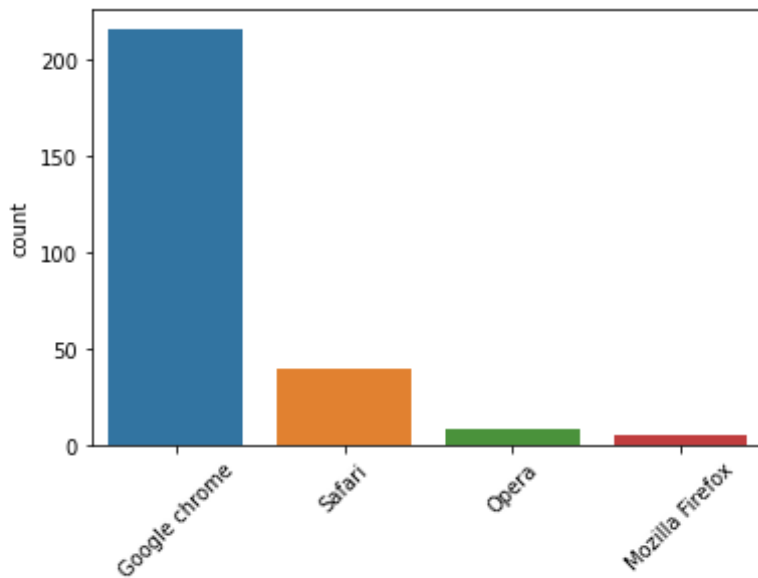
-Google crome browser is the most popular choice among people who shop online and Mozilla Firefox is the least preferred one.

- **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?
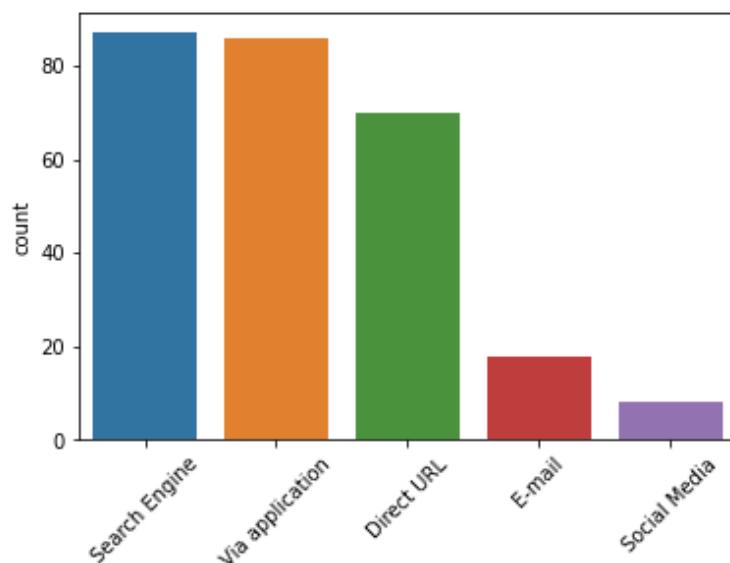
- Most people use the Search Engine to reach out the online retail store.

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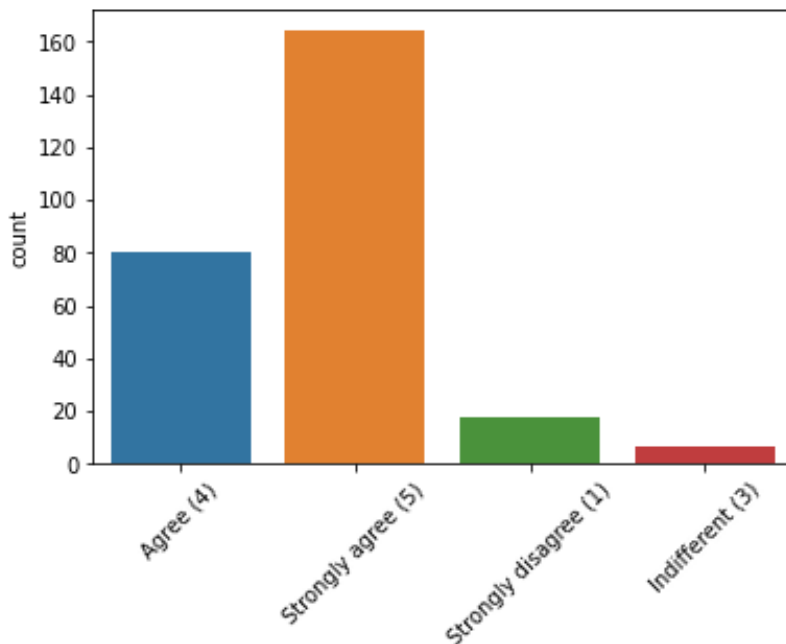
18 The content on the website must be easy to read and understand

-Most of the people agree that content on the website must be easy to read and understand , while some people disagree also with it.

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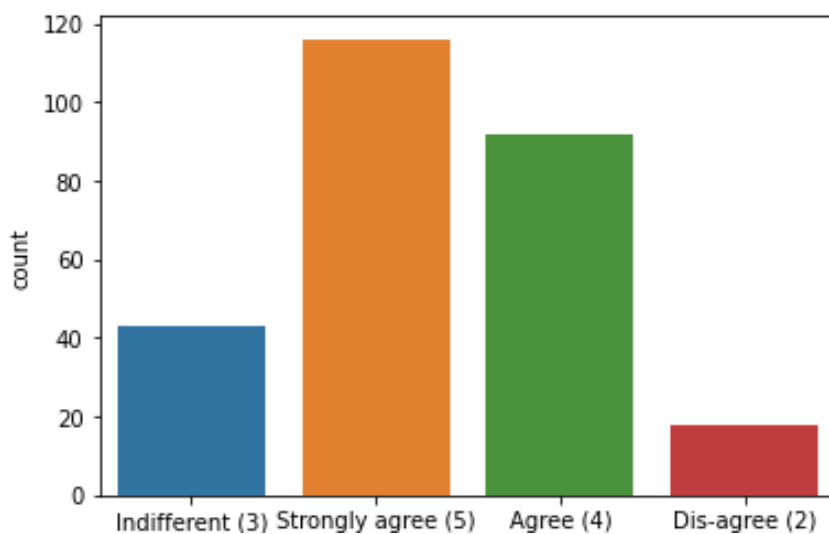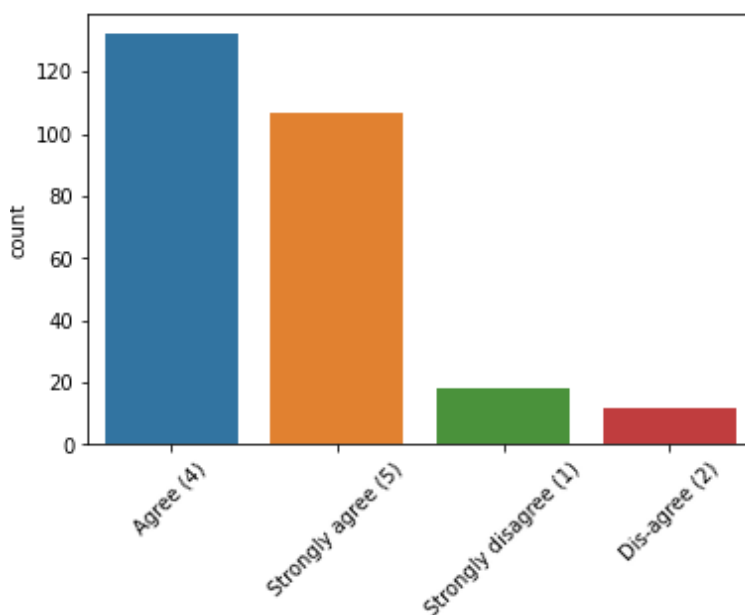

- Most of the customers strongly agree that the Information on similar product to the one highlighted is important for product comparison.

- Complete information on listed seller and product being offered is important for purchase decision
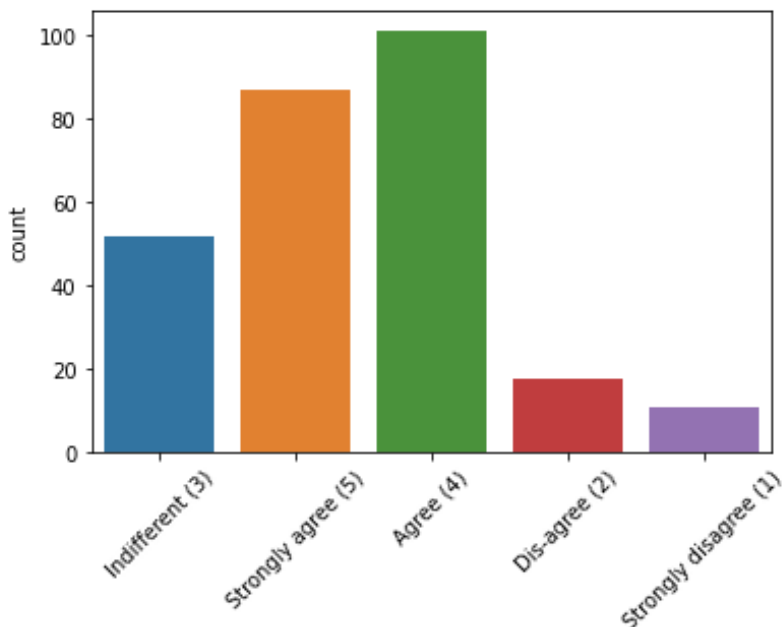
-Most of the customers agree that the Complete information on listed seller and product being offered is important for purchase decision.

- All relevant information on listed products must be stated clearly
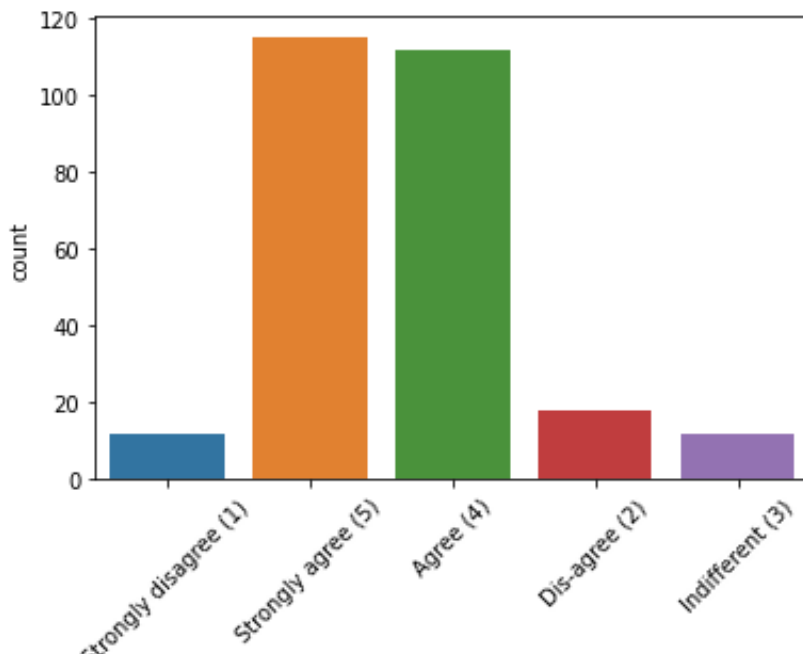

- Most of the customers agree that all relevant information on listed products must be stated clearly.
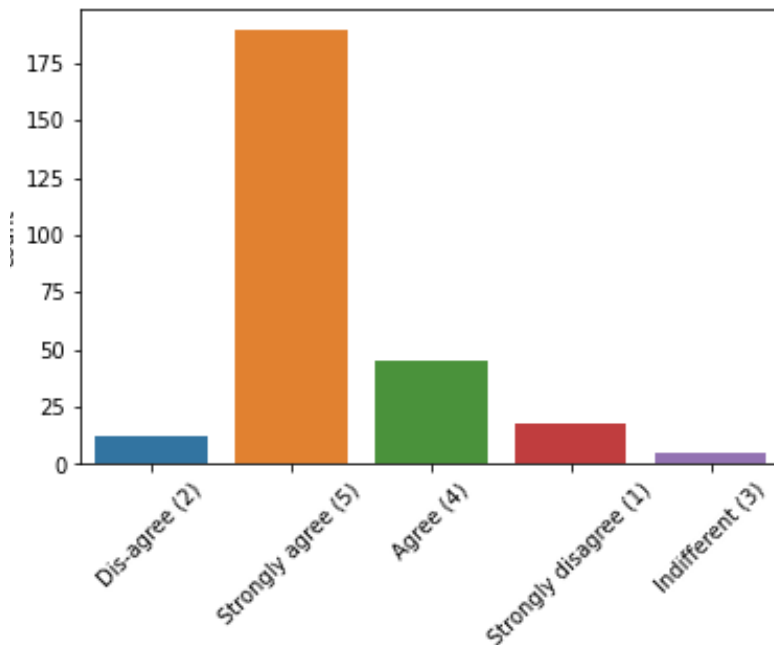
- Ease of navigation in website
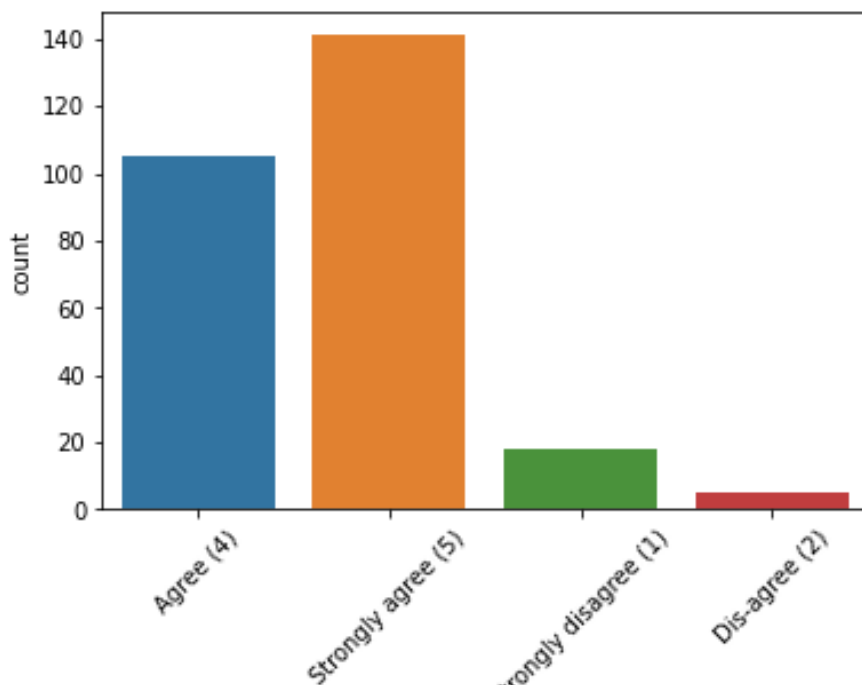
-Most of the customers strongly agree that Ease of navigation in website is necessary.
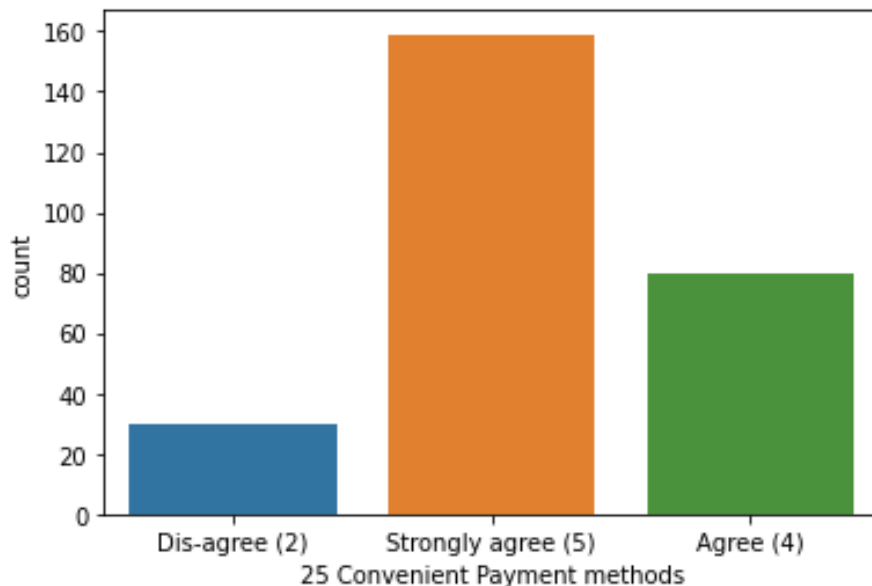
- Loading and processing speed

- Most of the customers strongly agree to Loading and processing speed of website followed by agree.
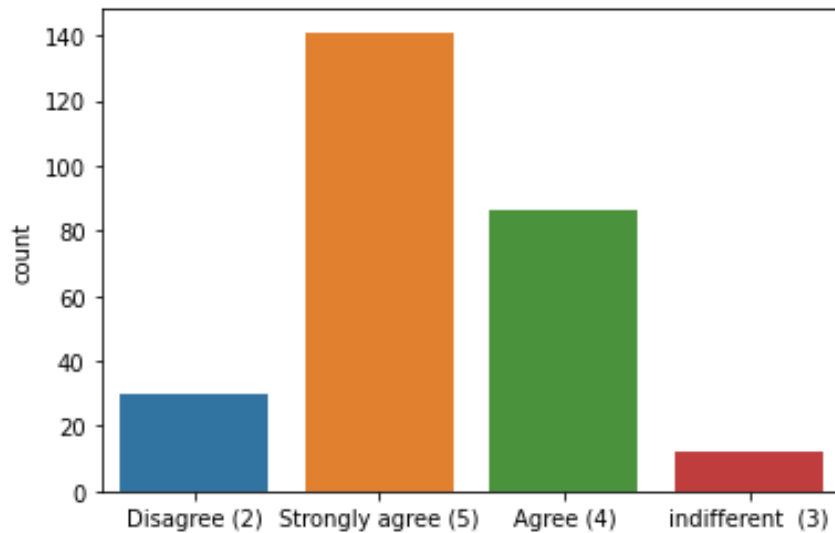
- User friendly Interface of the website

-Most of the people strongly agree on the user friendly interface of the website.

- Convenient Payment methods

- Most of the customers strongly agree that Convenient Payment methods must be available on website.

- Trust that the online retail store will fulfil its part of the transaction at the stipulated time

-Most of the customers Strongly agree that the online retail store will fulfil its part of the transaction at the stipulated time.
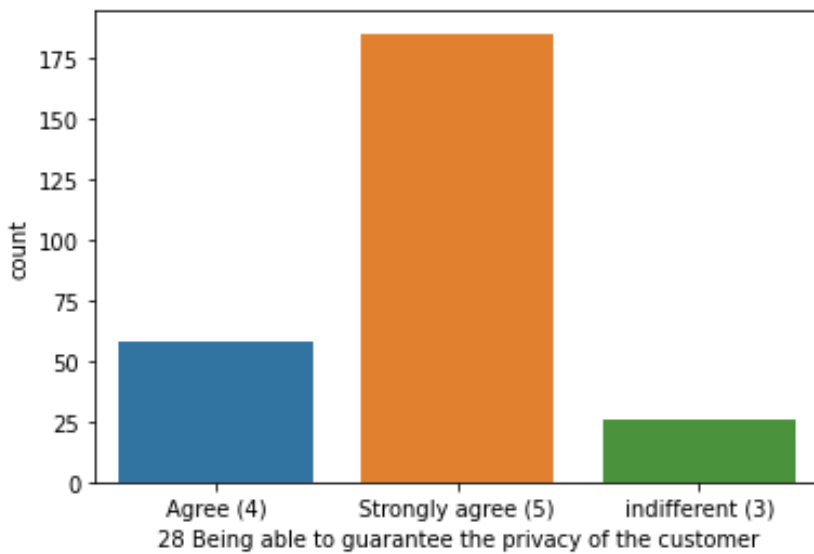
- Empathy (readiness to assist with queries) towards the customers
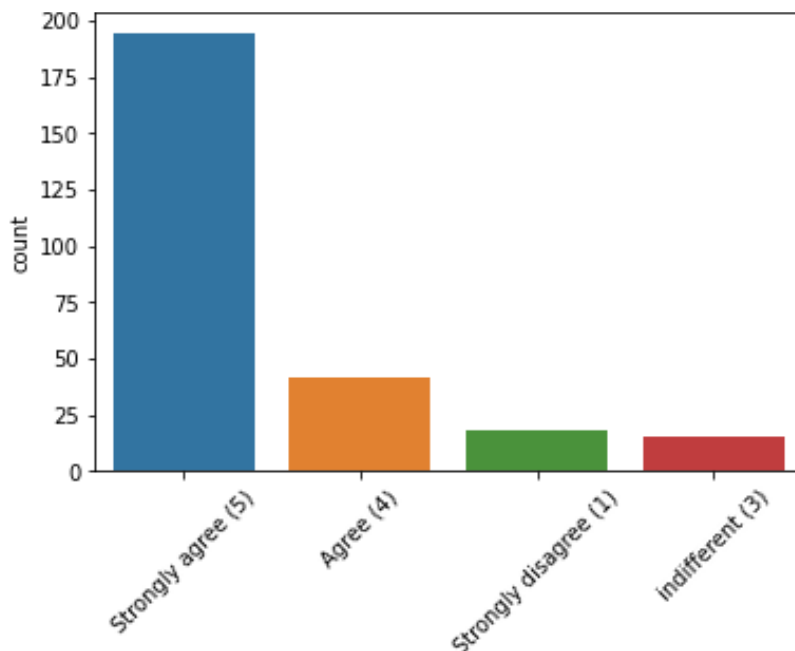
- Most of the customers strongly agree to Empathy (readiness to assist with queries) towards the customers.
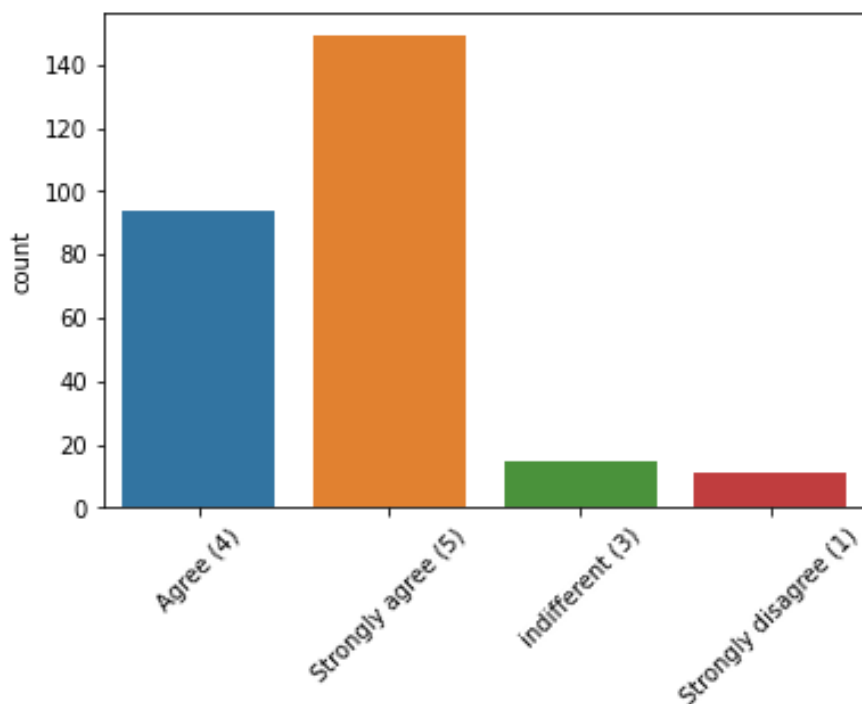
**- Being able to guarantee the privacy of the customer**

-Most of the customers strongly agree that the customer privacy is important.

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


- Most of the customers strongly agree to Responsiveness, availability of several communication channels (email, online rep, twitter, phone etc.)

- Online shopping gives monetary benefit and discounts

30 Online shopping gives monetary benefit and discounts
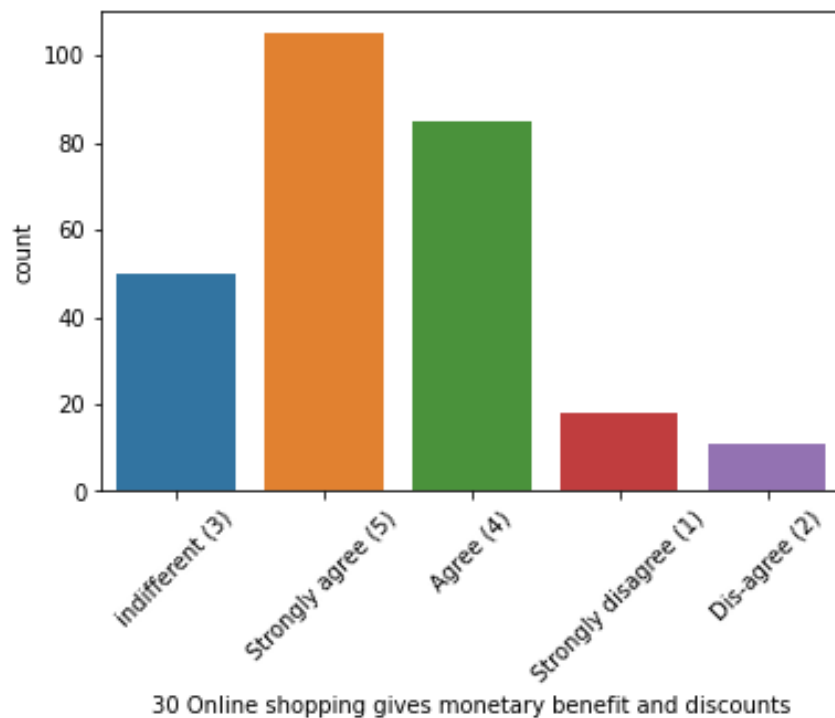
-Most of the customers Strongly agree that Online shopping gives monetary benefit and discounts.

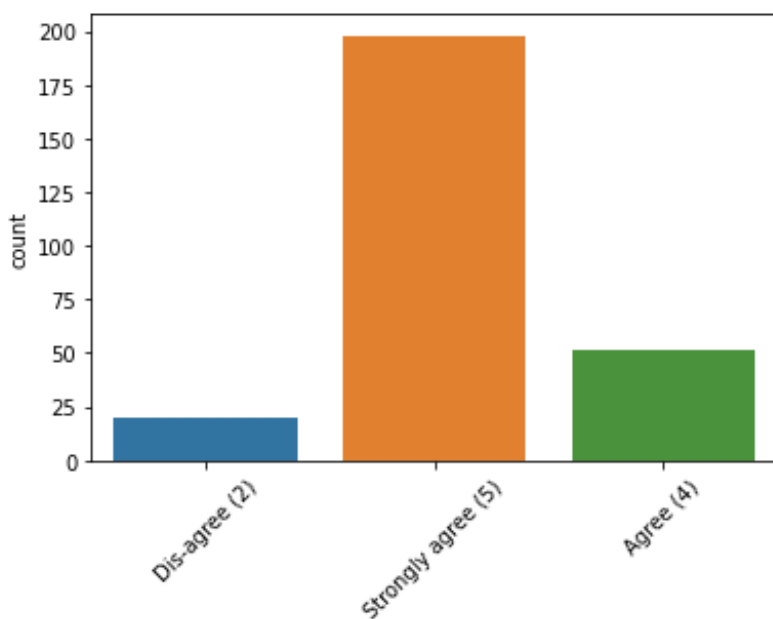## - Enjoyment is derived from shopping online
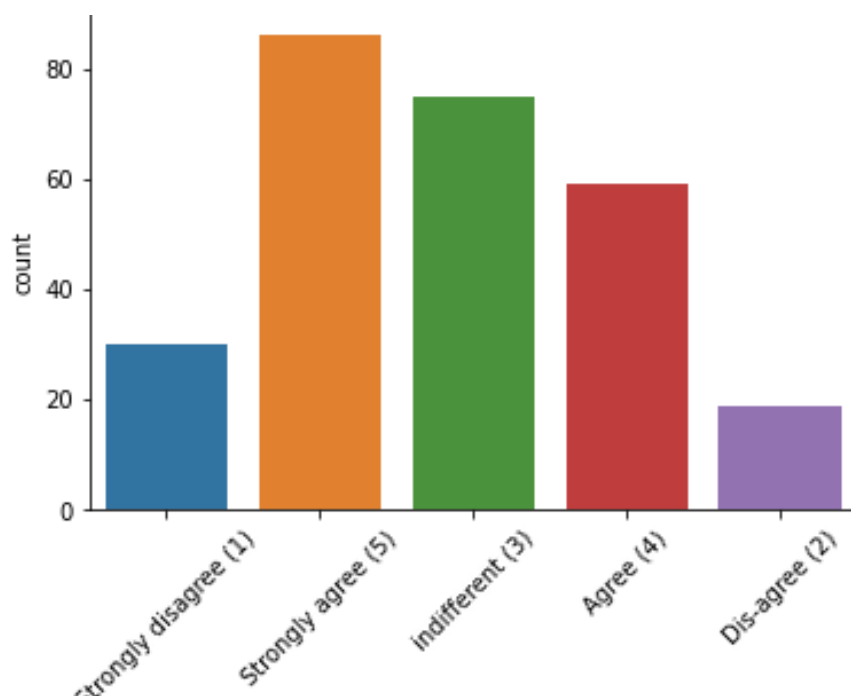
- 86 customers Strongly agree that Enjoyment is derived from shopping online.

- **Checking the column 32 Shopping online is convenient and flexible**
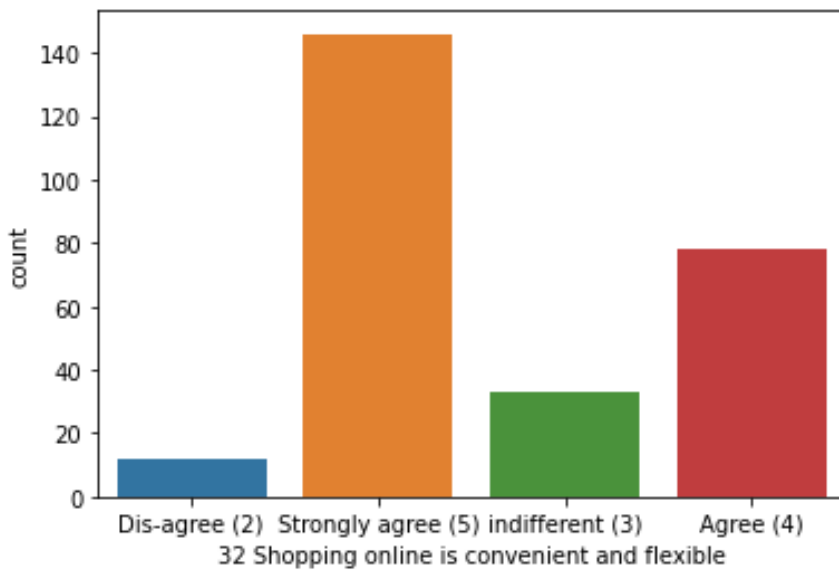
-146 people strongly agree that checking the 32 shopping online is convenient and flexible.

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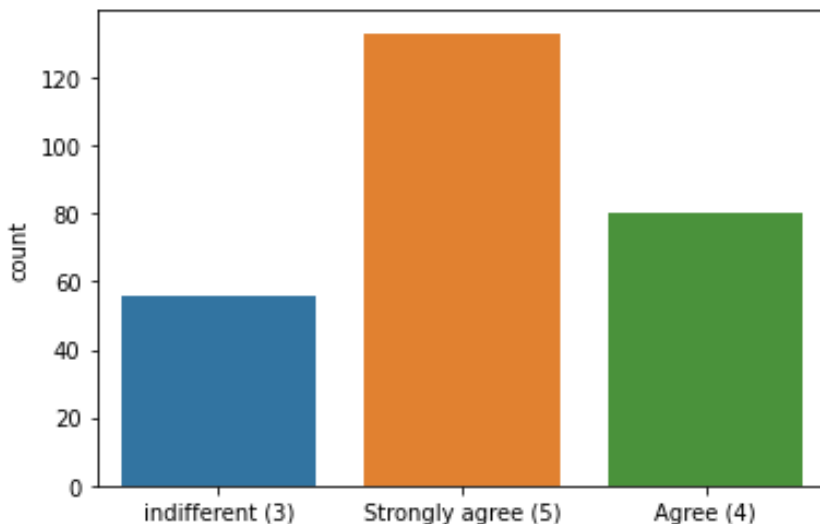

- Most of the customers strongly agree to Shopping online is convenient and flexible because of return and re-placement policy.

- **Gaining access to loyalty programs is a benefit of shopping online**

34 Gaining access to loyalty programs is a benefit of shopping online
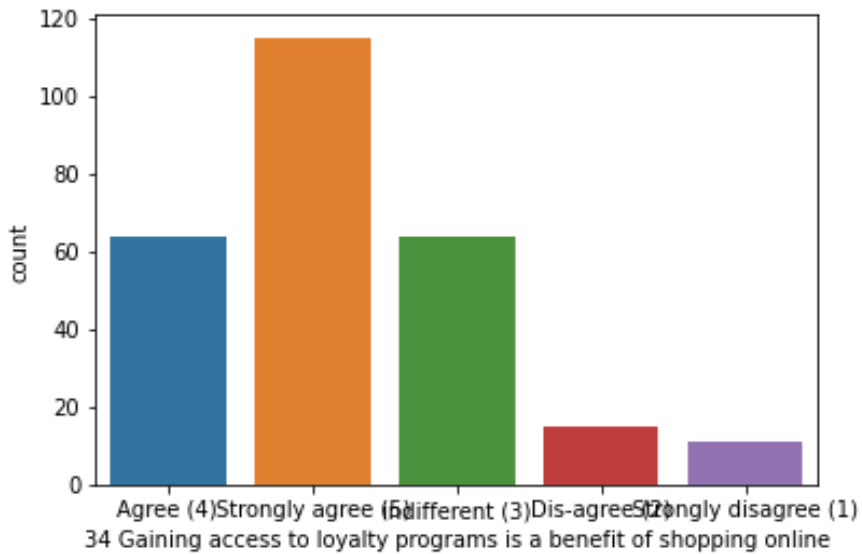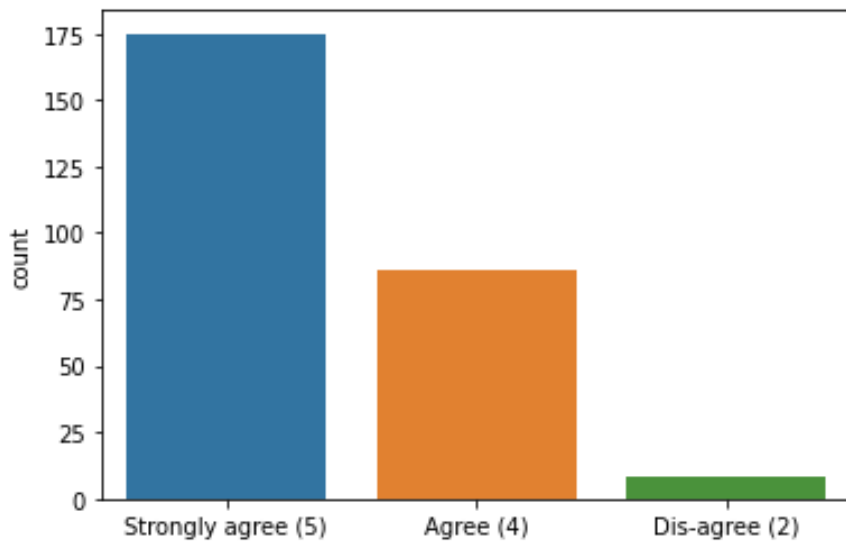
-Most of the customers strongly agree to Shopping online is convenient and flexible.

- **Displaying quality Information on the website improves satisfaction of customers**

- Most of the customers Strongly agree that displaying quality Information on the website improves satisfaction of customers.

- **User derive satisfaction while shopping on a good quality website or application**
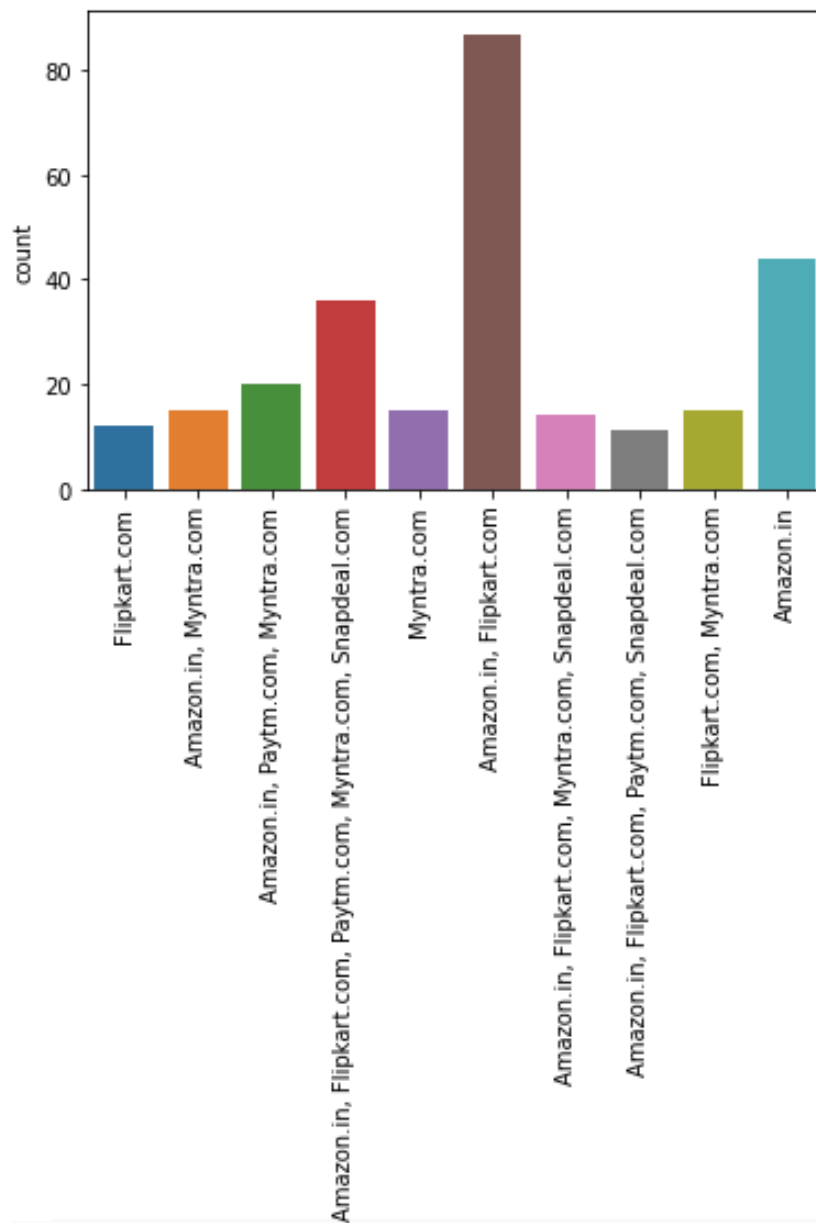

-Most of the customers Strongly agree to User derive satisfaction while shopping on a good quality website or application.

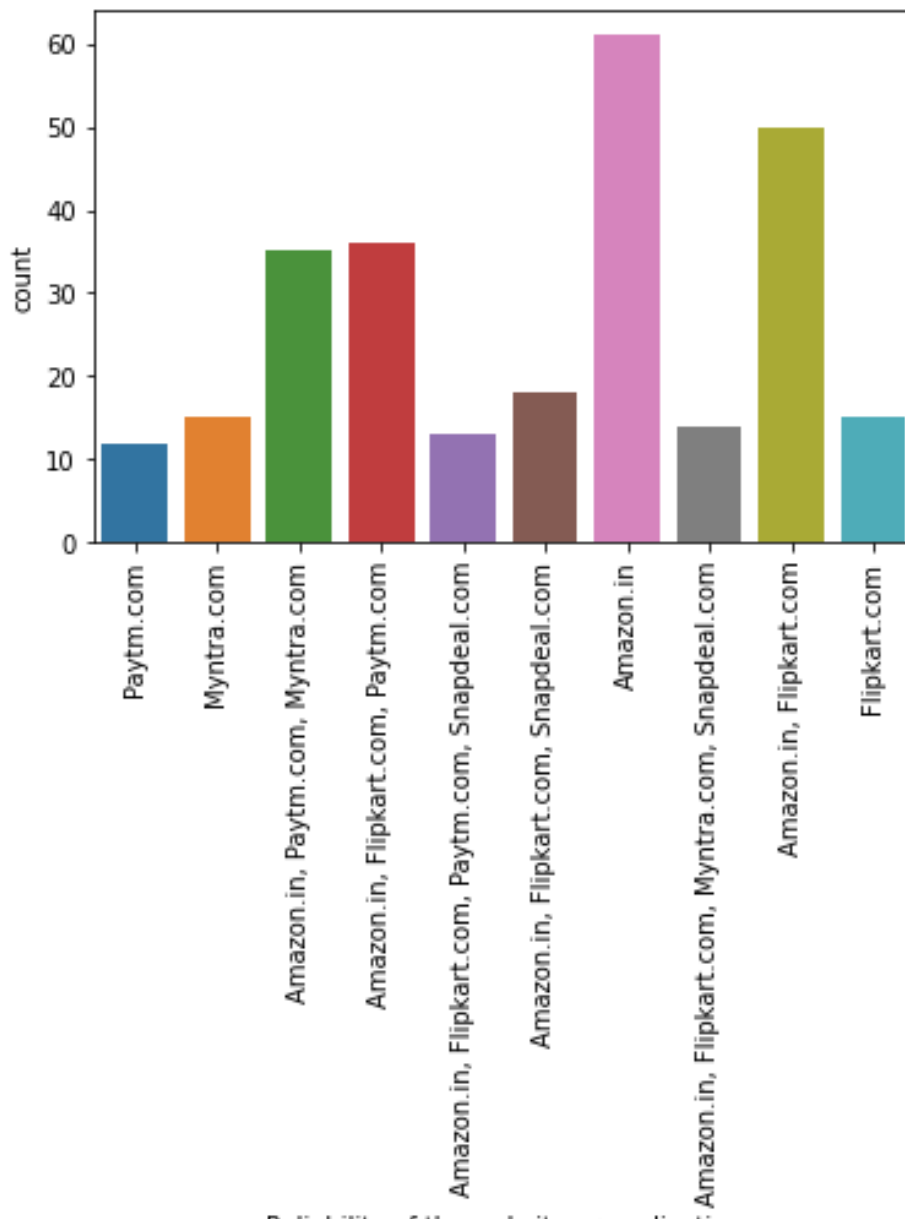- **Easy to use website or application**
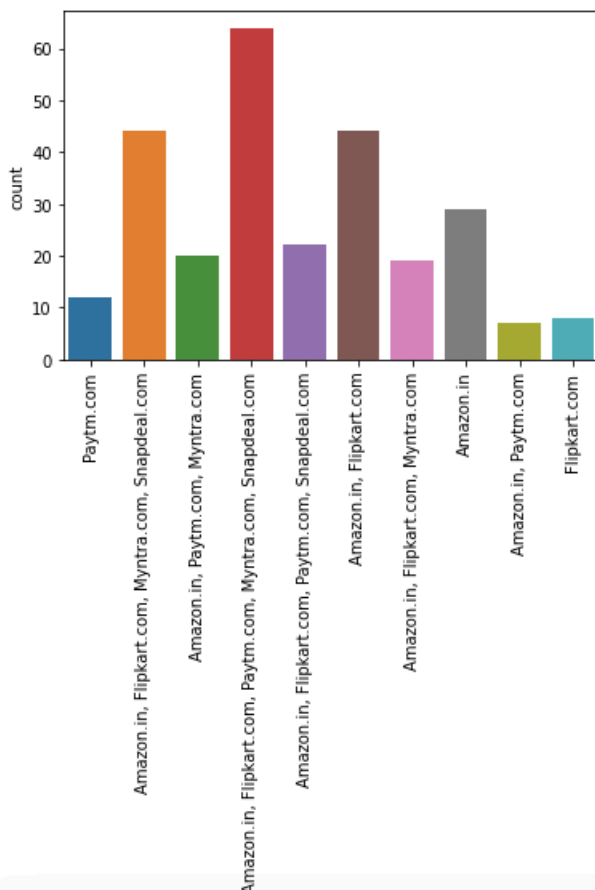
- Majority of the customers agree that Amazon.in, Flipkart.com, Paytm.com, Myntra.com, Snapdeal.com are Easy to use website or application.
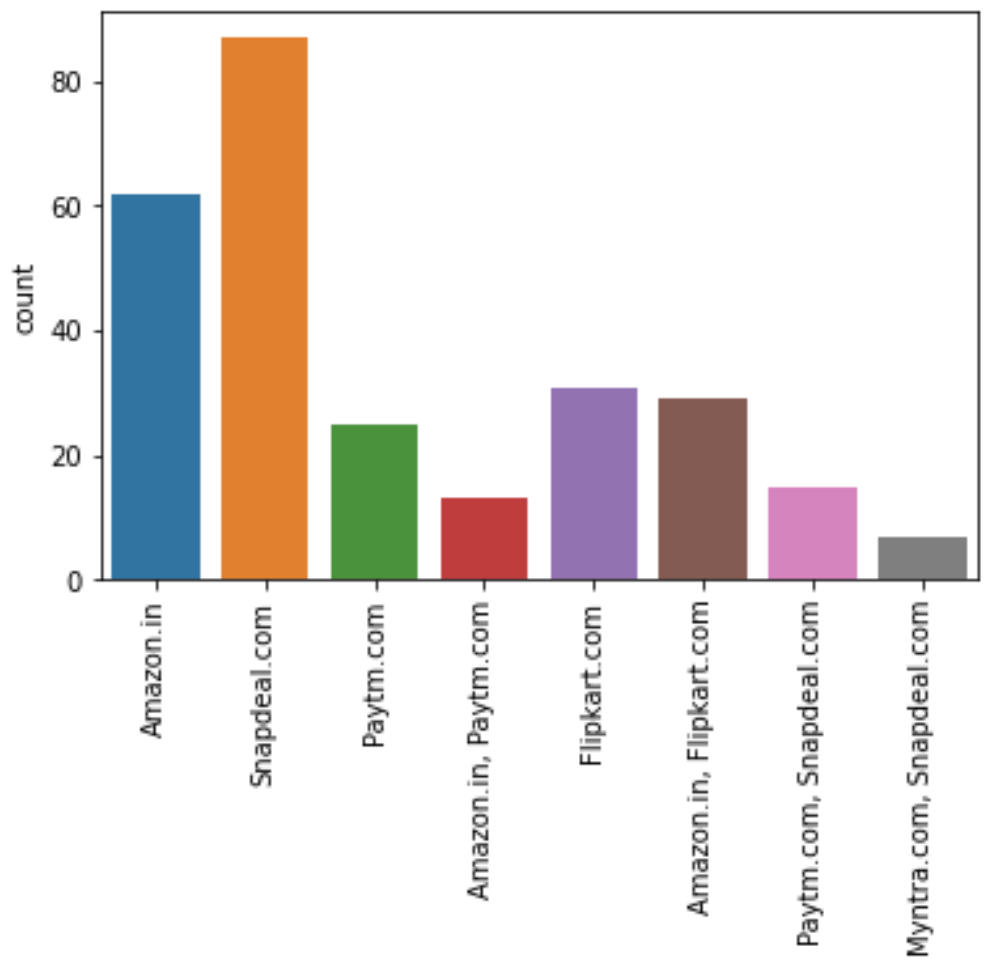
- Visual appealing web-page layout

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

- Reliability of the website or application

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

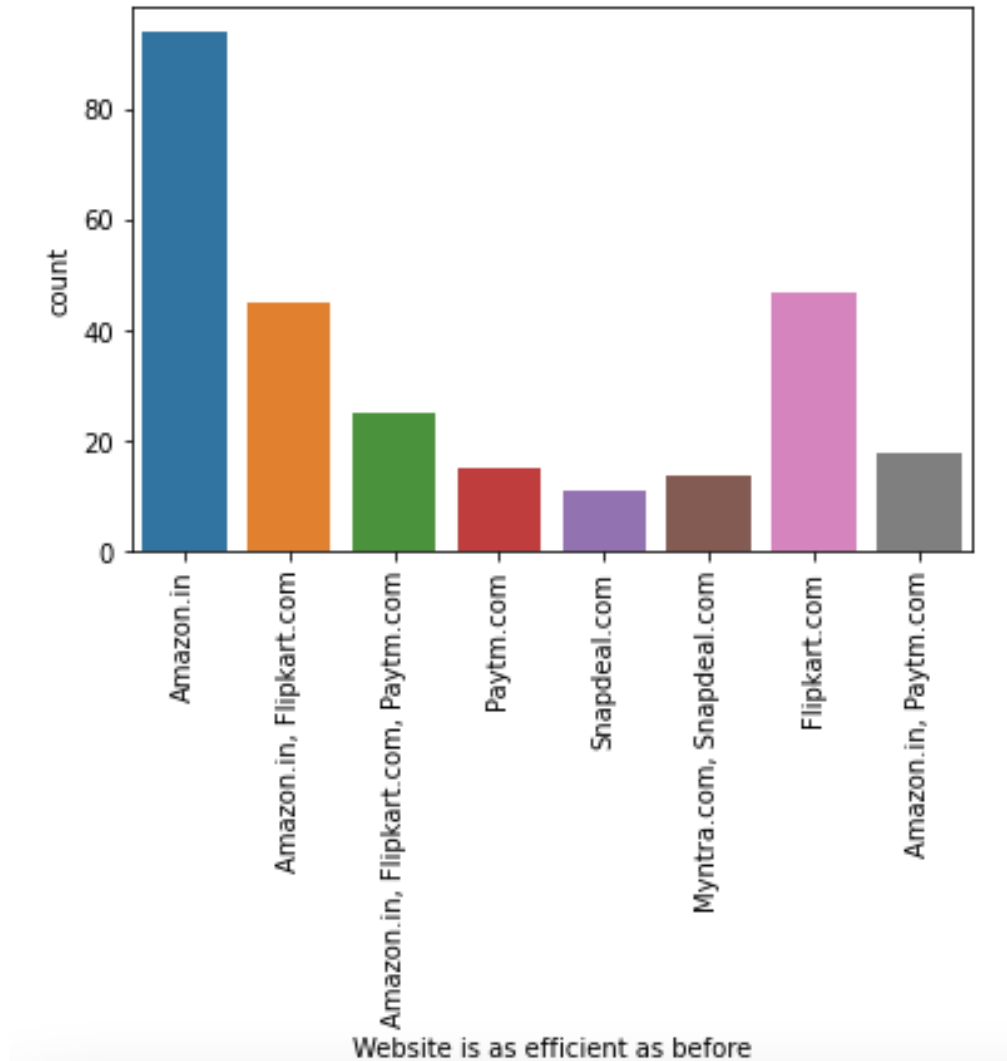**- Limited mode of payment on most products (promotion, sales period)**

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

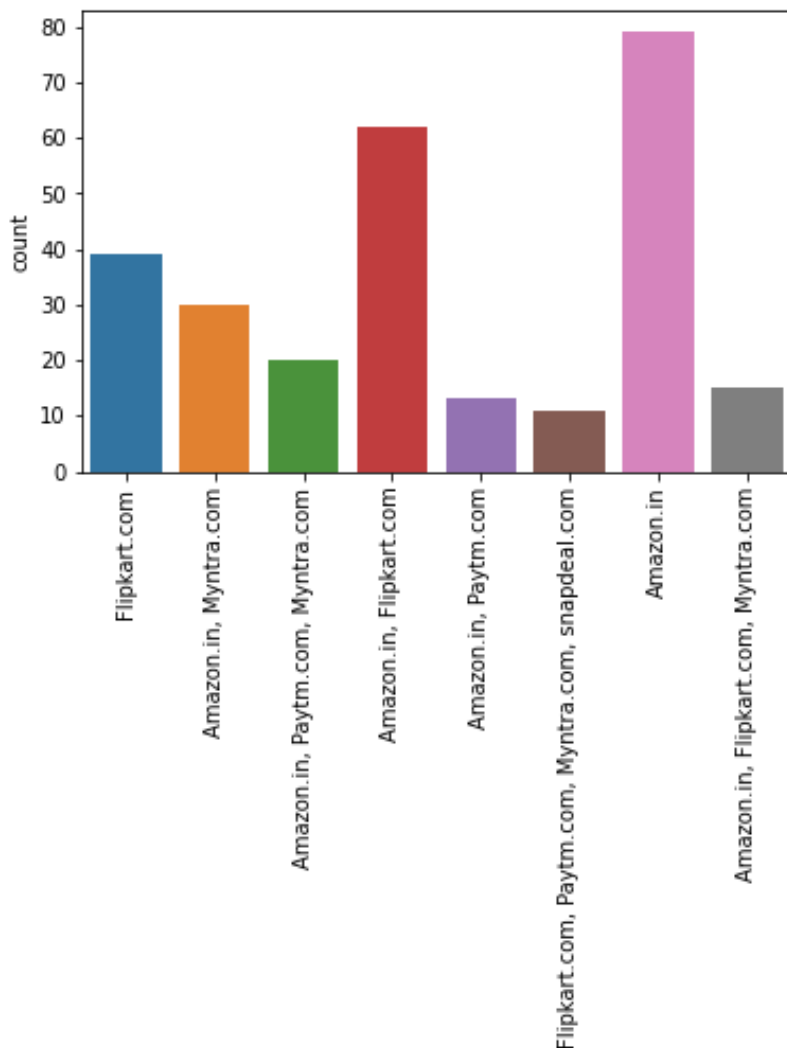- Majority of the customers agree that Amazon.in Reliability of the website or application.

- Website is as efficient as before

Website is as efficient as before

- Majority customers agree to Amazon.in that Website is as efficient as before.

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

-Majority customers agree to Amazon.in to recommend to a friend.

Based on these survey analysis we can conclude different observations which can help us to improve our user customer experience.Industries can use and implement changes based on these analysis.There are number ways changes can be done to improve and attract customers.Let's point a few.

Ways to Improve Customer Retention :

- **-** Use relationships to build trust – Build relationships with customers in a way that fosters trust. Do this through shared values and fostering customer relationships .

- Set customer expectations – Set customer expectations early and a little lower than you can provide to eliminate uncertainty about the level of your service and ensure you always deliver on your promises.

- Become the customers' trusted advisor – You need to be the expert in your particular field, so that you can gain customers trust and build customer loyalty.

- Take a proactive approach to customer service – Implement anticipatory service so that you can eliminate problems before they occur.

- Use social media to build relationships – Use LinkedIn, Twitter, and Facebook to connect and communicate with customers and give them a space for sharing experiences with your company, so they can become brand ambassadors.

- Go the extra mile – Going above and beyond will build strong relationships with customers and build long-term loyalty by paying attention to their needs and issues.

- Make it personal – Personalised service improves customer experience and is something customers are expecting and demanding. Make their experience personal to strengthen the bond with your brand.

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 behaviour, requesting feedback, and studying important metrics, you can decrease the churn rate, improve customer satisfaction, and boost your revenue.