PROBLEM STATEMENT-1

DEFINING THE PROBLEM-

In the vast world of marketing with a load of competition among the retail stores, an e-commerce retail store is facing customer attrition. After a careful study considering all the factors, reasons, and possibilities of the churn, we are required to build a model to analyze the rate of decreasing customers, tackle the declining rate, as well introduce ways to attract new customers by providing possible solutions.

HOW DOES THE MARKET FUNCTION?

To put it simply, retail is indeed the distribution of products or services to individual customers. It is the final link in the supply chain, and it is responsible for dispersing finished goods to end-users. The items sold are not intended for resale or commercial use. Generally speaking, retail sales entails delivering single or small amounts of goods to customers. Goods are delivered directly to the buyer from a single place of purchase, such as a store.

5 MAJOR FUNCTIONS-

1. Purchasing and placing products.
2. Housing/ Storing the products.
3. Providing the required accurate information regarding the goods.
4. Estimating customer needs and demands.
5. Marketing

CUSTOMER ATTRITION

Known by different names, customer attrition or customer churn is nothing but the loss of customers within a company. In simple words, the phase wherein clients or customers start distancing and ending their relationship with an organization.

FACTORS LEADING TO CUSTOMER ATTRITION-

1. **Poor customer service**
   One of the reasons leading to churn is the customer service. Beginning with ignorance of service requests, continuing with an inability to resolve issues and long waiting times customer service gets affected. Poor employee knowledge and lack of manners and etiquette add up to customers staying dissatisfied.

2. **Displeasing website interface**
   Attempting to sell to people through a poorly constructed website will permanently damage your brand's reputation. Platforms should be straightforward, accessible, and easy to remember for end-users. Many clients are accustomed to a certain type of experience that stems from the placement of cart, buy now, wish list, and other critical buttons in precise locations.

3. **Product glitches**
   Lack of training skills, unqualified personnel, and product quality contribute to customer attrition. Not only human error, lack of maintenance, and improper technology/machines also lead to the loss of valuable customers. Low-grade materials and lack of standardized and specific materials are also a cause. Last but not the least, the management and method of packing and storing the products is an issue too. The product when received doesn't satisfy the customers as they thought.

4. **Returning/exchanging products**
   This issue occurs mainly due to a list of seller errors. There is a lot of incorrect information in the catalog. Along with errors committed by the logistics company and the seller's failure to provide enough post-sale service

5. **High pricing**
Price is by far among the most frequent cause of client churn. Expecting customers to pay top dollar for an item – especially if they aren't getting enough value out of it – can be a stretch, and decision-makers will rapidly tire of it.

6. **Lack of Variety**
In the progressing world, with high expectations and having an attitude of keeping vibrant products, customers always look for a place with an abundance of variety of products. Dissatisfaction and unhappiness on entering a store with limited stalk will lead to customer churn.

7. **Lack of quantity**
Keeping products in lesser quantity is a huge thumbs down. Impressing customers with the appropriate products but keeping the items in a limited amount would upset the customer and force them to look for other shops offering the desired products in huge quantities.

8. **Delays**
Product delays are also a topic of concern. Due to documentation mistakes, system failures, and logistical problems, the product isn't delayed on time. Not only this bad weather conditions and traffics also contribute equally.

9. **Keep a track of competitors**
The majority of clients simply care about themselves. Even if you have the best-engineered technology in the market, if your customers perceive that your competitor's product better meets their needs, they will quickly abandon you. When they do, you're losing more than just money; you're also losing market share, reducing staff morale, and handing your rivals a real firearm.

10. **Ignoring feedback**
Complaints are critical in identifying flaws in your goods and services. Treat your customers' problems as a wake-up call for your company. You may be skipping an opportunity to develop your rapport with them if they have difficulties that you are not promptly resolving.

11. **Site crashing**
The worst e-commerce drawback would be when your website crashes and nobody can purchase from you. There are many reasons for it including high traffic during sales, accidental website code break, virus attacks, hackers, hosting errors, and several other reasons.

12. **Poor marketing**
Ecommerce websites invest in advertising haphazardly or not at all since they don't have a strategy for getting their products to market. When the results aren't in, investment dwindles. The deadly cycle to failure is well underway at this point. A better strategy is the answer.

13. **Payment issues**

Debit cards, credit cards, and internet banking are the most basic ways of online payment, with cash-on-delivery used in only a few circumstances. Yes, website owners take every effort to protect card information, hacking or cybercrimes are unavoidable. Also, the mode of payment on many websites is limited which makes it difficult for the buyer to complete the transaction.

14. **Shipping charges**
Offering free delivery services, even if they are slow, is more likely to entice customers to purchase than having a vast product range or even the best prices. Customers are willing to pay more for a product if it implies, that they will receive free shipping. However, free shipping is costly. It can eat into your profits significantly, and as transportation prices rise, this will only become truer.

POSSIBLE SOLUTIONS

1. **Improve Customer service**
Hiring the right people with relevant qualifications, experience and skills are mandatory. Proper training and employee engagement are a must. Maintaining high efficiency and a strong working atmosphere to keep the customers fully satisfied.

2. **Effective catalog management**
E-commerce players may handle numerous intricacies with proper catalog management, which will reduce consumer attrition. Catalog management assists in reducing the amount of brand interference, and customers make well-informed choices. Assists with better product recommendations. Products that are suitable for up-sell and cross-sell

3. **Product quality**
Investing in training, and tracking the mistakes that occurred during product failures would help in gaining attention. Having the right attitude along with organized quality circles would play a great role. Enhance the ability to compare. Make precise product recommendations. Cross-selling and up-selling chances aren't being taken advantage of. Also, don't forget to make buckets depending on themes.

4. **Dealing with pricing**
Keeping in mind the level of competition, price charts should be updated. Maintaining the price ranges, and offering offers and discounts at the right point and on the correct items would help in reducing the attrition.

5. **Return policy**
Users are asked to pay for the return logistics. Has a very limited return window and requires users to transport return merchandise on their own. Fails to compensate as soon as possible. After a quality check, it takes a longer time to issue a refund.

6. **Variety**
Offering a huge pond of flamboyant products keeping in mind customer desires and expectations. variety of products should be uplifted. Having an opportunity to buy not one but many of the same kind should be the ultimate aim. Word of mouth plays an important role for a store to shine. Personalized products on a website can improve the shopping experiences. One of the most inherent benefits of running an internet business is the ability to develop customized landing pages for various audiences. This may persuade customers to purchase from you without requiring much additional effort on your part.

7. **Avoid delays**
Setting a minimum to maximum delivery date range to avoid delays is a must. Followed by updating the inventory, preparing the warehouse, and getting ready for the holidays with a fulfilled service would also help.

8. **Prevent website crashing**
To ensure the smooth functioning of your website makes sure to keep an experienced developer available. Keep the domain on auto-renew. Keep a track of traffic, and use a content delivery network. If changing any code, take care of typos and always backup the data.

9. **Quantity**
To spot a place at the top, the number of products should be maintained. Keeping a track of the highly demanded and top-selling products, the items should be placed in abundance. Fixing an impression to be the go-to shop for the essentials in large quantities as once should be the goal to accomplish.

10. **Competitors**
One of the easiest techniques to outwit the opposition is through pricing and offers. To begin, ensure that your costing is reasonable and determined by the value you offer. Analyze where your rivals set their pricing strategies and also how they organize their deals, but don't copy them.

11. Feedbacks

Problems should be addressed to the respective team. Immediately adapt to and address difficulties. Use feedback to make improvements to your processes, goods, and services. Creating a client feedback loop might be as simple as setting up a questionnaire or seeking feedback and sending an email, depending on the business demands. Listening to customer feedback, and improving product testing through implementing a quality management system are vital.

12. Take care of shipping

You may offer free shipping without going bankrupt. Set minimum order value is the most usual solution. Setting a guideline such as "Free Shipping on purchases over a certain amount" guarantees that customers spend enough to cover the expense of packing and shipping the product.

13. Offer Incentives

Give clients an incentive to stick along by providing a special offer, such as a coupon, a discount, or a loyalty program. This modest gesture can go a long way toward demonstrating how much you respect your existing customers' patronage.

14. Express gratitude

Don't just think about getting new customers—thank your existing ones as well! Offering unique content and comparable benefits (even if they aren't monetary) are good methods to convince subscribers of their value. Keep in mind the profitability of your present subscribers. Keep in mind that they are a big part of your success.

15. Authenticity

Because both the client and the seller should trust one other in e-commerce, they must stay as they are in actual situations. For the online transactions to be secure, both the sellers and buyers must provide proof of their original identity.

16. Be proactive

When it comes to reducing churn, being proactive is frequently the key. Anticipate and respond to customers' concerns before they ask them. Boost your communication efforts. Notify people about new developments: Create blog posts, update the website and display the new services.

17. Invest in marketing

There are a variety of methods for establishing an online profile for your e-commerce firm. Pay-per-click advertising for e-commerce firms allows you to publish ads on social media platforms, search engines, and other websites to reach a specific audience. Creating a strong online presence in which you provide quality, relevant information to your ideal clients can also drive traffic to your website. To establish your brand, consider writing blogs and spending time on social media platforms where your intended audience is most inclined to be.

18. Payment

Provide the maximum types of payment options on the website convenient for the customers. Also due to the increase in the hacks/ cybercrimes, don't forget to place proper blocks in place to avoid loss.

19. Provide services worldwide

To have a successful business going, the products alone aren't enough. Along with the variety, quality, and quantity the availability of products in all regions is important too. Try selling products nationwide or even worldwide. Be the king of all existing stores by having worldwide clients.

20. Updating sites in regular intervals

Technology advances quickly in today's fast-paced environment. Every day, there are the latest trend and technical developments. Every new fashion trend serves as a sales booster. If a consumer discovers something

fresh and unique on your web, he or she will undoubtedly return. Introduce new features and functionalities, but be cautious about page load times. Introducing additional content can be beneficial. It has the potential to attract new website visitors and improve traffic.