



# CUSTOMER RETENTION ANALYSIS

Submitted by:

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# **ACKNOWLEDGMENT**

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Thanks

Vikas Ojha

# INTRODUCTION

**Customer Retention:** Customer retention is the ability of a company 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.

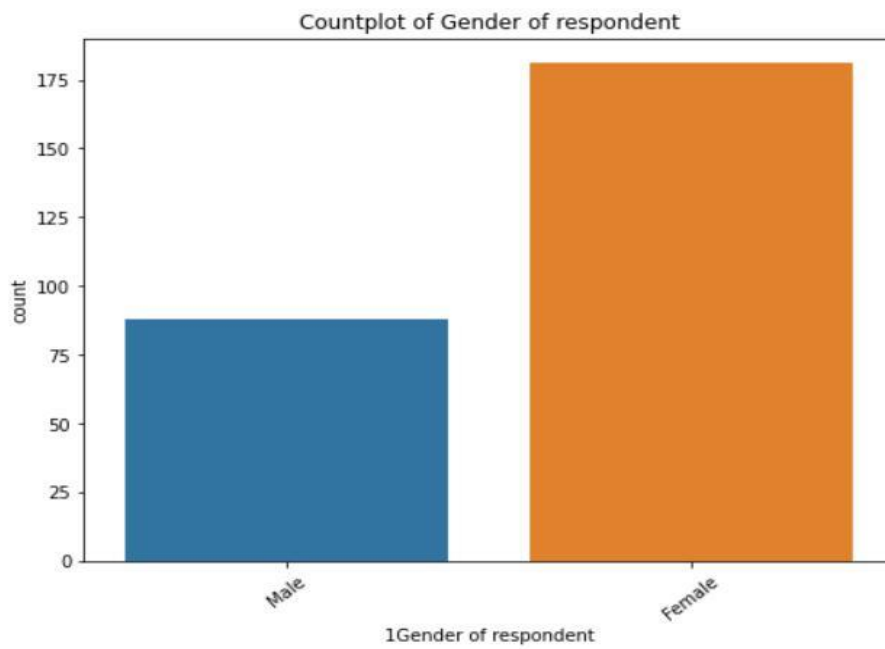
#### **5. Earn more referrals**

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.

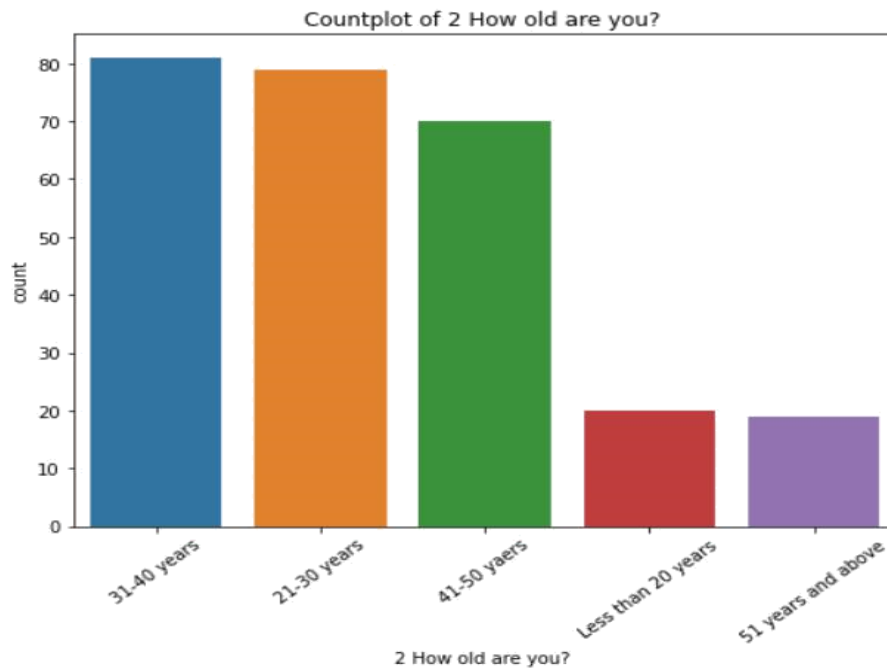
# Data Analysis



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

## Observation:

As per dataset, female participants are more. Female consists of 181 Nos. while Male are 88.



```
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:

We can see that most of the people are in age group of 31-40 years who have participated in survey followed by 21-30 Years

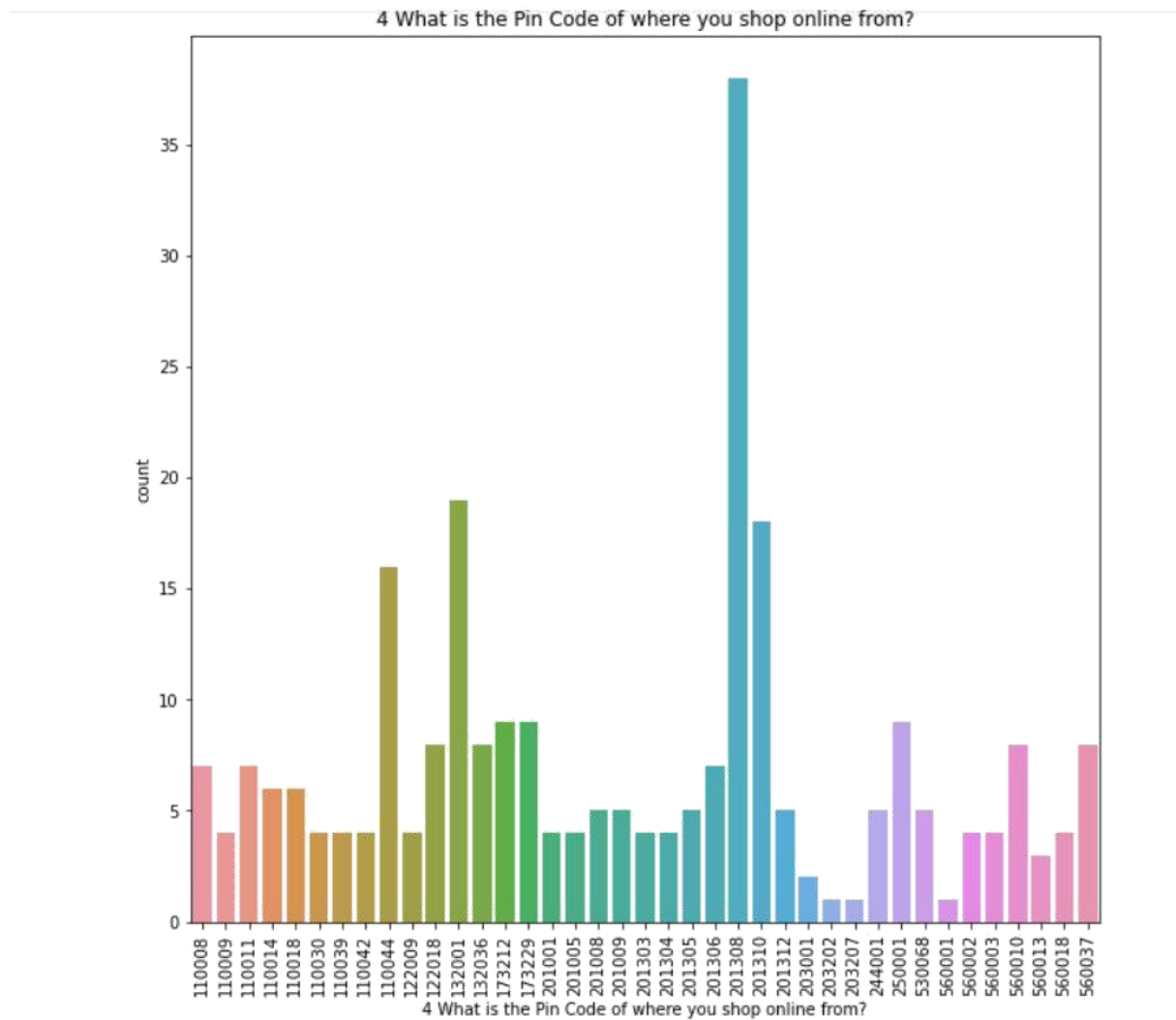


Delhi	58
Greater Noida	43
Noida	40
Bangalore	37
Karnal	27
Solan	18
Ghaziabad	18
Gurgaon	12
Merrut	9
Moradabad	5

Observation:

Delhi has the maximum buyers followed by Greater Noida and Noida





Observation:

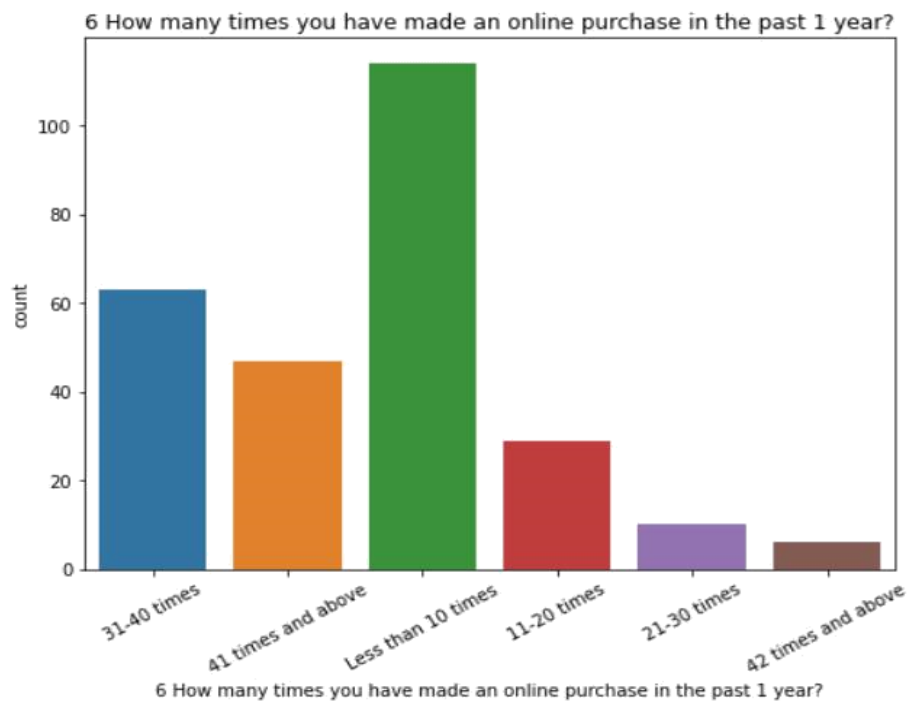
The persons from pincode 201308 has done maximum Shopping.



```
: 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:

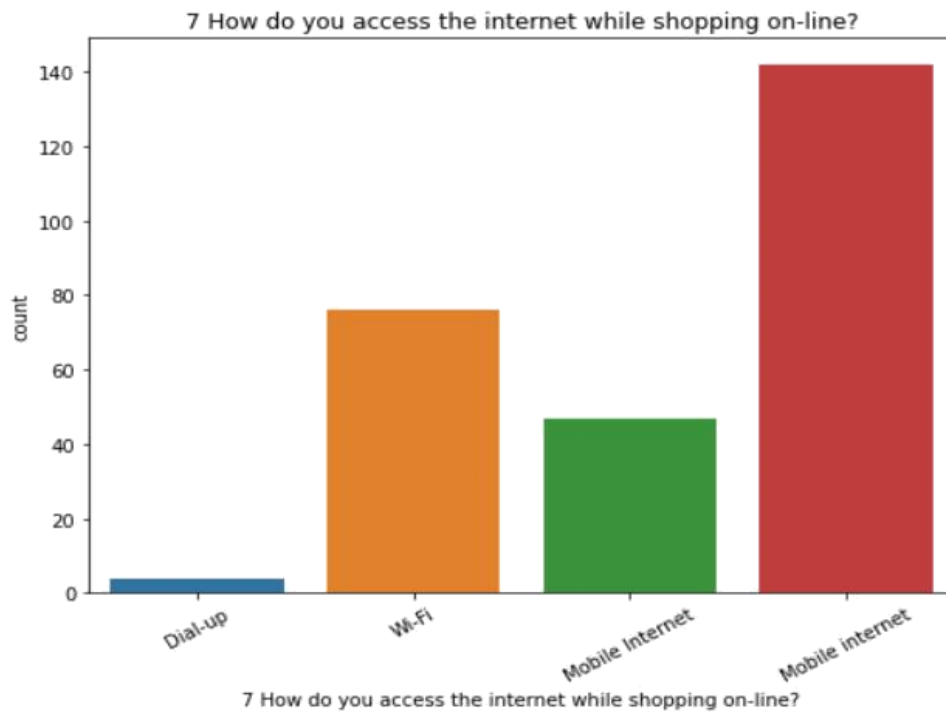
Most of the people have done online shopping with above 4 Yrs.



```
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:

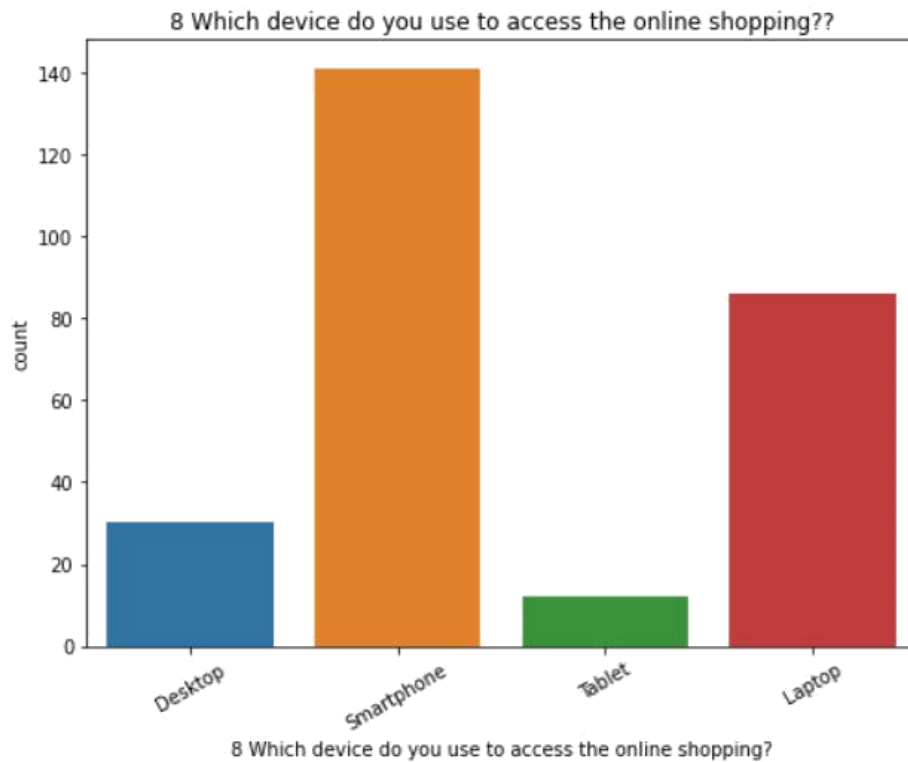
114 of the customers have made less than 10 times online purchase in the past 1 year.



```
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:

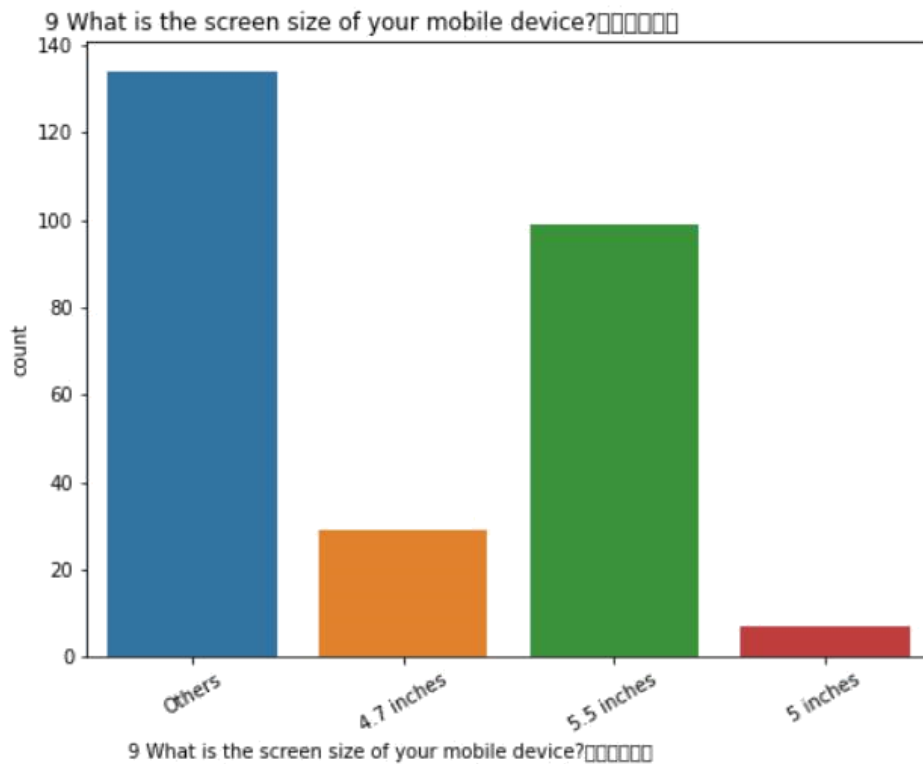
Most of the people prefer Mobile Internet for online Shopping followed by WiFi and Mobile Internet



```
: Smartphone    141
  Laptop       86
  ----
  Tablet       12
  Name: 8 Which device do you use to access the online shopping?, dtype: int64
```

Observation:

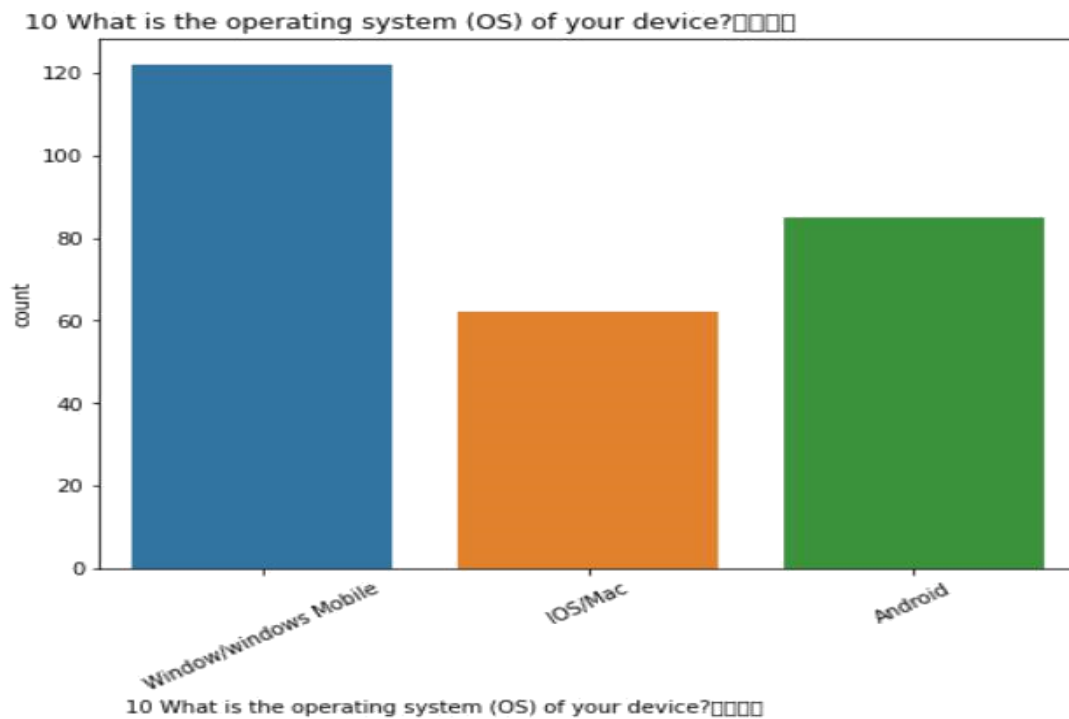
Most of the people uses Smartphone for Online Shopping.



```
77]: Others      134
     5.5 inches   99
     4.7 inches   29
     5 inches     7
     Name: 9 What is the screen size of your mobile device?\t\t\t\t\t\t
```

Observation:

134 customers have other screen size of mobile.

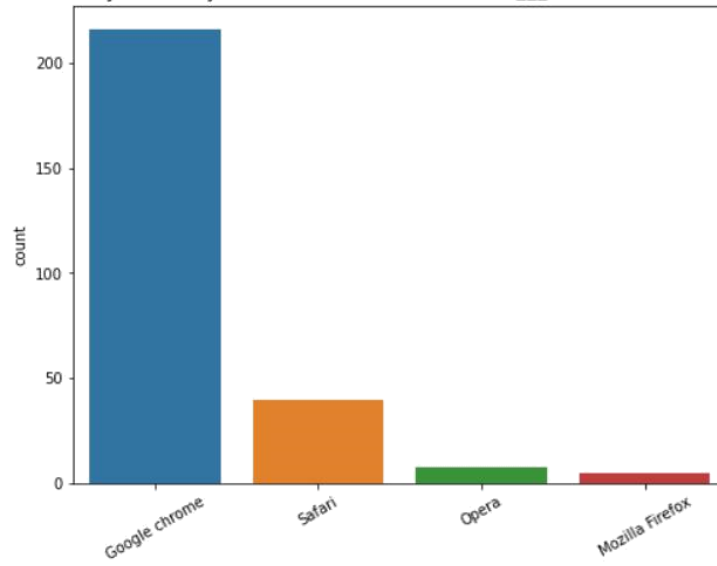


```
Window/windows Mobile    122
Android                  85
IOS/Mac                  62
Name: 10 What is the operating system (OS) of your device?\t\t\t\t
```

Observation:

122 customers are using Window/windows mobile

11 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?[]

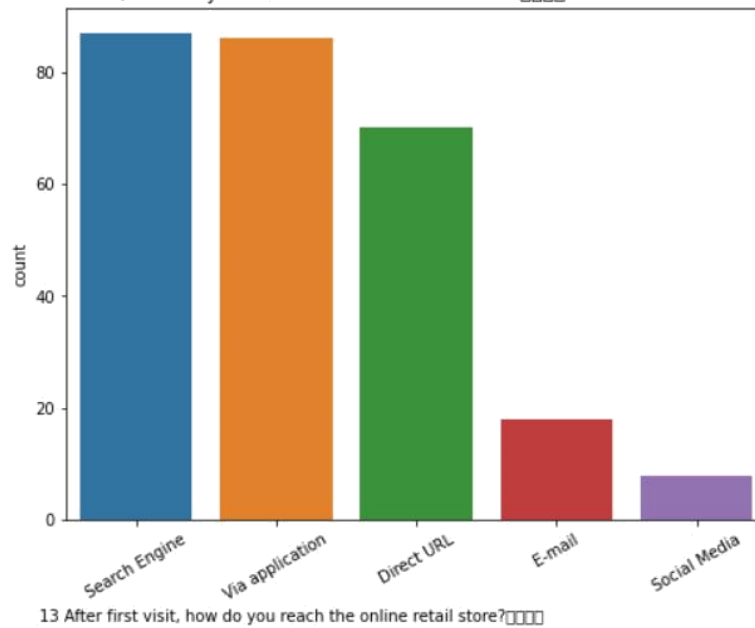
```
] : Google chrome    216  
    Safari          40  
    Opera            8  
    Mozilla Firefox   5  
    Name: 11 What browser do you run on your device to access the website?\t\t\t  
    , dtype: int64
```

Observation:

Most of the customers use Google Chrome browser to access the websites.



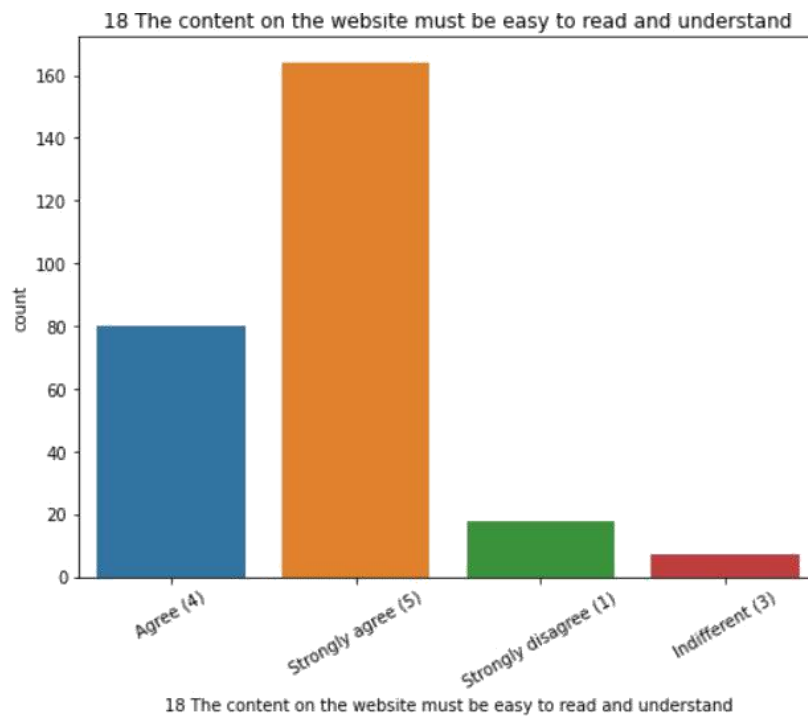
13 After first visit, how do you reach the online retail store?□□□□



```
30]: Search Engine      87
     Via application    86
     Direct URL        70
     E-mail            18
     Social Media       8
     Name: 13 After first visit, how do you reach the online retail store?\\t\\t\\t\\t
     , dtype: int64
```

Observation:

Most of the people have used Search Engine to find their product.

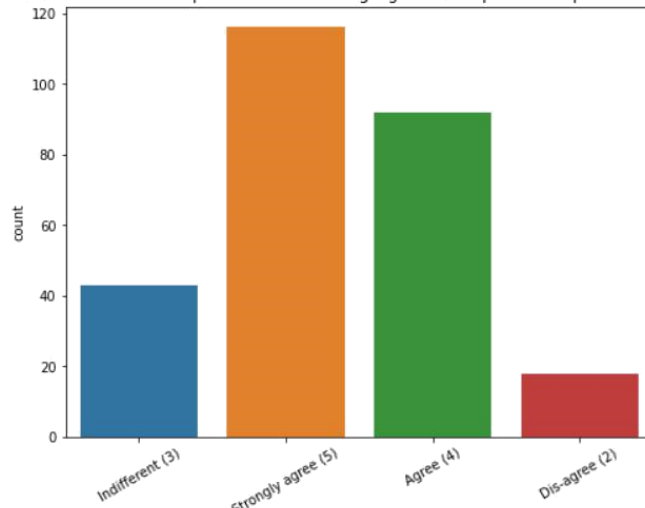


```
|: Strongly agree (5)      164
   Agree (4)              80
   Strongly disagree (1)   18
   Indifferent (3)         7
   Name: 18 The content on the website must be easy to read and understand, dtype: int64
```

Observation:

Most of the customers strongly agree that the content on the website must be easy to read and understand

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



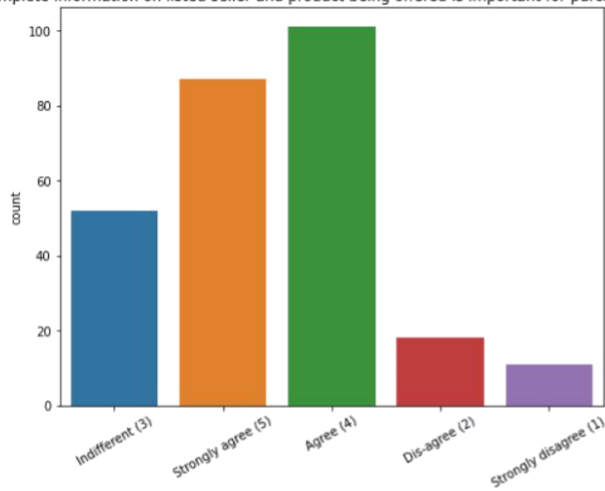
19 Information on similar product to the one highlighted is important for product comparison

```
] Strongly agree (5)    116
  Agree (4)            92
  Indifferent (3)       43
  Dis-agree (2)         18
  Name: 19 Information on similar product to the one highlighted is important for product comparison, dtype: int64
```

Observation:

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

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

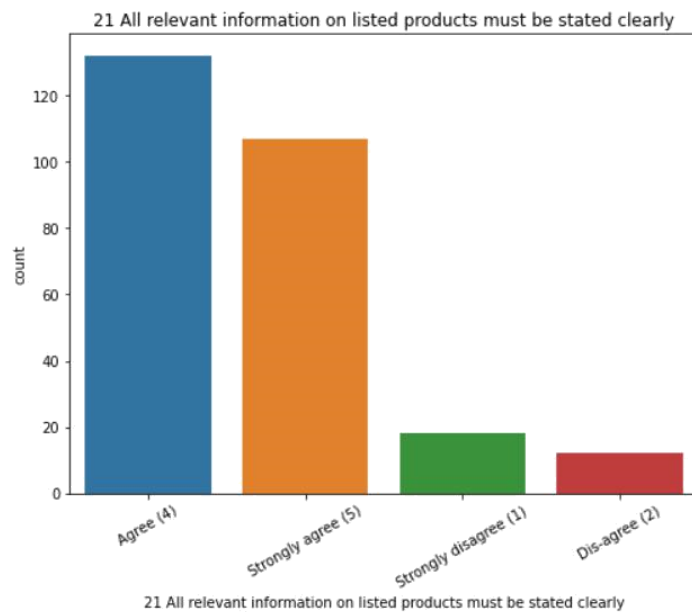


20 Complete information on listed seller and product being offered is important for purchase decision.

```
3]: Agree (4)          101
    Strongly agree (5)   87
    Indifferent (3)      52
    Dis-agree (2)        18
    Strongly disagree (1) 11
    Name: 20 Complete information on listed seller and product being offered is important for purchase decision., dtype: int64
```

## Observation:

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



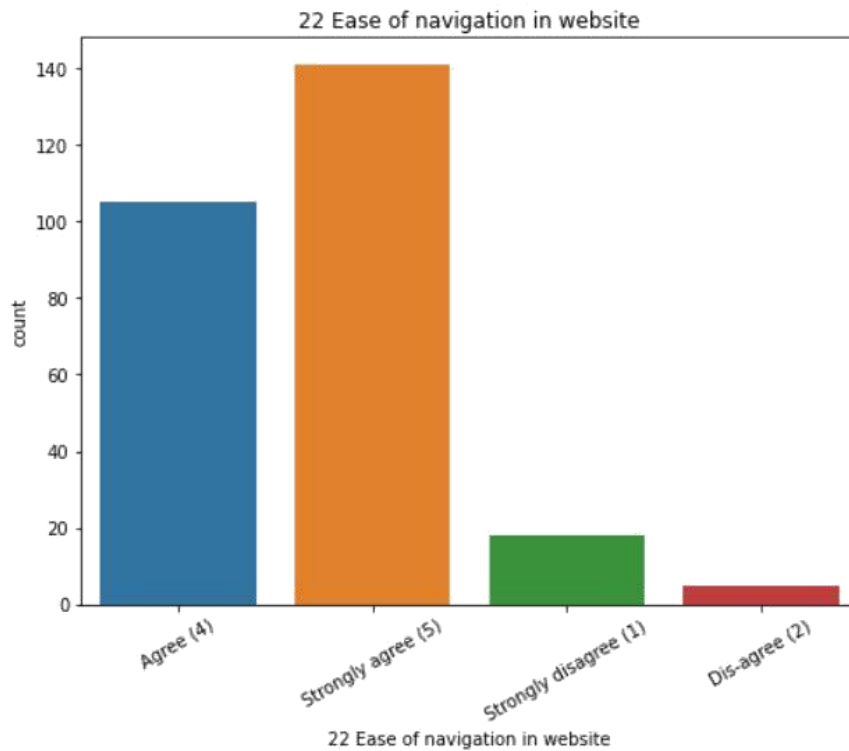
```

Agree (4)          132
Strongly agree (5) 107
Strongly disagree (1) 18
Dis-agree (2)      12
Name: 21 All relevant information on listed products must be stated clearly, dtype: int64

```

Observation:

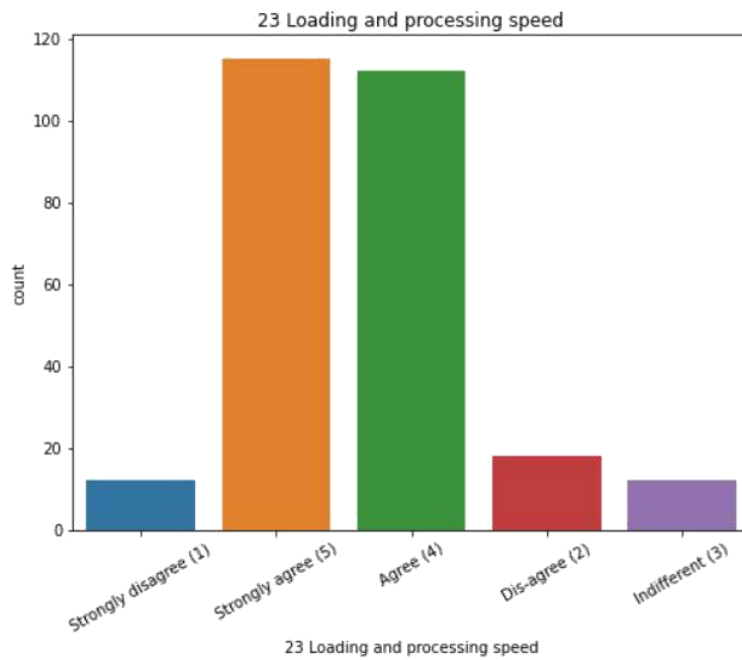
Most of the customers agree that all relevant information on listed products must be stated clearly.



```
[85]: 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:

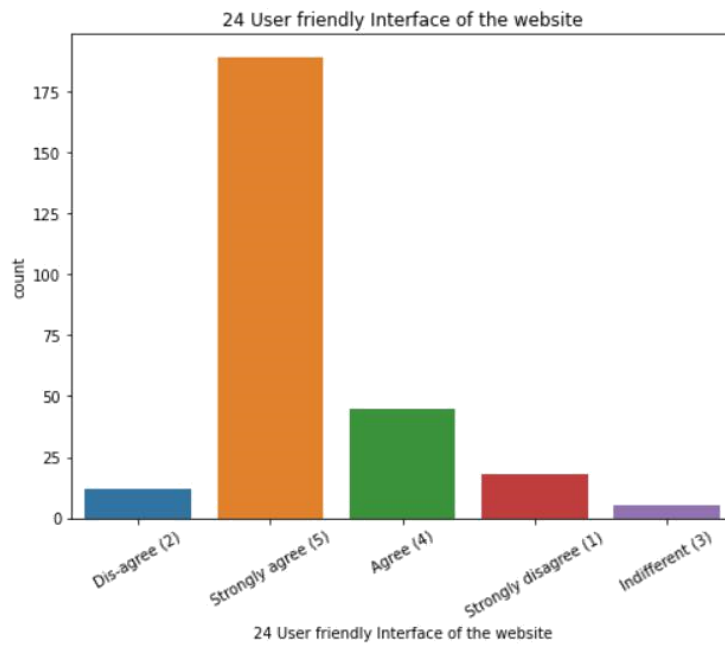
Most of the customers strongly agree that Ease of navigation in website is necessary.



```
ut[86]: Strongly agree (5)      115
        Agree (4)             112
        Dis-agree (2)          18
        Indifferent (3)         12
        Strongly disagree (1)   12
        Name: 23 Loading and processing speed, dtype: int64
```

Observation:

Most of the customers strongly agree to Loading and processing speed of website followed by agree.

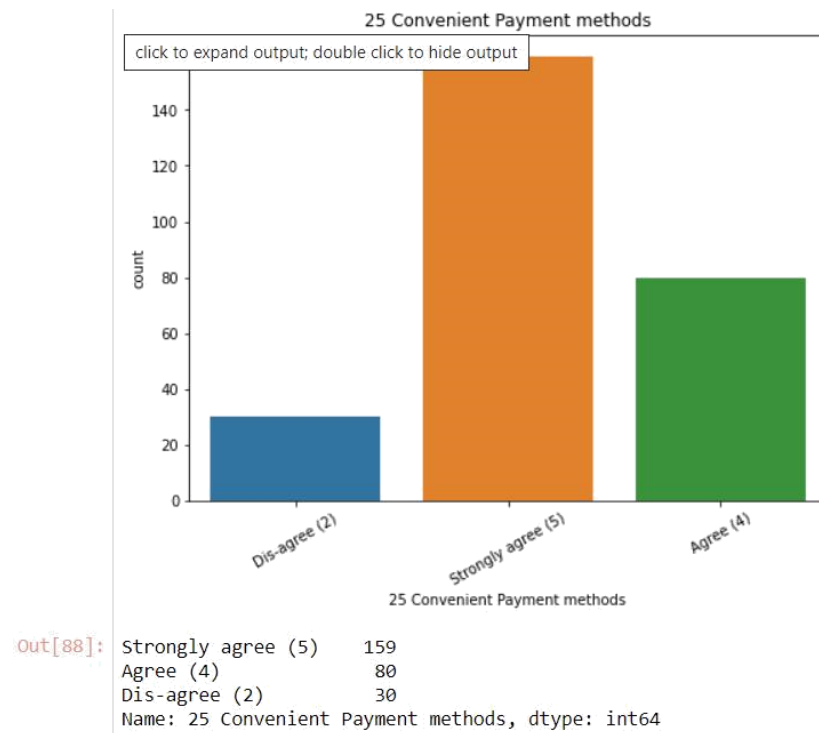


```
17]: Strongly agree (5)      189
      Agree (4)             45
      Strongly disagree (1)  18
      Dis-agree (2)         12
      Indifferent (3)        5
      Name: 24 User friendly Interface of the website, dtype: int64
```

Observation:

Most of the customers strongly agree that website must have user friendly Interface.

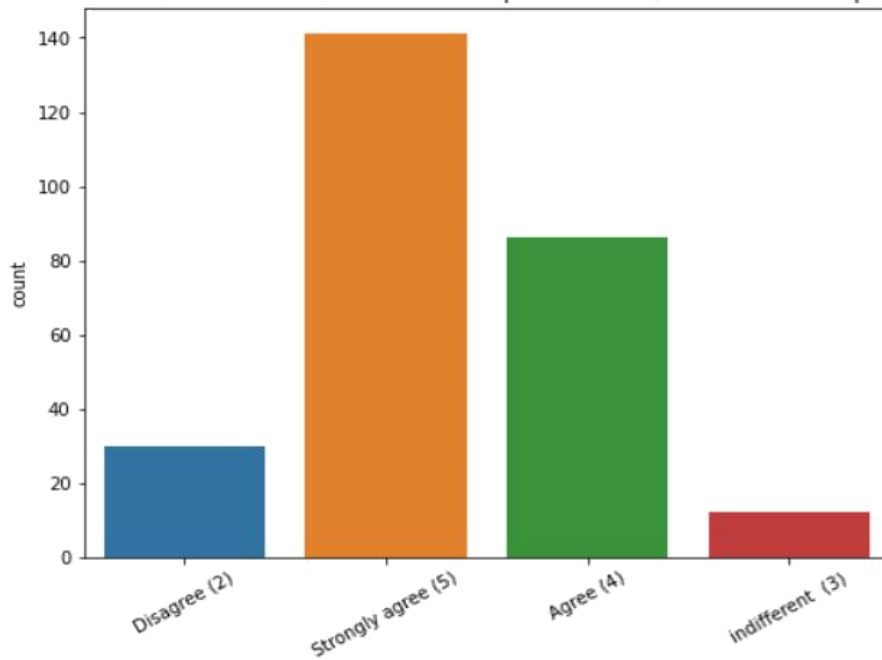




Observation:

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

26 Trust that the online retail store will fulfill its part of the transaction at the stipulated time

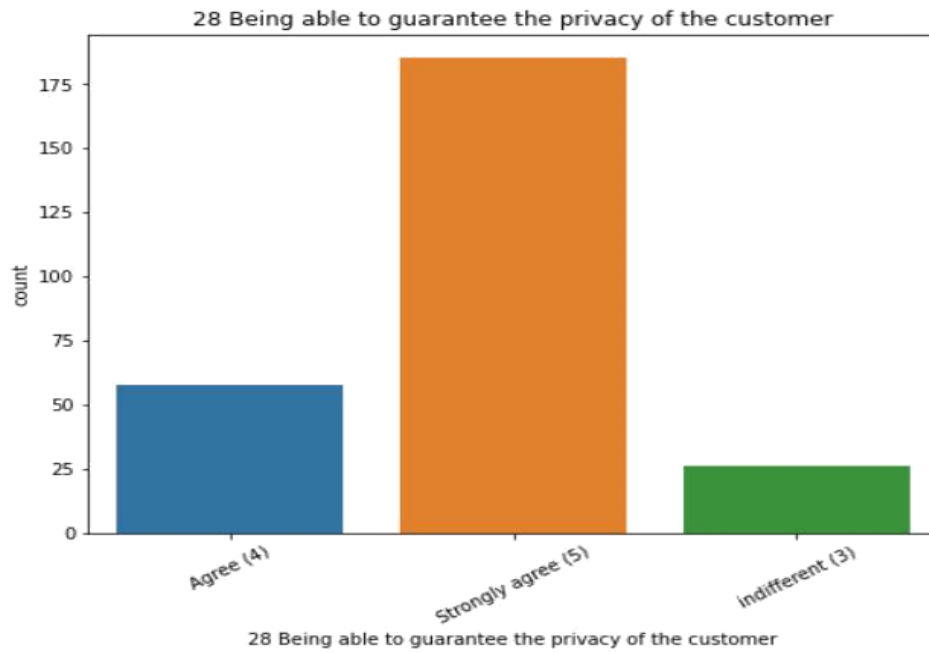


26 Trust that the online retail store will fulfill its part of the transaction at the stipulated time

Strongly agree (5)	141
Agree (4)	86
Disagree (2)	30
indifferent (3)	12

Observation:

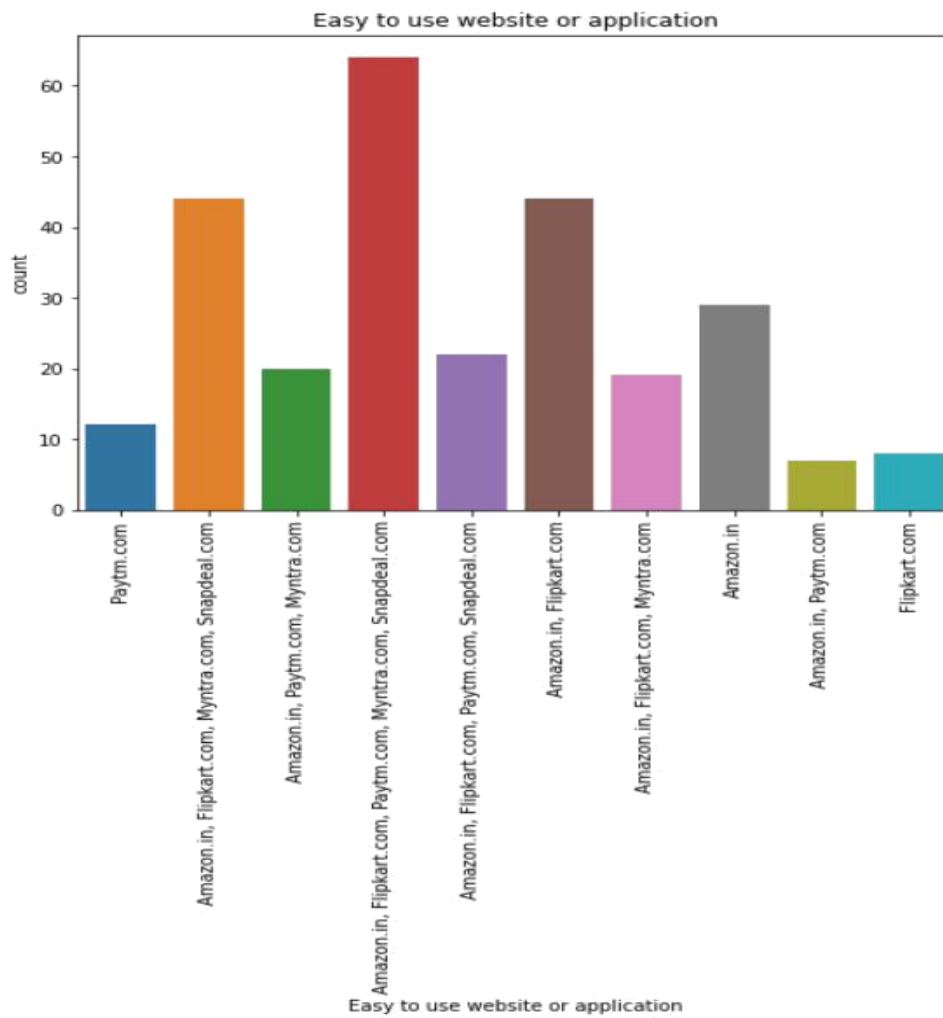
Most of the customers Strongly agree that the online retail store will fulfill its part of the transaction at the stipulated time



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

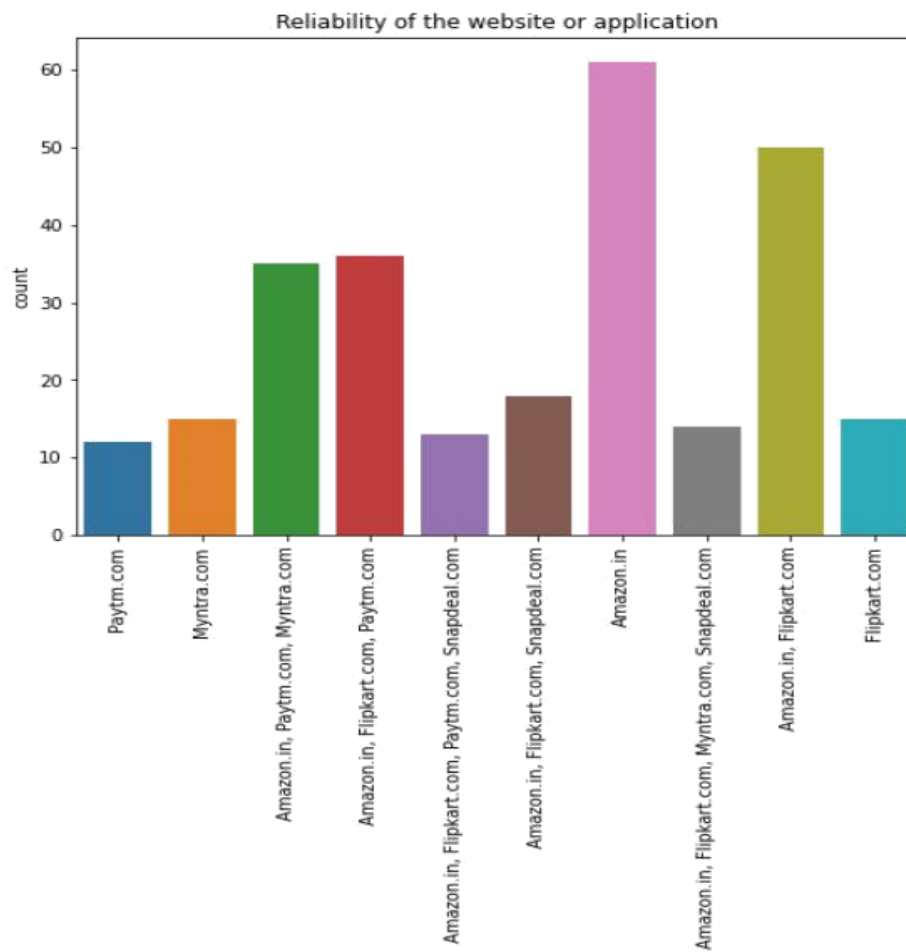
Observation:

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



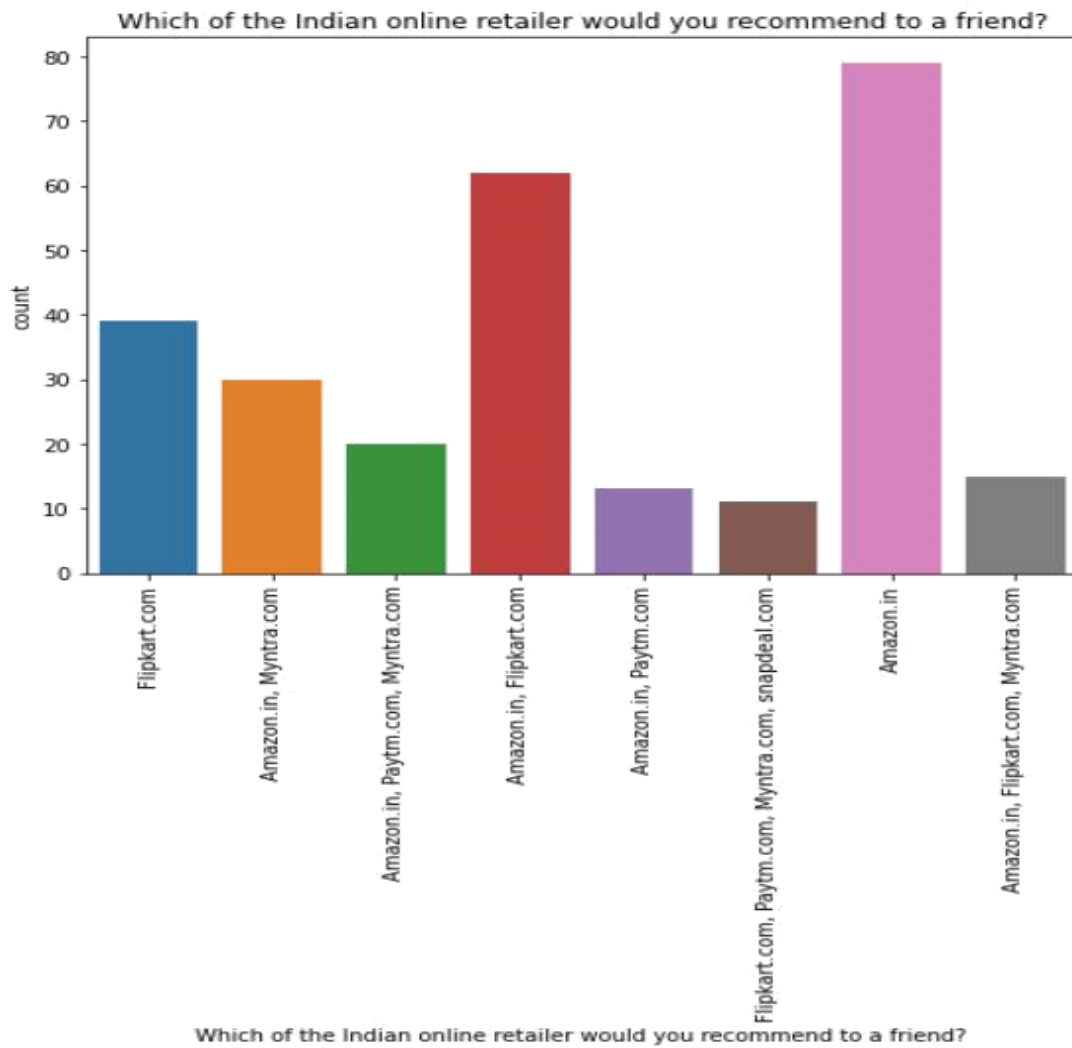
Observation:

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



Observation:

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



Observation:

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

## **How to Improve Customer Retention**

- A.** 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.
- B.** 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.
- C.** Use relationships to build trust – Build relationships with customers in a way that fosters trust. Do this through shared values and fostering customer relationships
- D.** Take a proactive approach to customer service – Implement anticipatory service so that you can eliminate problems before they occur.
- E.** 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.
- F.** 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.
- G.** Make it personal – Personalized 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.



## **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 less 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.