A Study on Customer Retention in E-Commerce Business

Gayathri Kumaran

Anna Adarsh College For Women,
Anna Nagar, Chennai, Tamil Nadu, India

Abstract-   Business enterprises across the globe are experiencing a significant change in the economy and turning their attention towards e-commerce business. By increasing the retention of customers and users. The significant growth of e-commerce industry has made the competition more intense among marketers. Maintaining customer retention strategies has been recognized as essential factors for business survival and growth. The objectives of the study were to know about the customer retention strategies in e-commerce business .The study was descriptive in nature with convenience sampling method employed. A well-structured questionnaire was distributed to the respondents. The questionnaire was divided into two parts: the first part collected the demographic information and the second part was framed to identify the customer retention strategies. EXCEL and SPSS were the statistical tools used to analyze the data and the findings were presented through graphs and charts with interpretations.

Keywords – E-Commerce, Retention Strategies, E-Business

I. INTRODUCTION

E-commerce is a term for any type of business that involves the exchange of information across electronic networks. It involves all aspects of an organization's interaction or commercial transaction with suppliers, clients, stakeholders, and customers, etc. The greatest advantage is its huge reach across the global market and being able to conduct business 24x7x365 days by selling various kinds of goods and service. Presently, the number of people having access to the internet platform has been increased to a greater extent and this has led e-commerce business to grow rapidly. Since the e-commerce platform has enabled the customers to directly interact with sellers, it has led to a reduction in the supply chain process and accordingly customers also get to buy at a lower rate. It provides various choices for customers to choose among different sellers according to their preference for a product and budget ascertained. Since the users of e-commerce platform are increasing rapidly it urges every seller to pull new customers and also to retain loyal customers. Retaining on loyal customers creates a regular income, the ultimate goal of every seller is to transform occasional customers into loyal a one. Thus, it has urged sellers to create various retention strategies to increase profitability and gain market share by retaining customers

E-Commerce and E-Business: The word e-commerce and e-business are often used interchangeably .E-commerce is a term for any type of business that involves the exchange of information across electronic networks. Whereas, e-business is conducting business through online. Both e-commerce and e-business are related to online shopping, e-commerce is considered as a subset of e-business

E-Commerce Business Models

B2B: Business to business e-commerce enables inter- organizational interaction and commercial transaction . This model of e-commerce requires at least two business association to communicate and execute with one another legitimately. This model facilitate almost all dimensions of interaction among organization such as inventory management, channel management, distribution management, deliver and payment management. This model features lower operating cost after the initial set up since most of the process are valid for long time .

B2C: It is the most common e-commerce business model that offers extreme customers to choose and make a buy through online from wider choice of seller at a better price. This model facilitate transaction between seller and consumers. Through this model of e-commerce the seller and consumer both gets the advantage of cost reduction by eliminating middle men.

C2B: Is a model of e-commerce, where the transaction are originated by customers has a set of requirement for a commodity or service. It is the responsibility of e-commerce business to match the requirement of customers. It empowers the clients to decide the price of product or service offered.

C2C: Is a model of e-commerce that provide an opportunity for trading of products and services among consumers who are connected through internet. It facilities individuals to sell their products or services to other individual at a market determined price.

Retention Strategies of E-Commerce Business

The factors that are considered to be influential towards the purchase decision of e-commerce consumers are responsiveness, contact point, convenience, merchandising, site design, security, serviceability, contact interactivity customization and care.

- **Responsiveness:** Influencing factor that comes under this context are clear state of return policy, quality guarantee and refund policy.

- **Contact Point:** Influencing factor that comes under this context are Support system available such as online chatting, email and phone.

- **Convenience:** Influencing factor that comes under this context are Easy to find what you want.

- **Merchandising:** Influencing factor that comes under this context are one stop purchase, variety of offerings and numbers of offerings.

- **Site Design:** Influencing factor that comes under this context are good website designs, easy navigation, updated information and easy to recall.

- **Security:** Influencing factor that comes under this context are personal Information security and financial security such as transaction and personal details.

- **Serviceability:** Influencing factor that comes under this context are Prompt delivery, complaint handling and good packaging

- **Customization:** Influencing factor that comes under this context are recommendations according to the preferences of customers.

- **Cultivation:** Influencing factor that comes under this context are offers and discounts provide to customers in order retain them.

- **Care:** Influencing factor that comes under this context are pre and post sales services

- **Contact Interactivity:** Influencing factor that comes under this context are wide information coverage

II. REVIEW OF LITERATURE

Akshay(2007) The study has developed a e- satisfaction model which ties together 18factors representing five major context namely convenience, merchandising, site design, security and serviceability. The study identified that special attention to convenience, site design, financial security produce most positive outcome pertaining to satisfaction.

Srini, Rolph and Kishore (2002) In their study conducted a research to find the most significant factor that has impact on customer loyalty. They formed 8C model to explain the factor that has impact on customer loyalty and suggested that both the attitudinal behavioral dimensions needed to be incorporated in the measurement of loyalty.

III. RESEARCH METHODOLOGY

- **Nature of Date to be Used:** A well- structured questionnaire with closed ended questions was used to collect data from the respondents.
- **Secondary Data:** The secondary data for the study has been drawn from books, journals, internet etc.
- **Sampling Design:** The study was conducted in Chennai city. The total population of the study if infinitive, due to time constrains the sample size was taken as only 50 respondents from among the customer buying towards online of products and services.

IV. DATA ANALYSIS

Table – 1 Demographic Profile

Demographic Variable	Classifications	Frequency	Percentage
Gender	Male	22	43.1
	Female	28	56.9
	Total	50	100
Marital Status	Married	20	39.2
	Unmarried	30	60.8
	Total	50	100
Qualification	School/ Diploma	7	13.7
	UG/PG	37	74.5
	Professional / Ph.D	6	11.8
	Total	50	100
Occupation	Salaried	19	37.3
	Business / Profession	4	7.8
	Student	21	43.1
	Home maker/ Retired	6	11.8
	Total	50	100
Monthly Income of Family	Up to Rs. 50000	7	13.7
	Rs 50001- Rs. 100000	11	21.6
	Rs .100001- Rs. 200000	25	19.6
	Above Rs. 200000	7	13.7
	Total	50	100

Source: Primary Data

Table – 2 Other Demographic Profile

Descriptive Variable	Classification	Frequency	Percentage
Comfortable Towards Surfing Internet	Yes	44	88
	No	6	12
	Total	50	100
Awareness About Online Shopping	Colleagues	5	10
	Friends & Relatives	17	34
	Media & Advertisement	26	52
	Newspaper	2	4
	Total	50	100

Descriptive Variable	Classification	Frequency	Percentage
Frequency of Purchase in a Month	2-5 times	19	38
	5-10 times	1	2.0
	More than 10 times	4	8
	Only Once	26	52
	Total	50	100
Approximate Amount Spent on a Single Online Purchase	2000-5000	12	24
	5000-10,000	3	6
	Less than 2000	32	64
	More than 10,000	3	6
	Total	50	100
Payment Methods Preferred While Making an Online Purchase	bank Transfer	5	10
	cash on Delivery	28	56
	Credit Card	6	12
	Debit Card	11	22
	Total	50	100

Source: Primary Data

Interpretation – Reveals that 44% feel comfortable while surfing internet ,

Awareness about E-Commerce Websites: 52% are aware about e-commerce websites through media and advertisement and 34% are aware through family and relatives .

Frequency of Purchase: 52% make a purchase through e-commerce websites only once in a month ,

Approximate Amount Spent on a Single Online Purchase: 64% approximately spend less than Rs.2000 on a single online transaction.

Preferred Mode of Transaction: 56 % prefer cash on delivery while making a online purchase.

Table – 3 Influential Factors Towards Online Purchase

Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total Score	Mean Score	Rank
Responsiveness	0	1	1	13	35	232	23.2	1
Contact point	2	5	7	24	12	189	18.9	10
Convenience	0	1	7	17	25	216	21.6	2
Merchandising	4	3	10	14	19	191	19.1	9
Site designs	1	1	9	14	25	211	21.1	4
Security	2	0	13	16	19	200	20	6
Serviceability	0	1	7	18	24	215	21.5	3
Customization	2	4	8	21	15	193	19.3	8
Cultivation	2	2	10	15	21	201	20.1	5
Care	3	2	11	15	19	195	19.5	7
Contact interactivity	7	1	10	15	17	184	18.4	11

Interpretation - From the above table, shows the respondents opinion on the various factors that are necessary for retaining the customers in e-commerce business. The main factor which could help in retaining customer is found to be, 'Responsiveness' (M = 23.2) is a factor that influences most of the customers purchase decision in e-commerce websites hence it is ranked first followed by convenience, serviceability. 'Contact interactivity' (M = 18.4) is found to be not the most significant factor in retaining the customers when compared with others. Thus, it is to be believed that e-commerce companies could improve retention level if they could build clear state of return policy, quality guarantee and refund policy for their customers.

V. SUGGESTIONS

   clear state of return policy, quality guarantee and refund policy creates a new impact on online purchase so the e-commerce companies should known about more responsive factors on their websites the success factor in e-commerce business will attract the customers and make them repurchase of products.

VI. CONCLUSION

   The study has found that clear state of return policy, quality guarantee and refund policy. are important for the customers while making a online purchase. These are useful findings which organized e-commerce websites need to keep in mind while conducting their business through websites. E-commerce websites must be convenient for customers to find what they want complexity in using a website may lead customers in switching over to another websites. The study also points out serviceability and web design factor while trading through online. E-commerce websites should ensure about Prompt delivery, complaint handling and good packaging. Because, this factor is considered as a significant factor in retaining customers. They should ensure about website designs, easy navigation, updated information and easy to recall in order to avoid discomfort.

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