

Retaining Customers - E-Commerce

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ABSTRACT

This conference paper is describing about various challenges around retaining customers in E-Commerce. As all of us aware that there are thousands of E-Commerce websites that are serving their customers round the clock globally, and all are coming with various offers and promotions to retain their customers. There are customer success teams that are working day and night and keeping sharp eyes around customers behaviors and using technology and analytics to monitor customer retention. This paper is shedding lights on challenges for customer retention on E-Commerce and hopefully you would like my opinion and point of view on this important subject. The merchants' obligation to provide accurate and true information to the marketplace, which is then required to be disclosed on the website, and the marketplace E-Commerce entities' response as the mediators strike the ideal delicate balance between the obligations of the marketplace E-Commerce entities and merchants on the platform. The E-Commerce regulations, however, appear to handle consumer issues based on instances rather than presenting a more comprehensive set of principles that can be accepted for changes in both market practice and technology.

KEY WORDS: Retaining Customers, E-Commerce, Customer Relationships.

INTRODUCTION

Ever since its inception, e-commerce has expanded quickly. The credit card business estimated that 13 billion dollars' worth of internet purchases by clients were made in the year 2000. They continued to anticipate future growth that would be enormous. One of the main activities for credit card firms will be online transactions. In some markets, such those for books, CDs, and periodicals, e-commerce has already surpassed all other business models in popularity. David (2000) claims that Amazon is currently selling millions of books, CDs, and DVDs to more than 6.2 million clients across more than 160 different nations and regions. (David, 2000)

The extraordinary rapid rise of the e-commerce industry has also brought up enormous obstacles. One area that needs more research is customer relationship management in e-commerce. In the 1980s, the marketing strategy began to put customers before products. Relationship marketing was adopted as the main marketing strategy. Relationship marketing placed a greater emphasis on acquiring, retaining, and improving customer relationships. The CRM concept is created when information technology and relationship marketing are combined in business to increase the effectiveness of relationship marketing techniques. The idea of ECRM is influenced by CRM. The CRM concept adopted these technologies to provide the better assistance for businesses—ECRM—because web technology and inter- net technology are becoming more and more widely used and may give firms more durability to hold onto their customer information.

Numerous studies and statistics from actual firms since the advent of relationship marketing have shown that keeping a current customer is considerably more cost-effective than acquiring a new one. Increasing resources and efforts are being put into this sector by business. Academic scholars are also starting to look into other benefits that improve client retention at the same time. Because of the distinctive characteristics of this industry, the E-commerce environment is also making an effort to follow the same trends. The characteristics of this sector make it impossible for e-commerce businesses to simply apply the traditional relationship marketing theories. To support their operations, these enterprises require some theories in the context of e-commerce's-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 supplies, 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 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 customer into loyal a one. Thus, it has urged sellers to create various retention strategies to increase profitability and gain market share by retaining customers.

RESEARCH METHODOLOGY

E-commerce places a greater emphasis on all-digital transactions between two parties. However, e-business places a greater emphasis on using internet technology to transform the company process. Therefore, in this thesis, we use the following formulation to describe how e-business and e-commerce interact: E-business includes e-commerce as a subset. E-commerce is the process through which an online firm transacts with a customer.

RESULTS AND DISCUSSION

As is common knowledge, the market is a crucial component of any nation's industry and economy, and without it, neither could be imagined to exist. A market is defined as a location or a collection of stores where people go to buy and sell goods and services. Shops, malls, and super markets are examples of markets.

We are well recognized that the market originated as a barter system, in which people traded goods and services for other commodities and services. However, nowadays, the market plays a significant role not only in the lives of buyers and sellers but also in those

of producers. Before the development of e-commerce, every client visited stores to satisfy their wants. However, thanks to e-commerce, clients may now get the goods and services they need delivered right to their door. E-commerce has revolutionized the way individuals buy and sell goods and services, changing their mindset in the process. By using their computer or mobile device to click a mouse or button, customers may now purchase anything, including little pins and automobiles, from sellers who can do business from their homes, gardens, or wherever else. E-commerce via the internet was created in America sometime about 1990. But due of inadequate E-Commerce portal infrastructure and user awareness of other restrictions, it only became popular in India between one and two decades ago. Due to the vastly better technology, rules, and regulations infrastructure, many Indians now use e-commerce sites to meet their needs. Due to the availability of a vast variety of goods at reasonable prices from a wide range of traders, the e-commerce industry is expanding quickly in India. Due to the rising number of internet users in India, various types of commercial entities now desire to engage in online commerce. The first Indian e-commerce company, www.fabmart.com, was founded in 1999 by K Vaitheeswaran. He is hence referred to as the founder of Indian e-commerce. Less than 3 million Indians were using the internet at the time of its introduction, and hardly 20,000 people made purchases online. By 2020, there will likely be 690 million internet users worldwide, which is approximately 40% of India's total population. And as a result, with a turnover of 46 billion US dollars, India will rank as the eighth-largest E-Commerce market in the world. In 2020, Indian e-commerce companies will surpass Canadian ones thanks to a 26% global growth rate. Therefore, it is not hyperbole to say that as time goes on, the traditional market is fast changing in the Era of technology-based company.

E-COMMERCE: DEFINITION AND MEANING

Today's E-Commerce industry is expanding quickly, which suggests that it is benefiting both shoppers and sellers worldwide, not just in India. With the use of the internet, e-commerce serves as a force that gives customers access to the products and services they want whenever and wherever they need them. Therefore, using the internet to buy and sell goods and services is known as electronic commerce. E-commerce, then, is the practice of exchanging products and services over an electronic network, primarily the internet. The

sale of goods comprises items such as food, groceries, electronics, cars, clothing, jewelry, and so on. The sale of services includes ordering train, plane, and movie tickets, transferring funds, and transmitting data via computer system or mobile phone with the aid of the internet. E-commerce is associated with the computer programs that power the website's primary features, such as product presentation, online ordering, and stock levels, filters, etc.

The description above demonstrates that e-commerce is a market where consumers can purchase and sell goods and services, educational materials, and other items via an electronic network connected to the internet.

RETAINING CUSTOMERS - E-COMMERCE

The significant growth of e-commerce industry has made the completion more intense among marketers. Maintaining customer retention strategies has been recognized as essential factors for business survival and growth. Did you know that a mere 5% increase in customer retention can boost your profits by 25% to 95%! Customer retention is one of the most critical metrics for every growing business – especially those in the e-commerce domain. Identifying and engaging your most valuable customers ensures not only stable revenue but also long-term profitability. This can be attributed to the 80-20 rule (i.e. 20 percent of your total customers will bring in 80% of the revenue).

Simply put, customer retention is the action a business takes to increase the number of repeat customers, and increase the number of purchases per customer throughout their lifecycle. Customer retention strategies focus on nurturing customer loyalty and providing more value to them with every transaction. Successful e-commerce brands are often the ones that focus on their customer retention rate and keep working to improve it. The reason why customer retention is so crucial is simple-acquiring new customers is not possible in perpetuity.

A business can only acquire so many customers by efficiently burning their marketing budget. Moreover, acquiring a new customer and building valuable customer relationships with time costs 16 times more than just nurturing the existing ones. Thus, it makes more

sense to convert the acquired customers into loyal ones- and provide and derive value from them. Your digital retail brand's efforts to maximize the number of repeat purchases through loyal customers is practically a straight road to profitability.

Customer Retention means "to maintain existing customers" This happens if there exists a positive relationship between the company and the customer.

PHILIPS KOTLER ON CUSTOMER RETENTION

The key to customer retention is customer satisfaction.

SATISFIED CUSTOMERS

- ❖ Stay loyal longer
- ❖ Talk favorably about the organization
- ❖ Pay less attention to the competition
- ❖ Are less price sensitive
- ❖ Offer service ideas to the organization
- ❖ Cost less to serve than new customers

WHY DOES CUSTOMER RETENTION WORK?

Fostering more repeat purchases from your customers should be the apex strategy for every digital retail brand. This strategy is based upon the following statistics;

- a) 91% of the customers are likely to purchase from the brands that recognize them and send them personalized & contextual offers.
- b) On average, 65% of the e-commerce revenue comes from repeat customers.
- c) New customer acquisitions can cost five times more than that of retaining the existing customer base.
- d) 86% of the customer prefers to purchase from a brand that offers a great customer experience.

CUSTOMER RETENTION METRICS

Keep an eye on the following customer retention metrics to ensure healthy growth for your e-commerce brand;

- Repeat customer rate: It is the number of customers who are willing to return to your online store a second time. Your analytics dashboard will reveal this number which forms the base for all customer retention your business will have.
- Purchase frequency: This metric tells you how many purchases a repeat customer makes through your online store. Your repeat customers will be responsible for almost 40 percent of your annual revenue!
- Average order value: Once you've optimized the repeat customer rate and purchase frequency metrics, you must focus on increasing the worth of every transaction. This is the AOV – which, when optimized yields higher gross profits.

BENEFITS OF CUSTOMER RETENTION

- Retained customers tend to buy other services from same company.
- Retained customers are known to be less price/cost sensitive.
- Positive word of mouth-free marketing 24/7.
- The probability of selling to an existing customer is 60-70%.
- The probability of selling to a new prospect is 5-20%.
- Declined migration rates.

Remember it's more expensive to acquire a new customer than to retain an old one.

ROLE OF E-COMMERCE IN ECONOMIC GROWTH

E-commerce platforms are thought to be the main contributor to the Indian economy and "Digital India's" future. The success of large corporations in the Indian market today, in the internet age, rests on their capacity to adapt to new technologies. The government portals compete with Flipkart, Amazon, Myntra, Snapdeal, and other e-commerce players like logistics companies, financial intermediaries, social networking sites, internet service providers, call centers, and network service providers, among others, in the Indian market for travel services (airlines, Indian Rail, bus operators).

In the modern business world, e-commerce companies are actively involved in the distribution of goods and services to the underprivileged in various regions of the nation. Due to the availability of inexpensive smartphones and the internet, it has become very simple for individuals to access e-commerce, and as a result, e-commerce is dominating the markets with increasing speed. E-contribution commerce's to the GDP was roughly 0.76% in 2017 and 0.90% in 2018, and it is anticipated to increase 2.8 times to about 2.5% by 2030. The Indian Internet and Mobile Association (IAMAI) predicted a 47% rise in Indian e-commerce by the end of 2012. In India, there were over 100 million internet users in 2012, yet 10% of those users did not log on frequently due to the high cost of accessing the internet. Since the cost of using the internet has decreased thanks to improved infrastructure, India's e-commerce consumers are growing quickly every day. India overtook China as the country with the most internet users in 2018 with 483 million, 390 million of whom accessed the internet via mobile devices. By 2023, it is predicted that India would have 500 million internet users. Experts have predicted that by May 2020, the Indian E-Commerce market will be 6.96.77 million strong, accounting for 40% of the country's total population. Online purchases were expected to be worth Rs. 46,520 crores at the end of 2011 according to data from the Internet and Mobile Association of India (IAMAI), which helps to explain how E-Commerce is expanding. Compared to the previous comparable period in 2012, when the e-commerce market was worth Rs. 47,349., it increased by 33% to Rs. 62,967 crores in 2013. Travel-related business generated 71% of all e-commerce sales in 2013, with a value of Rs. 44, 907 crores.

Naturally, the Indian economy benefits immediately and visibly as more and more people begin using daily e-commerce transactions. The potential of e-commerce may be seen by new business owners, and they can launch an online enterprise with a relatively small financial outlay. The convenience of selling goods and services online is complemented by a wide range of choices.

The role of e-commerce is defined above. Things are changing quickly. The retail industry in India is evolving due to the internet market. E-commerce is therefore referred to as the devil today because it is destroying independent retail store owners.

Government programs like Startup India, Digital India, the allocation of funds for the BharatNet Project, the promotion of the cashless economy, and the introduction of the Unified Payment Interface by the RBI and NPCI have all helped the country's e-commerce industry develop and flourish. There are more consumers as a result of ongoing promotion of e-commerce services that also contributes to raising knowledge of the availability of goods and services.

Age range and gender are the first two questions. These two inquiries are meant to demonstrate the types of customers we have for our online store. Additionally, we were able to identify client behavior trends based on these queries.

Choice	Number	Ratio
Male	245	46.8%
Female	278	53.2%

There were 523 respondents overall, of whom 46.8% (or 245) were men and 53.2% (or 278) were women. Females outnumber males, most likely because more women than men were included in the sample group that had experience purchasing online.

Choice	Number	Ratio
Under15	0	0%
15~20	12	2.3%
21~25	202	38.6%
26~30	177	33.8%
31~40	115	22%
41~50	12	2.3%
51~60	3	0.6%
Above60	2	0.4%

There are no respondents under the age of 15 in the age range that we can see. Since this age range cannot register as an online consumer and has non-dependent financial position, this group does not respond. According to table 5.2, the majority of the population is between the ages of 21 and 40. They total 494 and have a 94.4% ratio. Since they make up the majority of internet shoppers and the main study target demographic, people between the ages of 21 and 40.

CONCLUSION

Like to conclude that improving customer retention and building customer loyalty doesn't happen overnight. It's a gradual process and it will take time and effort to grow your relationship with your customers and earn their trust. Exceptional end-to-end customer experiences are the best way to earn customer trust. Provide great service and make customers' lives easier, and they'll likely turn into advocate for your brand. We have to accept the fact that retaining a customer is important than earning a new customer and as an E-Commerce company, one has to keep offering goodies to their customers regularly. The merchants' obligation to provide accurate and true information to the marketplace, which is then required to be disclosed on the website, and the marketplace E-Commerce entities' response as the mediators strike the ideal delicate balance between the obligations of the marketplace E-Commerce entities and merchants on the platform. The E-Commerce regulations, however, appear to handle consumer issues based on instances rather than presenting a more comprehensive set of principles that can be accepted for changes in both market practice and technology. Further clarification is necessary due to the discrepancy in wording between Rule 4(1)(a) and the applicable section of the Indian exchange control regulations that it refers to. Therefore, the lack of such explanation could have a significant negative impact on international e-commerce portals that serve Indian consumers. Finally, there are many sanctions for non-compliance with the E-Commerce Rules, which went into effect on July 23, 2020. A compliance window would have been impartial and reasonable given the number of adjustments that present E-Commerce may need to make to their practices.

LIMITATION OF THIS RESEARCH

My research has limits as well. First off, the sample size is insufficient; I used a Chinese email list, so the customer opinion is not truly global. Second, the survey question might use some better design.

FUTURE RESEARCH

More intriguing study topics emerged during the course of this thesis's investigation.

- The connection between switch barriers, service quality, and e-satisfaction. how precisely they impact one another. Although I have made a few brief arguments in this thesis, more research and proof are still required.
- How to enhance consumer relationships by using the member community.
- Modifying the barrier design approach.

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