Analysis of E-Commerce and online business with relation to customer retention

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Abstract - Businesses all over the world are noticing a shift in the economy & refocusing their efforts on e-commerce. The ecommerce industry's rapid growth has increased the competition among marketers. Customer retention strategies have long been recognised as critical to the long-term success of a business. The study's goals were to learn more about e-commerce businesses' customer retention strategies. A convenience sampling method was used in the study, which was descriptive in nature. The survey participants were given a well-structured questionnaire. There were two sections to the survey; one collected demographic data, & other sought to uncover tactics for keeping customers loyal. Excel & SPSS were used to conduct statistical analysis, or the data were analyzed in tabular form with explanations.

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

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INTRODUCTION

The term "e-commerce" refers to any type of business involving the transmission of data over computer networks. It encompasses all of an organization's interactions and transactions with stakeholders, suppliers, clients, and customers, amongst others. In terms of its global reach & ability to conduct business around the clock, it has the most significant advantage. As the number of people with internet access has grown, so too has the e-commerce industry's growth rate accelerated. As a result of the e-commerce platform allowing customers to directly interact with sellers, the supply chain process has been reduced, resulting in lower prices for consumers. Depending on their preferences and predetermined budget, customers can choose from a variety of sellers. E-commerce sellers are under increasing pressure to attract new customers while also retaining existing ones, thanks to the rapid growth of the platform's users. The ultimate goal of every seller is to turn occasional customers into long-term customers, which is why retaining customers is so important. As a result, sellers have been urged to come up with a variety of customer retention strategies in order to boost profitability & gain market share.

E-COMMERCE AND E-BUSINESS

Both e-commerce & e-business are frequently used interchangeably." The term "e-commerce" refers to any type of business involving the transmission of data over computer networks. e-business, on the other hand, is the practise of conducting business over the internet. Online shopping is a part of both e-commerce & e-business, but e-commerce is a subset of e-business.

E-COMMERCE BUSINESS MODELS

B2B: Electronic commerce facilitates commercial transactions between businesses. This model of e-commerce necessitates the participation of at least two legitimate business organisations. This model makes it possible to manage inventory, channels, distribution, delivery, & payment in all of their interrelated aspects. Since most of the processes in this model can be reused for an extended period of time, it has lower ongoing operating costs.

B2C: E-commerce business models that allow customers to buy from a wide variety of sellers at a lower price are the most common. This model makes it easier for buyers and sellers to conduct business. This model of e-commerce benefits both the seller & buyer because it eliminates the need for middlemen.

C2B: Is an e-commerce model in which customers initiate transactions because they have specific needs for a product or service. e-commerce businesses have a duty to meet the needs of their customers. It allows customers to set their own prices for the goods & services they receive.

C2C: Is an e-commerce model that facilitates the trade of goods between consumers who are connected to the internet via the internet. People can

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set their own prices for the goods & services they offer, or the market sets the price.

CUSTOMER RETENTION STRATEGIES

It is the ability of an e-commerce business to keep customers by enticing them to return for more purchases within a predetermined period of time. E-commerce companies can retain a large number of their most valuable customers, who are known to be the backbone of their business due to the frequency with which they buy from them. The total cost of acquisition decreases over time while the average lifetime value of customers increases significantly.

CUSTOMER RETENTION STRATEGIES FOR E-COMMERCE BUSINESS

The value of an e-commerce company's marketing & sales strategy is greatly impacted by customer retention strategies. Here are a few tried-and-true tactics for keeping customers around the long haul that you can put into practise to boost your company's bottom line.

1. Prioritize Customer Service

E-commerce companies must invest in providing excellent customer service because customers bring in more business by increasing the number of orders and attracting new clients. When it comes to customer retention & business growth, having clear lines of communication with your customers is an important part of your customer retention strategy. Always be on the lookout for ways to better serve your clients and take the time to understand their concerns. Your products or services will be improved as a result of this, as well as your customers' satisfaction.

2. Offer Personalized Product Recommendation

Customers who believe that a company cares about their goals and lives are more likely to receive personalised product & content recommendations. Customers will eventually be willing to pay a premium for your excellent customer service or for your products as a result of this. Customers' previous purchases & search history can be used to recommend products. Other options include providing free assets like blog posts, videos, & testimonials so that they can learn more about your company's products & services.

3. Develop Customer Loyalty Programs

In order to keep their customers, the majority of online merchants implement customer loyalty & reward programmes. There are a variety of incentives for customers to spend more as a result of this programme, such as points, discounts, cashback, and other forms of value. A point-based system or an exclusive contest can both engage current customers & attract a large number of new ones. Other options

include offering exclusive discounts, subscriptions, gift vouchers, etc.

4. Optimize Digital Marketing Campaigns

e-commerce companies must employ customer retention strategies as part of their digital marketing campaigns. Your digital advertising campaigns must be properly optimised in order to reach the right audience. Optimization may include creating mobile-friendly digital advertising, sending suitable campaigns to customers via their preferred communication channel, & posting the campaign at an optimal time for maximum traffic.

5. Craft Creative Social Media Marketing Strategy

The best way of connecting with customers for any e-commerce business is through social media platforms. Online retailers should incorporate a creative social media marketing strategy into their customer retention strategies so that they can target a specific group of customers or a diverse group of customers & build strong customer relationships or customer loyalty. Social media followers will eventually visit your website if your social media posts and contests make them happy & interested.

6. Send Newsletters for Promotional Offers

In order to keep your existing customers coming back to your e-commerce website, you can send them newsletters with promotional offers that are specifically tailored for them. As a result, they'll be more likely to check out the products and buy them because they'll think they're getting a better deal. Promoting discounts & deals with expiration dates is easy when you have the right digital marketing tool at your disposal.

7. Leverage User-Generated Content

User-generated content serves as a deterrent to an increase in customer engagement and, as a result, a long-term increase in customer loyalty. Users and customers of e-commerce sites are frequently provided with personalised content based on their search history in order to help them find the best deal on the item they're looking for. It's also possible to engage your customers on social media by creating hashtags for your brand name & posting content that is interesting to the customer base. Customers will be more likely to stick around if these strategies for retaining them are implemented.

8. Offer Customer Referral Program

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In order to retain customers, referral programmes are an essential part of the overall strategy. Referral programmes will bring in a large number of new customers on top of helping to keep current ones. Both new leads & customer appreciation are generated by this programme; the latter of which is the primary goal. A well-executed customer referral programme can outperform paid advertising and phone calls. Goodwill & rewards from existing customers will bring in new quality leads if you are effective in meeting their needs.

9. Pay Attention to Customer Reviews

You can't ignore customer reviews as part of your customer retention strategy. Customer complaints & product testimonials are the best places to find out what your customers think of your products & services. Customers want to know that your company cares about their feedback, so you should respond to it in any way you can. In the long run, it will aid in retaining customers & enhancing customer loyalty. A successful e-commerce company's growth depends on its ability to incorporate customer feedback into its business processes.

LITERATURE REVIEW

Sura Al-Ayed (2022) Since the future of global trade lies in e-commerce & online shopping, cultivating and maintaining customer loyalty in electronic markets is critical now more than ever. Electronic commerce's value in Saudi Arabia is the subject of this study, which aims to determine those factors. E-customer loyalty is also examined in this research. Because the first study to include 247 digital customers, simple random sampling is used in the current investigation. Electronic questionnaires were sent to the study participants to collect data. The findings show that the factors Care, Character, Choice, Convenience, Customization, & Cultivation had a positive impact on E-customer loyalty. According to e-increasing commerce's & growing profits and market share expansion through E-loyalty customers, it is considered a pioneer in business organisations today. Electronic commerce is now widely recognised as a leader in the corporate world, as evidenced by the fact that it is making record-breaking profits and gaining market share by focusing on E-loyalty customers.

Agus Purwanto (2022) The goal of this study was to examine the relationship between e-service quality & e-loyalty, digital leadership on e-loyalty, and e-satisfaction & e-loyalty in e-commerce online shops. Non-probability sampling of 190 online shop customers is used in this quantitative study. The study employs quantitative methods, including descriptive analysis and path analysis, as well as quantitative techniques. It was determined by the Likert scale results of the online survey. The path analysis method is used in SPSS to process the data. Digital leadership, e-service quality, customer satisfaction, and customer loyalty are all found to be high in his

study. Digitalization has a significant positive effect on e-loyalty, digital leadership, e-service quality has a positive & significant effect on e-loyalty, e-service quality has a significant & positive impact on e-satisfaction, & e-loyalty has a positive effect on e-satisfaction in e-commerce online shops.

Abhimanyu Verma et al. (2022) The old methods of building a large customer base through traditional marketing are no longer sufficient. As a result, many businesses are scrambling to reestablish relationships with both new and existing customers in an effort to foster long-term patronage. Relationship marketing principles are being used effectively by companies to compete and win in this race by implementing strategic and technology-based Customer Relationship Management applications. With this backdrop, this paper will examine the various effect of e strategy. An important part of this process is using e-CRM to help companies make the most of their technological and human resources in order to gain a deeper understanding of customer behaviour and the value of their customers. Around the same time, the paper discusses the difficulties of implementing e-CRM. In addition, the Paper provides recommendations for implementing e-CRM successfully. A careful and calculated approach should be taken by the company to know the value of e-CRM, with the understanding that these investments will have a quantifiable impact over time, rather than immediately. A well-thought-out justification for advancing e-CRM is one that includes both hard & soft benefits.

Pragati Agarwal et al. (2022) e-commerce has become widely accepted and used in India because of its rapid growth. The quality of the shopping website shapes a customer's first impression. This paper examines the relationship between customer satisfaction and the service quality of 4 key Indian e-commerce websites. PLS-SEM & SPSS 20 statistical measures were used to analyse the data, which was collected from 250 customers via a structured questionnaire. Online customers are more likely to stick with a brand if they receive high-quality service. It appears that Flipkart, Myntra & Paytm Mall customers have lower brand loyalty than Amazon customers, who are more likely to shop elsewhere. Emotional intelligence has a positive and significant impact on customer satisfaction which in turn increases customer loyalty. Based on customer perceptions, internet-based service providers are no longer differentiated by perceived credibility & security but rather by the tangibility, responsiveness, & reliability of the companies themselves. Using this study's findings, it could be stated that service quality, customer satisfaction, & customer loyalty are all linked. In addition, the study indicated that greater service must be provided to achieve maximum customer loyalty. To ensure that e-commerce websites in India are providing high-quality service, it

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was suggested that emerging regulatory agencies be resurrected.

Vikas Kumar et al. (2021) In order to ensure an online store's success, customer satisfaction has identified as a prominent stimulant of purchase and repurchase intentions, as well as customer loyalty. Customers' activation & retention models were developed after a thorough examination of existing research, theories and models. Service quality, system quality, information quality, trust, & net benefit are the five most important factors in the success of an e-commerce store. Means End Chain theory (MEC) & Prospect theory were used to examine the factors that influence online customers' repeat purchases. Using primary data gathered from Indian online shoppers, the Structural equation model has proposed that repeat purchase intention (loyalty) can be positively influenced by a combination of utilitarian & hedonistic values. Customers' satisfaction is critical to the success of an e-commerce business, as evidenced by the results. In order to increase customer loyalty & repeat business, it is possible to raise the utility & hedonistic values that customers derive from the brand.

Ling Jiang et al. (2015) E-service quality dimensions & customer perceived value & loyalty are the focus of this paper, which develops a research model. These 5 key quality dimensions were identified through an online survey of 235 customers: care, reliability, product portfolio, usability, & security. Customers' perceptions of value are positively affected by all five dimensions, as evidenced by our research, and this in turn leads to greater customer loyalty. Customers' perceived value serves as a mediator between service quality & customer loyalty, according to our research. There is some evidence to support the idea that customer-perceived value is a partial mediating factor in the relationship between ease of use, customer care, product portfolio, & customer loyalty, as well as a fully mediating correlation between security & customer loyalty. It is possible that managers could use the model discussed in this report to improve service performance, which would lead to more satisfied customers.

Yung-Shen Yen (2015) Customer loyalty & perceived risk in e-commerce are examined in this paper, as well as how switching costs mediate this relationship. Structural equation modelling was used to investigate the online shopping habits of 382 Taiwanese consumers. E-commerce customers are more likely to remain loyal to a service provider if they perceive less risk, according to this study. It is possible that a bias exists in the sample because the data was collected via an online survey on a single website. Confirmation was found in this study of how switching costs affect customer-loyalties and perceived risk. Practitioners should be difficult to imitate in order to avoid the single effect of decreasing customer loyalty due to a decrease in the perception of risk. This can make it more difficult for customers to switch to a different service provider, thereby increasing the barriers to

competition & making it more difficult for them to do so. Customers' perceived risk of switching to a competitor can be reduced to increase switching costs for customer retention in e-commerce, according to the findings.

RESEARCH METHODOLOGY

The methodological approach analysis of the methods used in a particular field of study is known as methodology. In this context, a field's methods & principles are examined from a theoretical perspective. Structured questionnaires were used to gather data from the respondents in a survey method. The study's secondary data was sourced from books, journals, the internet, or other sources.

Sampling Design

The research was carried out in the city of Chennai. For time reasons, only 50 customers who bought products or services online were included as participants in the study. The total population is therefore indefinite.

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

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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

Interpretation – According to the survey, 44 percent of people feel at ease while browsing the internet, 52 percent of people are aware of e-commerce websites through media & advertising, and 34 percent are aware of them through family and friends.

Online purchases are made only once a month by 52% of the respondents, and the average amount spent on a single transaction is less than Rs.2000 for 64% of the respondents.

Cash on Delivery: 56% of online shoppers prefer this method of payment when making a 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

According to the data in the table above, customers in an e-commerce business believe that a variety of factors are necessary to keep them coming back. 'Responsiveness' (M = 23.2) is the most important factor in retaining customers in e-commerce websites, accompanied by convenience, serviceability, and ease of use, according to the study. In terms of customer retention, 'contact interactivity' (M = 18.4) is not the most important factor. E-commerce companies could increase customer retention by making sure their return policies, quality guarantees, & refund policies are crystal clear to their customers.

CONCLUSION

The study revealed that a clear return policy, a quality guarantee, & refund policy are beneficial to consumers when making an online purchase. These are important findings for e-commerce websites to keep in mind when conducting their business online. Customers must be able to easily find what they're looking for on e-commerce websites. Customers may leave a website because it is too difficult to use. The study also emphasized the significance of customer service & web design in online trading. Customer service, timely delivery, & high-quality packaging should all be taken care of by e-commerce websites. Because it's widely believed that customer loyalty is bolstered by factors like this. In order to avoid inconvenience, they should take steps to ensure that their websites are well-designed, easy to navigate, and filled with current information that users can easily recall.

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