Analysis Of Factors Affecting Customer Retention On E-Commerce With Reference To Bangalore

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| ARTICLE INFO	ABSTRACT
	Customer retention in the e-commerce sector is influenced by a myriad of factors that collectively shape the customer's ongoing relationship with a platform or brand. The pivotal factor is the overall user experience, encompassing the website or app interface, ease of navigation, and the efficiency of the purchasing process. Trust and security play a crucial role, as customers need assurance that their personal and financial information is handled securely. Pricing strategies and the perceived value of products or services also impact retention, with customers often seeking competitive prices and special offers. Respondent assistance and simplified problem resolution are examples of effective customer service that greatly adds to customer happiness and, by extension, retention. Personalization efforts, such as tailored recommendations and targeted communication, enhance the sense of connection and loyalty. Furthermore, factors like shipping speed, return policies, and post-purchase engagement contribute to the overall customer experience and influence their decision to remain loyal to a particular e-commerce platform. In a competitive landscape, understanding and optimizing these factors become critical for e-commerce businesses aiming to foster long-term relationships with their customers. **Keywords:** Competitive Pricing and Discounts, Transparency and Trust, Social Media Engagement, Post-Purchase Communication Customer Feedback and Reviews and customer retention on e-commerce

Introduction

The concept of e-commerce, or electronic commerce, has given rise to various theories that seek to explain and understand the dynamics of online transactions and business interactions. One prominent theory is the Technology Acceptance Model (TAM), which explores the factors influencing user acceptance and adoption of e-commerce technologies. Another significant theory is the Diffusion of Innovations theory, which examines how new technologies, including e-commerce platforms, spread through societies. It emphasizes the role of early adopters, opinion leaders, and social systems in the adoption process [5]. Additionally, the Transaction Cost Economics (TCE) theory focuses on the economic aspects of e-commerce, emphasizing how businesses aim to minimize transaction costs by choosing the most efficient mode of exchange. The study has included both exploratory and descriptive approaches, as outlined in the methodology chapter. While the study primarily focuses on quantitative online surveys, we have also conducted qualitative research using Google Forms and other methods such as verbal and psychometric analysis [11]. When scaling your organization, it is crucial to take into account customer retention and retention marketing Effective customer service is another experience impact factor that significantly influences retention. Responsive and helpful customer support, whether through chat, email, or phone, contributes to a positive customer experience. A streamlined process for issue resolution and support inquiries can leave a lasting impression on customers, enhancing their likelihood to continue their association with the e-commerce platform [9].

Theoretical background of the research

The primary aim of the research is to evaluate prior research and identify the key aspects that are influencing the present consume [1] r. The essential terms in this study include year of publication, context, nation, database, technique, independent and dependent variables, among other relevant factors. The primary outcome of this study reveals that trust, dedication, loyalty, customer happiness, and service quality have the most favorable influence on customer retention [6]. The many studies being examined had small sample sizes or groups, which hindered the capacity to draw broad conclusions about the whole community. Limiting the participants to just students present difficulties in applying the results to the broader population. Furthermore, although this study has mostly relied on a restricted set of databases to collect prior research, it would be advisable to broaden the scope of the investigation by include other industries and databases such as Scopus and IEEE [12]. The main aim of this study is to determine the customer's perspective and degree of knowledge of the brand community they are interested in. Attracting new customers is consistently more difficult and expensive than keeping current ones [2]. While it is important for every business to attract new customers in order to generate leads and sustain growth, smaller enterprises with fewer resources should emphasize customer retention due to its higher value. In order to foster customer loyalty, it is essential to provide consumer experiences that are visually appealing and easy to use. Creating an effective customer retention strategy relies on providing outstanding customer service, maintaining regular and prompt contact, and selecting appropriate automation technologies.

Figure: 01 Theoretical framework

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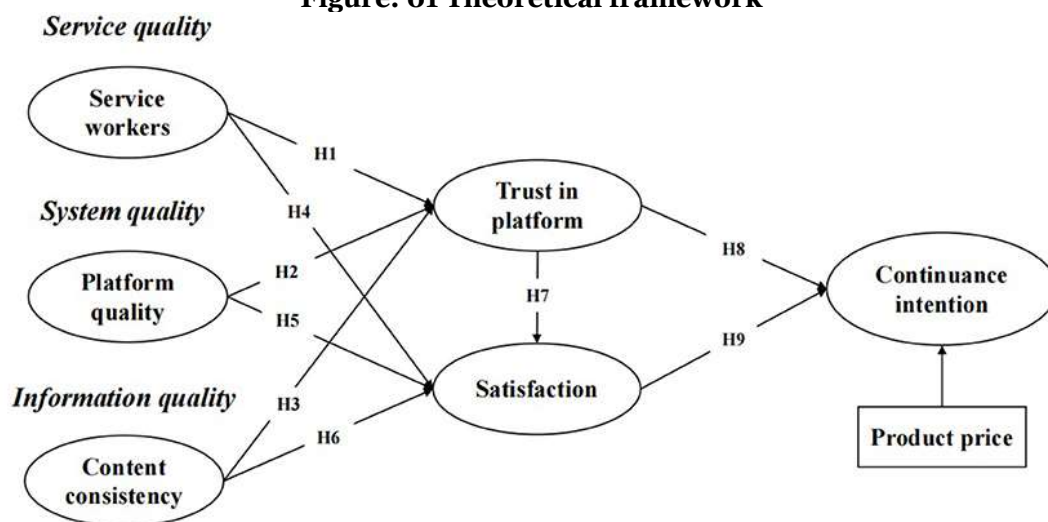
Customer loyalty in E-commerce environment

In today's digital era, where consumers have a plethora of options at their fingertips, building and maintaining customer loyalty poses unique challenges and opportunities
1. Understanding Customer Loyalty in E-commerce: Customer loyalty in e-commerce refers to the commitment and preference of consumers towards a particular online platform or brand over time. Unlike traditional brick-and-mortar establishments, e-commerce loyalty is shaped by a multitude of digital touch points, ranging from website experiences and customer service interactions to personalized recommendations and post-purchase engagement. The foundations of customer loyalty in e-commerce are rooted in trust, convenience, value, and a positive overall customer experience.
2. Factors Influencing Customer Loyalty: Several factors play a pivotal role in influencing customer loyalty in the e-commerce environment. One such factor is the user experience. A seamless, intuitive, and user-friendly website or app can significantly enhance customer satisfaction and encourage repeat business. Moreover, the variety and quality of products or services offered by an e-commerce platform contribute to loyalty. A diverse product range, coupled with accurate product information and reviews, helps in building trust and confidence among customers. Pricing and promotional strategies also influence loyalty, as consumers are often attracted to competitive prices, discounts, and exclusive offers. Effective customer service is another crucial element. Prompt and helpful responses to queries, efficient handling of issues, and a personalized approach contribute to a positive customer experience. In the e-commerce realm, the post-purchase phase is equally important. Timely delivery, easy returns, and post-sales communication can shape the customer's perception and influence their decision to make future purchases.
3. Strategies for Cultivating Customer Loyalty: Personalization: Tailoring the shopping experience based on individual preferences and behavior can significantly enhance customer loyalty. Utilizing data analytics and artificial intelligence, e-commerce platforms can provide personalized product recommendations, targeted promotions, and customized content, creating a sense of exclusivity for each customer.

4. Loyalty Programs: Implementing loyalty programs is a widely adopted strategy in e-commerce. Rewarding customers for repeat purchases, referrals, or engagement activities fosters a sense of appreciation and value. Points, discounts, or exclusive access to sales and events can incentivize customers to stick with a particular platform.

5. Effective Communication: Regular and targeted communication is essential for maintaining a strong connection with customers. Email newsletters, updates on new products or services, and personalized communications based on customer behavior can keep the brand at the forefront of the customer's mind.

6. Community Building: Creating an online community around the brand or product can foster a sense of belonging and loyalty. Social media platforms and forums provide spaces for customers to connect, share experiences, and become brand advocates. Engaging with the community and addressing their needs can deepen customer loyalty.

7. Transparency and Trust: Building and maintaining trust is crucial in the digital realm. Transparent business practices, clear communication about policies, and ethical conduct contribute to a positive brand image.

Evolving Dynamics in E-commerce:

The e-commerce landscape is dynamic, and customer expectations continually evolve. As technology advances, new opportunities and challenges arise in the quest to build and sustain customer loyalty [1]. One notable trend is the rise of mobile commerce (m-commerce). E-commerce platforms require optimizing their interfaces and experiences for mobile users to stay relevant and competitive. The integration of augmented reality (AR) and virtual reality (VR) technologies is also influencing customer loyalty [4]. Additionally, the role of social media in shaping e-commerce loyalty cannot be overstated. Platforms like Instagram, Facebook, and Pinterest serve not only as marketing channels but also as direct avenues for customer engagement. Social commerce, where users can make purchases directly through social media platforms, is gaining traction and reshaping the traditional e-commerce landscape. The emergence of voice commerce, driven by virtual assistants like Amazon's Alexa and Google Assistant, introduces new dimensions to customer interactions. E-commerce platforms need to adapt to voice-enabled search and purchasing behaviors, offering seamless and efficient experiences to retain customer loyalty. Furthermore, sustainability and corporate social responsibility (CSR) have become integral considerations for customers [9]. Customers who value sustainability in their purchases are more inclined to shop on e-commerce platforms that share their values and are committed to doing the right thing. The abundance of alternatives makes it easy for consumers to move platforms depending on things like price, promotions, or perceived value, which makes it hard for e-commerce enterprises to gain loyalty over the long run.

Significance of the study

Ensuring customer retention requires organizations to not only fulfill consumer expectations, but also cultivate enduring relationships to ensure ongoing customer loyalty. Within the field of business economics, conversations around customer retention often occur within the framework of relationship marketing [3]. This approach prioritizes the establishment and cultivation of customer relationships as a strategy to retain customers. Customer happiness is a reliable indicator of a lasting relationship, and it directly contributes to customer retention [7]. Customer satisfaction is crucial for customer loyalty, even if it does not guarantee repeat purchases. While customer satisfaction has traditionally been the main area of attention in retention studies, it is increasingly recognized that other factors like as trust and dedication also play a significant role in influencing customer retention rates. The company may enhance efficiency, productivity, and effectiveness by cultivating devotion and trust, resulting in a affirmative relationship between the customers [6]. The likelihood of customers being loyal to a service provider is strongly correlated with the quality of work they get, which in turn depends on the amount of trust established between the two sides.

Objectives and methodology

Analyzing customer retention techniques in e-commerce is the foundation of the study purpose. In light of the difficulties encountered by online retailers, this study intends to shed light on the critical success elements impacting customer retention. The study is a descriptive in nature.200 sample respondents were selected for the study using convenient sampling method. Literature, polls, and financial records are just a few of the many sources that the research evaluates using a combination of observational methods and quantitative data. Findings from this study throw light on effective methods of customer retention for online retailers. Those seeking to increase customer loyalty and maintain long-term profitability in this cutthroat sector may find these results very useful.

Analysis, Presentation and Results

The global nature of e-commerce introduces challenges related to cross-border transactions, including varying regulations, shipping costs, and delivery times. E-commerce businesses need to navigate these complexities to ensure a positive customer experience and prevent potential issues that could erode loyalty.

While there are numerous strategies to cultivate customer loyalty in e-commerce, several challenges persist. One major challenge is the increasing competition in the digital marketplace.

Table 1 Results of one –sample t-test for factors affect factors affecting customer retention on e-commerce in the study area

S.No	Work-life factors	Mean	SD	t	P
1	User Experience	2.08	1.118	10.614	<0.001**
2	Customer Service	3.17	1.023	12.121	<0.001**
3	Product Quality and Variety	3.33	1.347	7.083	<0.001**
4	Competitive Pricing and Discounts	2.56	1.120	17.126	<0.001**
5	Transparency and Trust	2.27	1.078	11.621	<0.001**
6	Social Media Engagement	3.05	1.237	5.340	<0.001**
7	Customer Feedback and Reviews	4.01	1.187	19.321	<0.001**
8	Post-Purchase Communication	3.65	1.345	11.458	<0.001**
9	Order Fulfillment and Delivery	3.13	1.231	9.641	<0.001**
10	Mobile Responsiveness	3.28	1.432	10.520	<0.001**

The results of a one-sample t-test for variables influencing e-commerce customer retention are shown in Table 1. The investigation concluded that all of the claims had p-values less than 0.01. therefore, the study concluded that there is significant impact of retention factors on e-commerce. User Experience (UX) (2.08): Easy navigation, fast loading times, and an intuitive interface contributes to customer satisfaction. Customer Service (3.17): Prompt and effective customer support is essential. Providing multiple channels for customer inquiries, addressing issues promptly, and offering personalized assistance can build trust and loyalty. Product Quality and Variety (3.33): Offering high-quality products and a diverse range of items caters to different customer preferences. Quality assurance contributes to customer satisfaction, while variety can encourage repeat purchases. Competitive Pricing and Discounts: Customers often compare prices before making a purchase. Transparency and Trust: Being transparent about product information, shipping costs, and return policies builds trust. Trustworthy e-commerce businesses are more likely to retain customers in the long run. Convenient Payment Options: Offering a variety of secure and convenient payment methods gives customers flexibility and can positively impact their experience. Order Delivery: Efficient order processing and timely delivery are crucial. Customers appreciate accurate order fulfillment and reliable shipping. Providing tracking information can also enhance the customer experience. Social Media Engagement: Active participation on social media platforms can help build a community around your brand. Engaging with customers, sharing updates, and running social media campaigns can foster a sense of connection. Post-Purchase Communication: Following up with customers after a purchase, expressing gratitude, and keeping they informed about new products, promotions, or relevant content can maintain engagement and encourage repeat business. Regularly analyzing customer feedback and adapting strategies accordingly is key to long-term success in customer retention. Mobile Responsiveness: A consistent and pleasant experience across devices is provided by a responsive design.

Factors affect factors affecting customer retention on e-commerce

As technology and trends change, customers expect e-commerce platforms to keep pace and provide innovative, convenient, and secure experiences. Failure to meet these evolving expectations may result in customer dissatisfaction and the erosion of loyalty. Security concerns also pose a threat to e-commerce loyalty. With the increasing frequency of data breaches and cyber-attacks, customers are more cautious about sharing their personal information online. E-commerce platforms must invest in robust cyber security measures to instill confidence in customers and protect their sensitive data.

Table 2 Results of F-test for factors affecting customer retention in e-commerce among the different experience

Experience	N	Mean	SD	F	P
Below 5 yrs	53	2.81	0.654	14.821	<0.001**
5 – 10 yrs	117	3.72	0.576		
11 – 25 yrs	19	2.70	0.432		
26 and above	11	3.15	0.580		

Table 2 infered the results of F-test for factors affect factors affecting customer retention on e-commerce and the different experience. Since the p-value is less than 0.01 (indicating a statistically significant difference), the research validates the presence of considerable variation in the respondents' experiences related to the variables. Various experience impact factors play a pivotal role in shaping customer retention within the dynamic realm of e-commerce. Firstly, the quality of the online shopping experience significantly influences customer loyalty. A seamless and user-friendly interface, coupled with intuitive navigation, enhances the

overall satisfaction of customers, making them more likely to return. Additionally, the efficiency and convenience of the purchasing process, from product search to checkout, directly impact the user experience. Trust and security stand out as critical factors affecting customer retention. In an era marked by digital transactions, customers need assurance that their personal and financial information is handled with utmost security. E-commerce platforms that prioritize and communicate robust security measures can instill trust and encourage customers to stay committed to their services. Pricing strategies and perceived value are equally important. Customers are discerning in their choices, seeking not only competitive prices but also a sense of value for their money. Special promotions, discounts, and loyalty programs contribute to a positive perception of value, influencing customers to remain loyal to a particular platform.

Conclusion:

Customer loyalty in the e-commerce environment is a multifaceted and dynamic concept shaped by various factors, strategies, and challenges. E-commerce platforms must recognize the importance of providing a seamless and satisfying customer experience, from the initial point of engagement to post-purchase interactions. By understanding the evolving dynamics of the digital marketplace, leveraging innovative technologies, and addressing challenges head-on, e-commerce businesses can cultivate and maintain customer loyalty in an increasingly competitive and ever-changing landscape. Through a combination of personalized approaches, effective communication, and a commitment to continuous improvement, e-commerce platforms can build lasting relationships with customers and thrive in the evolving digital economy. Factors such as shipping speed, return policies, and post-purchase engagement also contribute to the overall customer experience and, consequently, impact retention. Swift and reliable delivery services, flexible return policies, and ongoing engagement initiatives, such as follow-up emails or personalized recommendations based on past purchases, contribute to a positive post-purchase experience. The researcher concluded that the diverse landscape of e-commerce experience impact factors collectively shapes the customer's journey and influences their decision to stay loyal to a particular platform. E-commerce businesses that prioritize and optimize these factors are better positioned to build lasting relationships with their customers in an environment where competition for customer attention and loyalty is fierce.

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