Project Dissertation

A STUDY ON MEASURING CUSTOMER RETENTION FOR E-COMMERCE PORTALS IN INDIA

Submitted By
Jyoti Singla
DTU/14/MBA/31

Under the Guidance of
Mrs. Meha Joshi
Assistant Professor

DELHI SCHOOL OF MANAGEMENT
Delhi Technological University
Bawana Road Delhi-110042
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The advancement in technology provides good opportunity to the seller to reach the customer in much faster, easier and economic way. In-turn, consumers have also started capitalizing on this technology. Online shopping is one of the emerging business areas, which is growing very fast in recent years. India's e-commerce market was worth about $3.8 billion in 2009, it went up to $12.6 billion in 2013. Overall e-commerce market is expected to reach Rs.1,07,800 crores (US$24 billion) by the year 2015 and the industry it is going to be one of the largest industries in India.

This rapid increase, made the firms to think about e-commerce solutions to fulfil their financial objectives. The number of online shoppers are increasing at a very fast rate every year because of the availability of internet and the increase in use of smartphones. A lot of venture capitalists are putting large amount of money in this sector which is also one of the main reason behind this boost. This competition among the E-commerce makes the consumer stronger in making the decision.

1.1. What is Customer retention?
Customer retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company’s ability to attract and retain new customers is not only related to its product or services, but also strongly related to the way it services its existing customers, the value the customers actually generate as a result of utilizing the solutions, and the reputation it creates within and across the marketplace.

1.2. Measurement of customer retention:
The measurement of customer retention should distinguish between behavioral intentions and actual customer behaviors. The use of behavioral intentions as an
indicator of customer retention is based on the premise that intentions are a strong predictor of future behaviors, such that customers who express a stronger repurchase intention toward a brand or firm will also exhibit stronger corresponding behaviors. Customer repurchase and retention behaviors can be measured in a variety of different ways which are enumerated in several award-winning articles published in the marketing discipline.

It’s always more cost effective to re-market to existing customers rather than attract, educate, and convert new ones. The rule of thumb is that it is 6-10 times more expensive to acquire new customers than it is to retain existing ones.

Customer Retention is one of a company’s most important challenges. It is about retaining good clients or those that may become good in the future. The most important thing for this challenge is that efficiency and effectiveness are in balance. This means in other words that it should not be the aim to try to keep all customers at any cost. The right management of Customer Retention has strong impact on a company's profitability as it costs around five times as much to sell a company’s product or service to a new prospect than to sell it to an existing customer.

In terms of measurement, the intention measures can typically be obtained using scale-items embedded in a customer survey. The retention behaviors must be measured using secondary data such as accounting measures of the volume (amount and financial value) and frequency with which a customer purchases the firm's goods or services. This requires that the firm should have a strong customer information management department that can capture all the relevant metrics that may be needed for analysis. In a typical firm, these may come from a diverse set of departments such as accounting, sales, marketing, finance, logistics, and other customer research.

High-quality products and services minimize the problems experienced by customers and create goodwill toward the company, which in turn increases customers' resistance to competitors’ overtures. However, it is important that small business owners not blindly seek to improve their customer retention rate. Instead, they must make sure that they are targeting and retaining the right customers—the ones who
generate high profits. In short, customer retention should not be a stand-alone program but should be seen as part of an overall customer relations management.

A company with a high turnover rate may not be able to maintain strong personal relationships with its customers. Even if relationships are established, the customer may decide to take its business to a new company when its contact person leaves. At the very least, high turnover creates a negative environment and reduces the quality of service provided to customers. In order to reduce turnover, it is important to provide employees with career development opportunities and high degrees of involvement in the business.

1.3. E-commerce globally:

E-commerce in Southeast Asia is reasonably underdeveloped. Online sales account for less than 1% of total retail sales, even though the six ASEAN countries are home to 8% of the world’s population and about 3%–4% of global GDP. By comparison, online sales in Europe, China, and the US range from 6%–8% of total retail sales. There is wide variation in internet usage across Southeast Asia. Only 16% of Indonesians are online, and less than half of the populations of Thailand, the Philippines, and Vietnam use the internet. In contrast, more than two-thirds of people in Malaysia and Singapore are online, a figure closer to developed market standards. Among internet users in the region (not counting Indonesia), 60%–80% shop online. Indonesians seem less enthusiastic, with only 12% of connected people engaging in e-commerce.

Improving consumer protection, particularly for online sales, enjoys widespread political and popular backing as increasing numbers of Indians embrace e-commerce. Not all markets are prioritizing consumer protection, however, and laws governing online data can actually dent consumer confidence.

1.4. E-commerce in India:

Though the sector has shown tremendous growth and is expected to grow, a lot of e-commerce ventures have faced tremendous pressure to ensure cash flows. But it has not worked out for all the e-commerce websites. Many of them change their business models to survive. Online travel has generally been the biggest e-Commerce sub-
segment (by income) in India. To enhance edges with online retail, online travel players are broadening their offerings to incorporate lodging reservations, alongside the consistent ticketing administrations. Deals and rebates keep on being the most well-known vital device to develop activity. The time-bound, across-categories sales by the firms evoked strong consumer social buzz. While some had more than one sales festival, each of the big three had one that stood out in terms of the maximum social buzz.

![E-commerce Growth Chart](image)

**Figure 1.1** E-commerce growth over years

As of the 2011 census, there are 8 tier 1 cities in India – Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune. As compared to these, there are as many as 3,133 tier 2 and 3 cities and more than 1,233 rural hubs. While one third of India’s 1.2 billion population lives in tier 1 through 4 cities, only 8% of these reside in tier 1 cities. This means that, an online seller cannot ignore the combined volume of the more than 4,500 cities and hubs that make up the rest of India.

The top 10 rural hubs for e-commerce include Guntur and Tada in Andhra Pradesh, Karthikappally in Kerala, Ghattia in Madhya Pradesh and Chorayasi in Gujarat. Budgam in Jammu & Kashmir and Cachar in Assam are also among these. A recent study by Google India reveals that 51 per cent of traffic during its ‘Great Online Shopping Festival’ held in December last year came from outside the top four metros.

According to the report, India at 41% had the highest share of mobile based e-commerce sales, ahead of China (37%) and the US (15%).
“Cash-on-delivery remains a popular mode of payment for Indian e-commerce transactions. Cash transactions result in high administration costs even for the e-commerce companies, which reduce their margins. Hence, new digital payment solutions are evolving to address these challenges,” the report says.

E-commerce in the country grew 128 per cent year-on-year last year, with 25 per cent traffic coming from places outside the top 20 cities. One factor driving online shopping in smaller cities is the rising number of people using mobile phones to access the Internet. Google says currently, 30 per cent of all shopping queries in India come from mobile phones. According to the interviews and secondary research, airline tickets, hotel rooms and other travel products are the most popular online purchases, followed by Computer software, theatre and concert tickets. Sports, cloths and other items like books, newspapers and equipment is also quite high on the list of shopping online, while food and the other grocery items to the limited purchased online. Less than one in ten have used e-commerce for grocery shopping. Among the physical items bought online clothing was on top, followed by electronics. Online clothing deals are set to grow four times in coming years.

The majority of people who would like to buy online are prevented from doing so because they either can't find the product they want, or they find the transaction process too complex.

Customer lifetime value is a great measure of customer loyalty because it is impacted heavily by both how often a customer shops and how long they remain a customer. If a customer is purchasing often and for a long time they can be classified as loyal. Customer lifetime value is a great measure of customer loyalty because it is impacted heavily by both how often a customer shops and how long they remain a customer. If a customer is purchasing often and for a long time they can be classified as loyal.
The most important reason for e-commerce companies’ success so far has been the deep discounting of their product catalogues. They call it the ‘customer acquisition cost’, necessary to engender and segue to an online-shopping culture. Fair enough; but what they leave out is how their companies will make a change to profitability in future, once they have acquired their desired level of market share. Discounting is unsustainable and even contagious. It addict's the customer and the company.

First, in terms of consumer behavior, people tend to delay their purchases further and further, in the fear that they’ll get a less attractive deal than what they perhaps could have got by waiting for another day. On top of this, discounting seems to be mostly random: Flipkart will all of a sudden announce free shipping on all books or celebrate an electronics special weekend for instance. This further leads to unpredictability over what is the best time to buy and in the anxiety of missing out on the best deal, there is massive cognitive dissonance and instances of deferred purchases. Moreover, if they see the prices fall after they have made a purchase, they grow averse to the company and assume even more inertia on their next purchase to be broken down only with the most excruciating of discounts. Bottom line: customers are addicted to discounts. The result: discounts are prevalent all the time. In fact, complete start-ups have emerged that simply track price changes on different websites and will notify you when prices fall significantly.
Customer lifetime value is a great measure of customer loyalty because it is impacted heavily by both how often a customer shops and how long they remain a customer. If a customer is purchasing often and for a long time they can be classified as loyal.

1.5. Purpose of the study:

As E-commerce sites are growing very fast and large in numbers and now online customer can compare the price, quality, availability and different offerings with one click. As the better offering provide by any other site customer likely to switch to that site. The purpose of this study is to find which various factors directly or indirectly affect the customer loyalty with respect to one site. It will also try to find out how, when and why customer switch from one e-commerce site to another e-commerce site. It is difficult to cover all the potential variables. The goal is to make sense of the most critical and important variables which may profoundly influence the purchasers' fulfillment towards web shopping. Main purpose of the research is to determine various factors which directly or indirectly influence the buying decision of the customers and to determine online buying behavior of customers.
Liu, He, Gao, & Xie, 2008 conducted a study in China on online shoppers. In this they were checking the satisfaction level of customers. The results of the research show customer services play important role in online shopping. In Chinese market, delivery and customer service are very important factors. The vast range of commodities and competitive price plays very important role because online customer can check the prices with one click.

Detailed Product information should be given, since purchasing choice is just made with the data accessible on the web. The first thing that influence customer loyalty is design and content of the website. Due to lack of English understanding in China, Web site transaction capability plays very crucial role in complete the transaction. User friendly and easy to use also enhance the customer loyalty. Finally, in findings Security and privacy came in to picture because this is some of the factors which Chinese customers keep in mind while online shopping.

H & Hsu, 2010 conducted a research in Taiwan. According to research, Online shopping conditions are very different in various aspects as compare to regular shopping. As a matter of first importance, site appearance and satisfaction frameworks is similar to front end representatives. Second, every online transaction includes number of third parties, for example, credit card clearance companies, and delivery firms. Along these lines, new consumer loyalty file is required, to quantify consumer loyalty in online shopping. In new model, client expectation is supplanted by trust and administration quality is supplanted by e-SQ. There is one extra relationship presented, which is from trust to client dedication.

The outcome demonstrates that consumer satisfaction is most imperative component that decides online clients’ loyalty. Trust has a constructive outcome on perceived value, consumer satisfaction and client reliability. Further results propose that e-SQ may be more imperative than different variables, e.g. perceived and trust in deciding consumer satisfaction. The inadequacy of study, it depends on one-site testing plan, which confines the generalizability.
Suki & Suki, 2007 conducted a research in Malaysia. They proposed a model, to distinguish the impact of perceived value, perceived risk and perceived enjoyment on online purchaser's creativity, in connection to selection of web shopping. In the outcomes perceived risk was conspicuous marker. To evaluate Malaysians internet shopping conduct, e-retailers should watch perceived risk as noticeable pointer. Malaysians risk perception and concern about internet shopping, are for the most part identified with privacy and security issues. In which, privacy and security of individual data, online exchange security and vulnerability of item quality are incorporated.

Jarvelainen, 2012 has shown in her research, there are numerous online data seekers who, choose to stop the shopping process, just before the finishing of the transaction. The reason is profoundly established in the Internet based trust results. The study focuses on e-trade shopping, i.e. security and privacy issues, and how customers pick their purchasing channels. The finding demonstrates that strength, dependability, and convenience and also usability of the framework are crucial, while the early introduction of online vender is huge, considering the behavioral aim.

Jiang, Jones, and Javie, 2008 conducted a research about US client stresses on Internet security, while shopping over the Internet can impact web purchasing behavior and these stresses might prompt identity theft. A decent procedure to build purchaser trust while requesting online could be third-party certification programs. The outcomes from this study suggest that show of third-party logos have direct impact on buyer's view of logos, which impact the exchange of trust towards e-retailer.

Result demonstrates, that logos are insufficient when purchasers are new to it. Alternately don't see the logo show. With a specific end goal to expand client's trust, e-retailers can, in the first place, target individuals who are experienced and proficient about internet shopping and have achieved a positive level of trust in e-retailers. Second, take an interest in surely understood and dependable outsider certification projects and work to teach shoppers about the essentialness of the third-party logos when purchasers have low current levels of trust.

Comegys, Hannula, & Vaisanen, 2013 have conducted an empirical study regarding online purchase behavioral comparison of Finnish and US citizens. They have used a
five-stage buying decision process model. The stages are need recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior. The results show that popularity of online shopping has increased between both male and female, but more in US than Finland. There was no change measured in need recognition but slightly increase in trust factor. The population who use more internet tends to buy more. If there are more products online they see, they are likely to buy more. The results show clearly that e-marketers should keep their customer satisfied, and then they repurchase. The e-marketer should continually design and deliver effective online support for need recognition, information search and purchase decision stages, of buying decision process for consumer. Further, post purchase satisfaction stages should also be prioritized for continued investigation, better understanding and improvement in emerging online market.

Harn & Adeline, 2008 has conducted a study, about "Web navigation behaviour of Malaysians in relation to online purchasing" Their findings shows that most of shoppers were well educated with minimum bachelor degree, age between 19 to 34 years and unmarried. The study proved successfully that, the web navigation behaviour is important factor to determine the probability of online purchasing, and it does have significant affect for online purchasing decision. The most dissatisfying factor was slow downloading rate of web pages. The findings provide some insight while designing website, take into consideration that, it should be easy to use, attractive and user friendly with faster downloading time.

Devaraj, Fan, & Kohli, 2006 have conducted an empirical study in USA regarding, Examination of online channel preference: Using the structure-conduct-outcome framework. This study examines the behavioural and economic features that add to online consumer's satisfaction and further head to their preference of online channel. The results indicate that asset specificity and uncertainty structure variables of the electronic marketplace are related with the conduct constructs such as, personalization, website design, time responsiveness, security and reliability of the online channel. Further, it was found that, personalization, time responsiveness, security, and reliability are also significantly linked to the consumer satisfaction outcome with the channel. Website design has not significant effect to online consumer's satisfaction. Finally, it was indicated that satisfaction resulting from the
above conduct variables was strongly related to the consumer's preference online channel preference.

Scarborough & Lindquist, 2013 have conducted an empirical study on E-shopping in a multiple channel environment, in which a segmentation schema is suggested based on patterns of E-purchasing and e-browsing, including browsing on the internet with planned purchasing in an offline channel. They examine self-reports of browsing and purchasing using five specific non-store channels i.e. Internet, television infomercials, advertising that accompanies regular television programming, television shopping channels, and print catalogues. Finding shows that buyer who browse or purchase online, different in their use of multichannel options related to their perceptions of ease. Some buyers want to purchase in store setting and do not want multiple forms of non-store shopping. Other like to browse different non-store media, they extended their browsing to the internet, however, keep their loyalty to purchase in store.

Hausman & Siekpe, 2009 have conducted an empirical study in US regarding, "The effect of web interface features on consumer online purchase intentions" E-commerce system is different from traditional information system. It has both features of information system and marketing channel. It contains machine and human elements. Empirical findings show that to know the motivation factors for online shopper, cognitive and psychological factors do have meanings. Further, this study finds both human and computer factors are necessary for antecedents for online shopping.

The growth in e-commerce is stated to be supported by a rise in the number of online shoppers, from 20 million in 2013 to 220 million in 2020, and with three times increase in average spending by online shoppers, from $147 in 2013 to $464 in 2020.

The report points out that the online retailers who have resorted to heavy discounting to acquire customers, a strategy that has helped them increase gross sales, will prove to be non-sustainable in the long run for them.
CHAPTER 3

RESEARCH METHODOLOGY

3.1. Significance and Scope of the study

This study attempts to identify factors which influence customer retention from e-commerce portals and also focus on understanding disposition of customers towards online shopping. The study aims to empirically investigate the relationship between service quality, sales offers, perceived value, expectation, product quality, image, service quality and privacy and security in e-commerce. The scope of this paper is however limited to the residents of India, chosen for their responses, on the principle of convenience sampling. And within India, the top players in the ecommerce segment in India were chosen based on their popularity.

3.2. Objectives

1. To study the perception of customers about online shopping.
2. To determine which factors force customers to switch from one e-commerce site to other.
3. To determine various factors which directly or indirectly influence the buying decision of the customers.
4. To identify the factors which are important for loyalty of the customer.
5. To understand the relation between the identified factors and the loyalty towards the e-commerce website by the customer.

3.3. Hypotheses

Following are the proposed hypotheses for the study:

$H_{A1}$: Sales offers has significant relationship with loyalty

$H_{A2}$: Perceived value has significant relationship with loyalty

$H_{A3}$: Product quality have significant relationship with loyalty

$H_{A4}$: After sale services has significant relationship with customer loyalty

$H_{A5}$: Service quality has significant relationship with loyalty
H_{A6}: Image has significant relationship with loyalty

H_{A7}: Expectation has significant relationship with loyalty

H_{A8}: Privacy and Security have significant relationship with loyalty

3.4. Research Design

The research method used is a descriptive research using quantitative analysis. Qualitative and quantitative study to examine the hypothesis. For primary research, a questionnaire was prepared and surveyed. Secondary data has also been used in this research. The main purpose of the study is to find out the relationship between variables, i.e. loyalty versus various other chosen factors (demographic, perceived benefits, previous online purchase frequency, consumers’ lifestyles). It also attempts to determine the relationship between two or more variables using statistical data and analysis.

3.5. Research Instrument

A structured questionnaire was used for this research, as the information accumulation strategy included a review. As things in the survey included demographic inquiries (such as age, occupation, gender and education level), respondents were permitted to assemble data and work at their own pace. The survey was partitioned into three segments, which were utilized to gather online purchasers’ behavioral and attitudinal data, demographic data, furthermore to gauge their view of internet shopping. The organized poll comprised of settled option questions. Respondents were given various option reactions to look over. The fixed-alternative questions allowed for standardized administration.

Questionnaire Design: The main instrument for this study is a self-administered questionnaire for primary data collection to answer the research questions and objectives pertaining to online shopping.

Section 1: This section examines whether demographic profile could influence the consumers’ satisfaction level towards online shopping behavior. Five demographic profile variables that could be linked to attitude were chosen: gender, age, education level, occupation and geographical location.
Section 2: This section tries to collect data regarding respondents’ online shopping frequency and lifestyle that might influence their satisfaction.

Section 3: Respondents were asked to indicate how much they agree or disagree with Internet shopping would provide them benefits such as the convenience of shopping without leaving home, shopping can be done at anytime, shopping can be done more quickly, shopping that can reduce costs and shopping can eliminate the hassle of traditional shopping, trust, try to understand respondents’ experience with online shopping.

3.6. Population

This paper targets a sample population drawn from consumers who have experienced online purchasing from Tier 1, Tier 2 and Tier 3 cities. The number of Internet users in India was expected to reach 402 million by December 2015, registering a growth of 49 percent over last year.

3.7. Sample Size

The sample size for this study is 128.

3.8. Sampling technique

This study uses convenience sampling, i.e. by utilizing any subjects that are accessible to take an interest in the study. Another wellspring of getting respondents from different states is by looking over associates through the Facebook account. Although this sampling method adopted has limitations, it is assumed that the sample may be able to represents the population of Internet users in India. This is on the grounds that the testing system that has been utilized as a part of this study was likewise a purposive testing as this study has picked respondents who are web clients and who like shopping through e-commerce websites.

3.9. Questionnaire Scaling and Ordering:

Scaling: There are several factors taken into account while choosing an appropriate scale. The Likert scale is the most popular form of attitude scale because it is easy for researchers to prepare and to interpret, and simple for respondents to answer. They stick to their level of 'agreement' or 'disagreement'. A major benefit of the Likert
scale is, that it gives the researcher the option of considering the responses to each statement separately or of combining the responses to produce an overall score.

**Question order:** Question order is very important in customer satisfaction survey. It has major influence on estimation of results for indices and path coefficients. Endogenous variables should always be first in the questionnaire. Both in order to establish a standard, but also to get "top of mind" evaluations of the endogenous variables.

### 3.10. Tool for Data Analysis:

IBM SPSS STATISTICS was utilized for implementing Regression and correlation analysis on the data collected to check and analyze the various factors which shows the measurement of customer retention for e-commerce portals.
4.1. Charts and Deductions

The questionnaire was floated through various social websites and hosted on Google Forms. A total of 128 respondents contributed their insights through this questionnaire. The respondents were chosen by convenience sampling.

1. Gender

The survey showed that:

54% of the respondents were female and the other 46% were male.

![Figure: 4.1 Respondent's Gender](image)

Majority of people interested in online shopping are females as compared to males.

2. Age:

The survey showed that:

Majority i.e. 45.23% of the users are in the age group of 18-30 followed by the age group 31-45 i.e. 28.45%.
Most of the people who are interested in online shopping are the youth of the country as they have better access to the internet as well as they are tech savvy.

3. Occupation: The survey showed that:

Majority i.e. 45.23% of the users are students followed by the working people i.e. 32.45% as they do online shopping to save time and then comes the home makers.
This shows that the students are the ones who are spending most of their time online as compared to the other classes.

4. City Type:

Majority comes from the Tier 1 cities like Mumbai, Pune, Delhi, Bangalore etc.

Figure: 4.4 City Type

This is so because the awareness as well as the services provided by the e-commerce portals are of the best quality in these cities.

5. Frequency of Online Shopping:

The survey showed that: Majority of the people make an online purchase once a month, followed by every week.

Figure: 4.5 Frequency of shopping
6. For How Long They Have Been Shopping Online:
The survey showed that:

45.43% of people started online shopping 2 years or more back.

![Figure: 4.6 Times they shop online]

Online shopping has been in trend since a very long time and this is here to stay.

7. Product Quality
Majority of the people agree that product quality matters a lot in online shopping.

![Figure: 4.7 product quality]

The product quality influences the decisions to buy online from e-commerce portals.
8. Sale offers:
The survey shows that:
sale offers affect the buying decisions of public up to a great level.

![Figure: 4.8 Sales Offers](image)

This shows that India is a very price sensitive country and people give a lot of
importance to the sales offers.

9. Image of the portal

 Majority of the people agree that buying decisions are effected by the image of the
portals

![Figure: 4.9 Image of the portal](image)

The image which influences the decisions is made by the operations of the portals
only so this shows that if they perform well then more people will purchase from
them.
10. Service Quality:

The survey shows that:
Majority of the people are affected by the service quality of the e-commerce portal. It influences the buying decision of the people.

![Service Quality Chart]

**Figure: 4.10 Service Quality**

Better the service provided by the companies like flipkart, snapdeal, jabong, etc more people will be entitled to buy online.

11. Customer Service:

The effect of customer service on the buying decision of the people.

![Customer Service Chart]

**Figure: 4.11 Customer Service**

Majority goes with the notion that it affects the buying decision.
12. Privacy and Security:

The survey shows that:

![Figure: 4.12 Privacy and Security](image)

Majority of the people are affected by the privacy and security settings and services provided by the websites.

4.2. Correlation Analysis

Correlation and regression analysis are related in the sense that both deal with relationships among variables. The correlation coefficient is a measure of linear association between two variables. Correlation coefficients are always between +1 and -1. +1 means perfect positive and -1 means perfect negative correlation, which means they are exactly on a straight line.
1. Sales offers and loyalty

We can see that Sale offers has a correlation of .284 with loyalty, which shows a positive linear relationship between the two variables.

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<tr>
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<th>Sales offers</th>
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Table 4.1: Correlation with Sales offers

Hₐ₂ is supported thus showing a significant relationship between these two.

2. Perceive value and loyalty

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Table 4.2: Correlation with Perceive value
We can see that Perceive value has a correlation of .358 with loyalty, which shows a positive and strong linear relationship between the two variables.

There is enough evidence to suggest that the correlation we observed does exist in the population

**H\textsubscript{A2} is supported thus showing a significant relationship between these two.**

### 3. Product quality and loyalty

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**Table 4.3: Correlation with product quality**

We can see that product quality has a correlation of .252 with loyalty, which shows a positive linear relationship between the two variables.

Also, the level of significance chosen was 0.05. So the correlations are statistically significant.

**H\textsubscript{A3} is supported thus showing a significant relationship between these two.**
4. After-sale services and loyalty

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<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

**Table 4.4: Correlation with After-sale services**

We can see that After-sale services has a correlation of .193 with loyalty, which shows a positive linear relationship between the two variables.

Also, the level of significance chosen was 0.01. So the correlations are statistically significant.

**Hₐ₄** is supported thus showing a significant relationship between these two.

5. Service quality and loyalty

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Loyalty</th>
<th>Service quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>loyalty</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.2</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>Service quality</td>
<td>Pearson Correlation</td>
<td>.075</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.2</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

**Table 4.5: Correlation with Service quality**
We can see that Service quality has a correlation of .075 with loyalty, which shows a positive linear relationship between the two variables.

Also, the level of significance chosen was 0.05. And studying the table it can be seen that the significance value (Sig) is over 0.05. So the correlation is not statistically significant.

**H₄₅ is rejected and thus this suggests that service quality does not have significant relationship with loyalty.**

6. Image and loyalty

<table>
<thead>
<tr>
<th></th>
<th>loyalty</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>loyalty</td>
<td>Pearson Correlation</td>
<td>.238**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.003</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

| image            | Pearson Correlation | .238** |
| Sig. (2-tailed)  | .003    | 1      |
| N                | 127     | 127    |

**Table 4.6: Correlation with Image**

We can see that image has a correlation of .238 with loyalty, which shows a positive and strong linear relationship between the two variables.

Also, the level of significance chosen was 0.01. So the correlations are statistically significant.

**H₆ is supported thus showing a significant relationship between these two.**
7. Expectation and loyalty

<table>
<thead>
<tr>
<th>Correlations</th>
<th>loyalty</th>
<th>Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>loyalty</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.224</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>127 127</td>
</tr>
<tr>
<td>expectation</td>
<td>Pearson Correlation</td>
<td>.068**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.224</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>127 127</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

** Table 4.7: Correlation with expectation **

We can see that expectation has a correlation of .068 with loyalty, which shows a positive linear relationship between the two variables.

Also, the level of significance chosen was 0.05. And studying the table it can be seen that the significance value (Sig) is over 0.05. So the correlation is not statistically significant.

There is enough evidence to suggest that the correlation we observed does not exist in the population and they did occur by chance.

** \( H_{A7} \) is rejected and thus this suggests that expectation does not have significant relationship with loyalty. **
8. Privacy and Security and loyalty

<table>
<thead>
<tr>
<th></th>
<th>loyalty</th>
<th>Privacy and security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>127</td>
</tr>
<tr>
<td>Privacy and security</td>
<td>Pearson Correlation</td>
<td>.237**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>127</td>
</tr>
</tbody>
</table>

Table 4.8: Correlation with privacy and security

We can see that Privacy and Security has a correlation of .237 with loyalty, which shows a positive linear relationship between the two variables.

There is enough evidence to suggest that the correlation we observed does exist in the population and they did not occur by chance.

**H_A8 is supported thus showing a significant relationship between these two.**

4.3. Regression Analysis

Regression analysis is a statistical process for estimating the relationships among variables. In this research we are trying to find the relationship between 8 independent factors/variable and 1 dependent factor/variable. The factors/variables are:

1. Sales Offers
2. Perceive values
3. Product quality
4. After-sale services
5. Service Quality
6. Image
7. Expectation
8. Privacy and Security
9. Loyalty

Among the above factors/variables loyalty is the only dependant variable while all the earlier 7 factors are independent and are not affected by any other factor/variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.764a</td>
<td>.583</td>
<td>.556</td>
<td>.56276</td>
<td>.583</td>
<td>51.896</td>
<td>7</td>
<td>213</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), privacy and security, Product quality, Image, Sales Offers, Service quality, perceive values, After-sale services, Expectation

b. Dependent Variable: Loyalty

Table 4.9: Model Summary

A multiple linear regression was calculated to predict Adoption based on Sales offers, perceive values, Product quality, Service quality, After-sale services, image, expectation, privacy and security.

We look at the adjusted R², and we can say that 58% of total variance in loyalty is explained by the factors.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>112.950</td>
<td>7</td>
<td>3.279</td>
<td>51.896</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>69.017</td>
<td>213</td>
<td>.611</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Total</td>
<td>181.967</td>
<td>220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Loyalty

Table 4.10: ANOVA

A significant regression equation was found (F(7+213)=51.996, p<.000) with an R² of .524. Also with the Sig value of .000, which is way less than .05 or even .01, we
can conclude with strong evidence that the Independent variables help the dependant variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>-0.064</td>
<td>0.202</td>
<td>-0.317</td>
<td>0.752</td>
</tr>
<tr>
<td>Sales Offers</td>
<td>0.097</td>
<td>0.067</td>
<td>0.097</td>
<td>1.452</td>
</tr>
<tr>
<td>perceive values</td>
<td>0.044</td>
<td>0.04</td>
<td>0.052</td>
<td>1.092</td>
</tr>
<tr>
<td>Product quality</td>
<td>0.186</td>
<td>0.051</td>
<td>0.191</td>
<td>3.668</td>
</tr>
<tr>
<td>After-sale services</td>
<td>0.125</td>
<td>0.012</td>
<td>0.143</td>
<td>1.452</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.037</td>
<td>0.061</td>
<td>0.037</td>
<td>0.605</td>
</tr>
<tr>
<td>Image</td>
<td>0.046</td>
<td>0.07</td>
<td>0.062</td>
<td>1.042</td>
</tr>
<tr>
<td>Expectation</td>
<td>0.143</td>
<td>0.051</td>
<td>0.152</td>
<td>2.787</td>
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<tr>
<td>privacy and security</td>
<td>0.438</td>
<td>0.083</td>
<td>0.433</td>
<td>5.284</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Loyalty

Table 4.11: Coefficients

Consumer’s loyalty towards e-commerce portal is:

\[-0.064 + 0.097(\text{Sale offers}) + 0.044(\text{perceive values}) + 0.0186(\text{product quality}) + 0.125(\text{After-sale services}) + 0.037(\text{service quality}) + 0.046(\text{image}) + 0.143(\text{expectation}) + 0.438(\text{privacy and security})\]

The regression model can be formulated as follows:

\[y(\text{Loyalty}) = \beta_0 + \beta_1 \text{ sales offers} + \beta_2 \text{ perceive values} + \beta_3 \text{ product quality} + E\]

Loyalty=-.064 + .097(sale offers) + .044( perceive values) + .0186(product quality)

Finally, Sales offer, perceive value and product quality are main factors which have great influence customers loyalty.
CHAPTER 5

LIMITATIONS AND RECOMMENDATIONS

5.1 Limitations:

During the research paper certain limitations were faced, which include

- The questionnaire filled by the respondents may be filled with a casual approach and not taken seriously.
- Language may be a barrier for respondents due to which they may have interpreted the question wrongly.
- Samples were taken among youngsters so scope of research was limited.
- There may be biasness by the respondent to keep his good image and he/she may have filled the answers which are most likely to represent his good image.

5.2 Recommendations:

From the analysis done on the primary data and after going through the secondary data, a conclusion was reached. Based on that, the following recommendations can be given.

1. To retain the customers, companies should analyse the customer buying behaviour first behind on that customize offer should be given to customers so that they can take benefit of it.
2. After analysis the customer buying behaviour of every customer, company need to analysis like/dislikes, comfort/discomfort these all directly or indirectly affect the perceive value of customer.
3. However, Companies can also adopt the model of Snapdeal like directly link the customer to vendor’s site so that customers get to know which product is available and when it will reach.
4. To provide Quality Product, E-commerce portals required to have strong link with original manufacturing company.
5. Moreover, Company can generate particular code for particular product so that customer can verify whether it is original or not.
As research was mainly focus on Customer retention on E-commerce portals. Started with consideration of no. of factors which affects the customer loyalty with respect to particular E-commerce website. To analysis these various factors, I considered qualitative and quantitative research both.

But finally we can say that companies are lacking in providing better quality products. While interviewing my interviewees, I got many views of getting duplicates branded products when they ordered online.

Sale offering like Big Billion day, changed the buying behavior of customer totally. As soon as they find better sale offers, they switch the portal. These Sales offer increase the bargaining power of customer and also purchasing power of customer. No more how cheaper the product E-commerce portal is offering, how sale offers they are offering the main thing that plays important role is customers perceive value. If customers perceive would not match with his/her expected value, he or she would switch the site.

After-sale services also have great influence on loyalty. In today’s scenario actual services start after selling the product. If E-portals are not able to provide that then they have to face big loss of customers.

In addition, this study also examines whether demographic profile (gender, age, education level, income, geographical location), previous online shopping experience, perceived benefits, consumers’ lifestyles, perceived merchants’ trustworthiness influence consumers’ satisfaction level.

For the study of the variables, questionnaire was used. A total of 122 questionnaires were used for analysis and SPSS was used for finding out result of data analysis.

The study utilized a descriptive research method with a 19 question survey to gain in depth knowledge regarding the factors chosen. Such an in depth approach gives a thorough base for future exploration supporting the satisfaction level of the consumers. The findings give helpful knowledge to ecommerce organizations and others to create proper business techniques to enhance the satisfaction level.
It is found that all the factors have some impact on customer retention.

1. After analysis the data, it is found that Sale offers have greatest impact on customer loyalty. More sale offers are provided by E-commerce portals more is switching rate.

2. Along with sale offers, perceive value is also most influencing factor which directly or indirectly effect the customer loyalty.

3. Product value is also the main and most important thing, which every customer considers while shopping is product quality. Better is product quality, more will be customer retention. As during interviews, it was found many customers give preference to flipkart as compare to other site due to better product quality offered by flipkart.

4. Along with improving Adjusted R square, it is also found that after-sale services have significance influence on customer loyalty. Same like analysis, in interview too many tier 2 and 3 cities, customers were not satisfied with after-sale services.

5. All the above three findings are also come under this.

From the correlation, it is clear that all the factors have strong correlation with satisfaction level. Also from the study it is safer to say that, there is a significant relationship between overall Use Behavior and Immersion and satisfaction level of the consumers. Hence, we can infer that consumers’ satisfaction is influenced by the factors that have been considered in the study.
REFERENCES


APPENDIX

1. Gender?
   a) Male
   b) Female

2. What is your age??
   a) Below 18
   b) 18-30
   c) 31-45
   d) Above 45

3. What is your occupation?
   a) Student
   b) Work
   c) Unemployed

4. Where do you live in India?
   a) Tier 1 City
   b) Tier 2 City
   c) Tier 3 City

5. How long have you been shopping online?
   a) 6 months
   b) 1 year
   c) 2 years or more

6. How often do you shop online?
   a) Once a week
   b) Once a month
   c) Every 3 months
   d) Every 6 months

7. How satisfied are you in general with your online shopping experience?
   1-(Completely dissatisfied) 2 3 4 5 (Completely satisfied)

8. The service quality of E-commerce site is worth the money, what I spend on the online shopping.
   1 (Completely disagree) 2 3 4 5 (Completely agree)

9. The Product quality provided by E-commerce site is worth the money, what I spend on the online shopping.
   1 (Completely disagree) 2 3 4 5 (Completely agree)

10. My privacy and security is taken care, by the seller
    1 (Completely disagree) 2 3 4 5 (Completely agree)
11. The website is reliable and trustworthy
   1 (Completely disagree) 2 3 4 5 (Completely agree)

12. The Image of the E-commerce portal influences your buying decision
   1 (Completely disagree) 2 3 4 5 (Completely agree)

13. The Sales offer of the E-commerce portal influences your buying decision
   1 (Completely disagree) 2 3 4 5 (Completely agree)

14. Websites provide customer care services or after-sale services
   1 (Completely disagree) 2 3 4 5 (Completely agree)

15. To what degree did online shopping fulfil your expectations?
   1 (Completely disagree) 2 3 4 5 (Completely agree)
## ADHERENCE SHEET

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Last Date</th>
<th>Signature of Mentors</th>
</tr>
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<td>Literature Review/Objectives of the study</td>
<td>02-Feb-16</td>
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<td>Methodology</td>
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<td>Conclusion and Recommendations</td>
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