A Literature Review of Customer Retention Strategies in e-tailing

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ABSTRACT *This paper is intended to summarize the strategies of the Customer retention strategies in the body of knowledge. This paper brings the contribution of bringing the strategies stated by various authors so far in the literature. The companies are striving to retain the customers in the present cutthroat competition, so the strategies can give valuable insights to the managers in designing the polices for retention of customers and to have competitive advantage.*

Introduction

Changing lifestyles, time constraints, worsening traffic, easy availability of broadband, patchy rollout of 3G and growing aspirations of non-metro youth, coupled with cash-on-delivery option, are driving traffic for online shopping and bargain hunting in India. The sudden growth of e-tailing in India in the last couple of years has attracted large investments and new entrepreneurs into the industry. The American e retailers amazon and groupon have entered India recently. The competition in the online retailing space is hotting up.

The primary aim of every e-tailer is to attract a prospective customer to his e-tail site. This requires significant resources in terms of the ad spend. Ad spends have grown so large that as much as two-thirds of the capital raised by online companies go towards advertising.

Silently, steadily, e-tail has been gaining ground and is expected to touch an market size of around $ 70 billion(Rs. 3,56,000 Crore) by 2020 from the present Rs 2,700 crore with 40% of year y year growth in e-tailing in India and e-tailing market is 6% in proposition to the total e-commerce market in India. Also people with internet access and PC/laptop/tablet users and smart phone users are expected to move from 101million, 12 million, 48 million of year 2011 to 800 million, 150 million and 450 million respectively.

e-tailing strategies to retain the customers:
1. Evaluate and maintain customer lifetime value.

Bounce-back offers and customized e-mail offers	Geller, 2002
Business intelligence	Page et al., 2005

2. Maximize loyalty and trust.

Paying attention to the customer and co-innovation	Pombriant, 2006
security and trust and quality attributes, such as speed and convenience	Lee-Kelley, 2003
Rewards for purchase, strong online content, purchase incentives and coupons, cutting edge technology, package tracking, updated appearance, new content, periodic newsletters, and reminders to bookmark the site	Lager, 2006

3. Focus on improving the customer's experience.

Know about buying patterns, needs, motivations, and habits; A retailer's goal should be to provide a holistic shopping experience across all channels	Beasty, 2006
Hire temporary workers to handle the call and Web inquiry	Bailor, 2006
Unique content, selection, and price	Gordon, 2004

4. Get personal

Personalization (Choice boards) Developing dossiers of personal information on each client	Bharati 2006 Chaudhury, 2006
Vendor tools like cookies, member profiles, and wish lists to identify	Lager, 2006
Price inelasticity, and a viable basis for differentiation	Page et al., 2005

5. Balance online and human interaction.

Provide a seamless experience across all channel; Need to integrate their online and offline channel	Verity, 2005
Designing a coherent service delivery strategy that integrates service relationships and self-serve technology presents a challenge for firms	Schultze, 2003
Business operations may need to be integrated (multi-channel integration)	Beasty, 2006

6. Communicate effectively.

profile of customers by employing a tracking system; Incentives, competitions, prizes, and visitor; All data received needs to be integrated into a centralized	Papas, 2005
communications and e-mail content must be informative and relevant	NMA, 2005
Online advertising is a mainstay of marketing communications; e-mail and telemarketing are keys to communicating with prospects and customers	Maddox, 2005
Discrepancies between price and inventory are major customer issues	Beasty, 2006
need to integrate their Internet communications with that of other media	Sultan, 2004
Listing the URL on business cards and on the label of all products	Flaherty, 2004

7. Maintain your website.

Frequent updates; Attractive homepage; Do not overdue it; Easy customer contact; Provide a good response; Anticipate questions; Easy order, easy pay; Be informative; The electronic catalog; Follow up	Lager, 2006 Bressler ,2001
website business lives or dies by website traffic, and there are three major strategies: advertising campaigns using conventional media ; purchasing a sponsored link on a major search engine ; search engine optimization (SEO)	Lager, 2006

8. Keep up with pricing, payment trends, and ROI.

Differentiating value based on price only	Beasty, 2006
Maintenance of successful payment options; Bill-me-later, gift cards or e-coupon are giving customers more flexible options; Online payment services	Lager, 2006

9. Invest in customer service.

Tools to "deliver, bundle, explain, bill, install, repair, renew, and redesign	Croteau, 2003
Be fair in dealing with customer complaints; hire and train polite and courteous individuals; service representatives should recognize the customer's viewpoint, understand needs and values, customer's problem, listen to his/her voice, and do not fake an image of closeness to the customers	Cho et al., 2003

10. Use CRM tools to bring it all together.

Understanding of channel partner performance, better lead distribution and quality, prioritized marketing spending, and heightened customer visibility	Manufacturing Bus. Tech 2006
Creating brand identity, identifying customers, promoting products and service, distributing; sales force automation (SFA), online catalogs, online order configuration capabilities, lead capture and profiling, online surveys, sales literature, and e-mail marketing; and service activities including customer support, call-center management, and customer communication	Ross, 2005

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