A Study On "Role Of Customer Analytics In Reducing Customer Churn: Special Reference To Retail Industry In Delhi City

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ABSTRACT: Churn, in its simplest form, is when a customer stops buying from a business. The rate or percentage of customers who abandon a brand over time is commonly used to quantify churn. The value flowing from customers to businesses will drop as a result of customer churn. Brand-loyal customers can increase an organization's core competitiveness and enhance commercial performance. On the other hand Businesses may improve their strategies, products, and customer services with the use of consumer analytics. Customer analytics is a process that gathers, compiles, and analyses customer data from a variety of interactions, funnels, and channels to assist businesses in making better business decisions. In this study, we tried to understand the causes of customer churn in the retail sector, as well as shed some light on creative customer retention strategies, the advantages of customer retention, and the role of customer analytics in lowering customer churn in the retail sector in Delhi city.

KEYWORDS: Customer analytics, Customer churn, Retail industry, customer retention & Delhi city.

1. INTRODUCTION

Customer analytics: Market segmentation and predictive analytics are used in "customer analytics," which is defined as the application of analytics to research consumer behaviour for wise business decisions. Customer analytics provides marketers with pertinent data about customer behaviour, enabling them to make wise, anticipatory business decisions. The proper analysis can assist you in creating new products and services that your clients might not even be aware they need by identifying their wants. The new product lines you create in this way could boost sales and earnings even more, assisting you in creating a stronger company.

Customer churn: The percentage of customers that stop using your company's product or service is known as customer churn. A 5% improvement in client retention can result in a profit boost of at least 25%. Repeat clients are likely to spend 67 percent more money on goods and services from your business.

Indian retail industry: In the 2019 Business-to-Consumer (B2C) E-commerce Index published by the United Nations Conference on Trade and Development, India came in at position 73. India is the fifth-largest international retail destination in the world and is ranked 63 in the World Bank's Doing Business 2020 report. India is the fifth-largest

international retail market in the world. India placed 16th in the FDI Confidence Index (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy). Several new businesses have entered the Indian retail market, making it one of the most dynamic and quick-paced sectors. Over 10% of the nation's gross domestic product (GDP) and about 8% of employment are attributed to it. India is the fifth-largest international retail market in the world.

Customer analytics in retail industry: Customer analytics—data-driven consumer insights—are used by retailers to improve business processes and increase profitability. Customer data can also be used to provide tailored advice, test marketing campaigns, and optimize pricing. To fully benefit from customer analytics, retailers must develop a thorough data integration plan and ensure that key stakeholders can Operationalizing the information.

Customer churn in retail industry: A retail churn rate of 5 to 7 percent per year is generally recommended. A churn rate of less than 5% is ideal, but anything above 10% is cause for concern. Even if you acquire more customers, your business will not grow unless the volume of incoming customers exceeds the volume of outgoing customers. Customers in retail don't usually tell you they're leaving unless they've had a particularly bad experience with your product or customer service. Many retail customers leave without making a conscious decision; they simply drift away. As a result, retail churn appears as a slow slide out rather than a quick chop. You will notice a gradual decrease in the volume or frequency of sales, indicating that customers are either spending less on your product or switching to competitors.

2. REVIEW OF LITERATURE

Matuszelański, Kamil & Kopczewska, Katarzyna. (2022): Customers' propensity to churn is affected by a number of items purchased and how much they pay for them, as well as the demographic and location of the customer.

Arun Velu(2021): Marketing Analytics is a tool used to collect information about the use of a specific website. This paper will concentrate on various marketing analytics tools and techniques. Each tool can be used in conjunction with other collected data or on its own to predict customer behaviour in the future.

Zhao, M., Zeng, Q., Chang, M., Tong, Q. and Su, J., (2021): This paper uses data mining algorithms to analyse the trends and causes of customer churn. It can provide a reference for the telecom industry to identify high-risk customers in advance, boost customer loyalty and viscosity, retain "high-value" customers, and continue to provide customers with "value".

Kriti (2021): According to market research, the reasons for churn are as follows: it is simple for customers to switch suppliers, it is difficult to manage or fully utilize customer data, the services provided by the organisation are inadequate, and customers are dissatisfied. To understand the problem, we used various tree-based classifiers in Python and examined the top features that contribute to understanding client behaviour. Finally, we depicted the constraints and future research on it.

Dawn Iacobucci & Maria Petrescu (2019): Identify the central themes and concepts related to marketing analytics that are present in marketing research and compare the focus of marketing research, practice, and academics on this topic. The research also gives practitioners a summary of current findings as well as a more natural way to translate and apply theoretical findings in practice.

Shankar, Venky. (2019): Omni-channel shopping behaviour, cross-channel resource allocation, the effects of the mobile channel and mobile apps on shopper behaviour, dynamic pricing, data privacy and security The study of these issues reveals a number of intriguing insights on which retailers can build. CRM

Reason for customers churn in retail industry	5 Very Important	4 Important	3 Moderately Important	2 Slightly Important	1 Not Important
Inconsistent Customer Experience	18	5	2	2	1
Failure to Respond to Issues Raised on Social Media	10	10	3	3	2
A Complex Payment Process	8	8	10	1	1
Failure to Meet Promised Delivery Dates	14	10	2	1	1
Wrongly Identifying Orders as Fraudulent	13	12	2	1	0
Inconvenience location	15	10	1	1	1
Poor Customer Service and Support	18	8	1	1	0
Not Providing Personalized Experiences	8	5	2	3	10
Attract the Wrong Audience	6	8	8	3	3
Behind the Competition	10	8	5	3	2

strategies must be location, time, and channel specific, in addition to customer specific, to fully leverage big data in today's retailing environment.

Ahmad, A.K., Jafar, A. & Aljoumaa, K. (2019): The main contribution of this research is the development of a churn prediction model that assists telecom operators in predicting customers who are likely to churn. The model developed in this work employs machine learning techniques on a big data platform to create a novel approach to feature engineering and selection.

Patil, Annapurna & Deepshika (2017): When a customer discontinues his or her interaction with a company, this is referred to as customer churn. In the retail industry, a customer is considered churned when his or her transactions exceed a certain amount of time. When a customer churns, the company suffers a loss that includes not only the lost revenue from the lost customer, but also the costs of additional marketing to attract new customers. Every online business's primary business goal is to reduce customer churn.

O.V. Bazylevska (2011): Companies are debating whether it is worthwhile to invest in customer analytics to gain a competitive advantage. Deregulation, increased access to information via the Internet, and globalization are seen as positive factors that contribute to the modern society's rapid economic development. However, they can also destroy competitive advantage for the same reason.

Lichtenstein, Sharman & Bednall, David & Adam, Stewart. (2008): Customer Analytics (CA) may lack the value of marketing knowledge available from Marketing Research (MR). This paper develops a set of 16 propositions based on a review of the marketing and knowledge management literatures.

The propositions reflect a variety of strategic, cultural, structural, and technical influences.

3. RESEARCH METHODOLOGY

Objectives of the study

- ✓ To study the reason for customers churn in retail industry
- ✓ To study benefits of customer analytics in retail industry
- ✓ To study innovative customer retention strategies practicing in retail industry.
- ✓ To study the role of customer analytics in customer retention in retail industry.

Research design:

Descriptive research design is followed in this research study.

Data collection:

Secondary data was collected and analyzed from various available and accessible sources i.e. research papers from national and international journals, books, company websites, discussion forums, articles, blogs etc.

The primary data was collected from 28 respondents through a structured questionnaire. The respondents were retail managers from different companies from in Delhi city. The numbers of respondents were less than 30; collected data was analyzed using T test.

Scope of the study:

The scope of the study is limited to selected retail companies in Delhi city.

4.   DATA   ANALYSIS   AND INTERPRETATION

4.1 Reason for customers churn in retail industry

Reasons for customer Churn
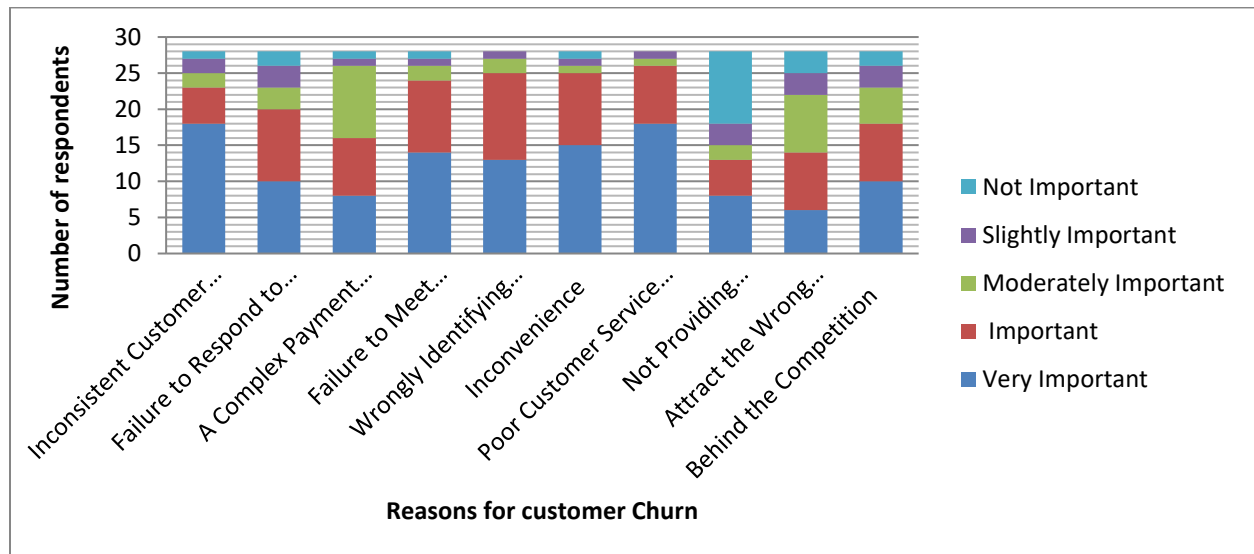
Interpretation: Inconsistent Customer Experience, Inconvenience location, Poor Customer Service and Support & Failure to Meet Promised Delivery Dates are the major reasons for customer churn in retail industry.

4.2 Innovative customer retention strategies practicing in retail industry

VARIABLE	AVERAGE	S.D	C.V
Stand up for causes	1.64	0.83	0.50

Building relationships after the sale	4.36	1.13	0.26
Personalize messaging for each shopper	3.93	0.72	0.18
Reward customers for their loyalty	6.50	0.51	0.08
Provide a consistent experience across channels	2.93	1.18	0.40
Surprise your customers every now and then	6.21	0.88	0.14
personalize retail interactions	2.43	1.71	0.70

Interpretation: Reward customers for their loyalty; Surprise your customers every now and then & Building relationships after the sales are the most innovative and successful strategies practicing by retail industry to attract and retain the customers.

4.3 Benefits of customer analytics in retail industry

BENEFITS OF CUSTOMER ANALYTICS			
VARIABLES	**AVERAGE**	**S.D**	**C.V**
Marketing Efficiency	2.61	0.50	0.19
Customer Retention	4.46	0.51	0.11
Increased Sales	3.89	0.57	0.15
Improved Profit Margins	3.32	0.67	0.20
Customer Acquisition	2.68	0.48	0.18
Migration to Profitable Segments	2.21	0.50	0.23
Customer Profitability	2.71	0.46	0.17
Customer Loyalty	3.79	0.83	0.22

Interpretation: happy customer retain with company for long time and retain customer will be loyal to the company who will generate more sale and profit to the organization. Again it is proved from the above data analysis with the statistical evidence.

4.4 Role of customer analytics in customer retention in retail industry.

Hypothesis; H0: No relationship between customer analytics and customer retention

t-Test: One-Sample	
Mean	3.964286
Variance	1.072751
Observations	28
Hypothesized Mean	5
df	27
t Stat	-5.29139

P(T<=t) one-tail	6.97E-06
t Critical one-tail	1.703288
P(T<=t) two-tail	1.39E-05
t Critical two-tail	2.05183

Interpretation: Hence t calculated value falls in the rejection region, we reject null hypothesis and conclude the there is strong relationship between customer analytics and reducing customer churn, with above data analysis we can conclude that customer analytics have great role in retaining customer in retail industry.

5. CONCLUSION:

Good customers buy from you, but great customers keep coming back and encourage others to do the same. Retailers often overlook the importance of maintaining their customer service and customer satisfaction in the drive to attract new clients. At a time when customers are more informed than ever, customer attrition is a major problem for many retailers who struggle to keep up with changing consumer habits. Churn analysis essentially shows you what proportion of your consumers don't make a return purchase compared to the proportion that does repeat business. Analyzing how many customers are leaving your company is the first step to gaining an understanding of why they're leaving. This information can help you spot areas for improvement and stop further clientele loss. Today's analytics solutions are able to provide a more comprehensive understanding of the customer experience. The use of solid data sets as well as external data on demographics, psychographics, share of wallet, and other factors is enabling companies to close the gap. Client churn will be reduced and businesses will be better able to develop creative customer retention tactics in the retail sector with the proper and optimal use of customer analytics. Analysis has also shown that customer analytics play a significant role in the retail industry's efforts to reduce customer turnover and increase customer retention.

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