

RESEARCH ARTICLE

CUSTOMER RETENTION BY DEVELOPING REPLACEMENT OPTION FOR REFUND IN REJECT**Palaniraj K***WINGS Technology, Tiruvannamalai, Tamil Nadu, India.****Corresponding Author:** Palaniraj K

Abstract : Customer Retention is very important factor to be studied to improve sales. Customer Rejects an item based on many factors. In this journal, a study was carried out on a sample data to understand the customer satisfaction level for refund of an item in Online sales, and developing replacement option to improve the satisfaction level. Advantages and disadvantages for different option with respect to customer retention are studied elaborately.

Keywords: Customer Retention, Refund, Reject, Replacement, Customer Satisfaction.

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INTRODUCTION

There are many approaches developing to satisfy the customer rejection. Possibilities of rejection are more in online sales compared to Store. Most of the Sellers have some policies for customer rejection. Customer rejects an item based on many criteria. Understanding the rejection reasons and rectification can help to promote sales and retain customers. In this article a detailed study is conducted using different methods to satisfy a rejecting customer. From the data gathered in the sales and rejection by customers, rejection of customer can be identified and retained.

Using different types of statistical tools and machine learning models, it is possible to understand the rejection criteria and can be rectified to retain the customers. Customer rejection becomes mostly an end for purchase from a seller and there are very less chances for such customer to buy again from the same seller. To retain such customer, it is required to study different alternative methods to satisfy.

LITERATURE REVIEW

Seong-rae Ju & Myung-sun Chung conducted a study on customer dissatisfaction and complaining behavior for Fashion Shopping Mall in Internet. Different analysis methods were used in the study, product quality,

refunding or repair, customer neglect and exit were studied extensively. It also lists the different types of dissatisfaction factors [1].

Portia Opoku Boadi, Li Guoxin, Andrew Adjah Sai & Philip Antwi developed a study on how far a customer will extend in dissatisfaction. It explains Negative word of mouth, switch, complaints and no-creation intentions. It says the theory of customer judgement for dissatisfaction after consuming a product [2].

J. Boersma, G. Loke, H.T. Loh, Y. Lu & A.C. Brombacher made a study on high contrast consumer test which tries to explain unexpected behavior of customer. Think-aloud protocol effectiveness in identification of customer opinion and life of thoughts, it identifies the product rejection issues and helps companies which were not able to use conventional methods of testing consumers [3].

Jinsoo Hwang, Jinlin Zhao performed a study on satisfaction and dissatisfaction of the customers using methodology of answertree. It explains the advantages of using answertree methodology for targeting exact group of people with more effectiveness and to find differences between satisfied and dissatisfied groups.

Different factors for satisfaction and dissatisfaction were analyzed [4].

Kyeong Sam Min, Jae Min Jung, Kisang Ryu, Curtis Haugtvedt & Sathiadev Mahesh carried out a study on service failure. It explains the possibilities of restoring a customer relationship that got damaged. It explains listening to the customer can avoid failure chances. Also, it says, developing long term relationship with customers can ease such failure possibilities. Study conducted on changing speed of internet and users were evaluated towards service failure [5].

MATERIALS AND METHODS

Sample Size & Method

A sample size of 106 was taken for the analysis purpose from the sales of Instruments. Convenience Sampling Method is used for collection of Data.

Customer Rejection Possible Chances

Customer rejects an item because of many reasons. Mostly customer rejection is a situation because customer cannot able to use the item purchased. When a customer purchases in a shop, there are very less chances for customer rejection because checking the item is possible. Online sales have many other advantages. There are many products which are not available in local market that makes a situation to purchase through online. So Online purchase becomes inevitable in certain circumstances for the customer.

Customer can reject an item purchase in Online because of any one or more of the following reasons.

- Manufacturing Defect
- Damaged during Transportation

- Expiry of Product
- Delay in Delivery
- Quality of Item
- Product Specifications mismatch
- Different Item supplied

DIFFERENT OPTIONS TO SATISFY REJECTED CUSTOMER

Customer rejected item can be handled with different options. When a customer rejects an item, it says customer is dissatisfied with the purchase. It requires immediate attention to rectify. There are different possibilities to satisfy the rejected customer.

- Replacement
- Refund
- Repair

In this study customer satisfaction level of Refund and Replacement option is compared and explained in detail.

CUSTOMER RETAINING STRATEGY

When a customer is not satisfied and rejecting an item. It becomes an end for most customers even though customer was refunded. Unless otherwise customer satisfaction level is improved very less chances for that customer to purchase from that seller again. Satisfaction level of different options to handle rejection need to be studied to retain customer.

RESULTS

Results obtained were segregated into different categories and tabulated. Different statistical tools and machine learning models were used to analyze the data.

Table 1: Customer acceptance and rejection

S.No.	Description	No. of customers	Percentage
1	Accepted	95	89.62
2	Rejected	11	10.38
	Total	106	100.00

From the above tabulation of sales record obtained, it is found that, 95 out of 106 were accepted by the customers and 11 were

rejected with a percentage of 89.62% and 10.38% rejection respectively. Table 1 can be further classified into different options for customer satisfaction.

Table 2: Customer acceptance and rejection

S.No.	Description	No. of customers	Percentage
1	Refund	11	100.00
2	Replacement	0	0.00
	Total	11	100.00

Above Table explains that, from the total 11 customers rejected the items, 11 of them were refunded and no replacement option was used with a percentage of 100% and 0% respectively.

DISCUSSION

With the data gathered, different types of analysis were carried out to understand the customer satisfaction criteria and are tabulated. Four parameters were used to understand the customer satisfaction criteria and retaining possibilities.

- Purchase goal, whether a customer purchase goal is achieved.
- Total time consumption in purchasing cycle with refund or replacement.
- Expenses for the customer to complete the purchase process.
- Customer retaining possibilities for the seller, whether customer will purchase again or not.

Table 3: Customer satisfaction matrix

S.No.	Description	Satisfaction criteria			
		Purchase goal	Time consumption	Expense	Customer retain
1	Refund	No	No	Yes	No
2	Replacement	Yes	No	Yes	Yes

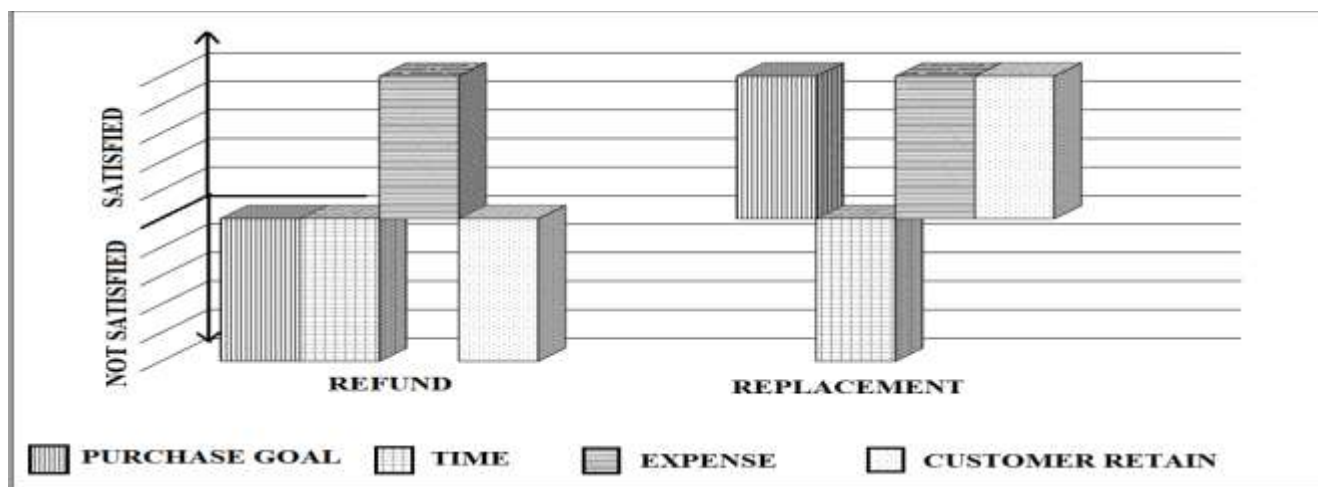


Fig 1: Customer satisfaction chart

Above Matrix Table and Chart explains the advantages and disadvantages of different options used for satisfaction of rejected customer. Refund of an item will have more chances to loss a customer, because the customer may not able to purchase and use the item or not getting satisfaction of service, level of satisfaction is not loss in terms of money. It is mostly a termination of interaction with refund. Customer need to try another seller to purchase that item. Replacement will help to retain the customer, because the customer gets replacement, uses the item and getting service experience,

disadvantage in replacement is time delay in replacement.

All items rejected were refunded. From the observation is it found that none of the customers rejected tried to purchase again. It means customer might have approached another seller to purchase the item.

FUTURE SCOPE OF STUDY

Repairing option will help to retain the customer with some delay in time. Customer will not face any additional loss in purchase and not required to try another order which

may take more time. For some products repair or service can be provided in many places for easy access to customer or it can be done using some outsourcing methods.

CONCLUSION

From the detailed study, it is found that, customer retention is possible with replacement and not with refund. Refund option will only develop partial satisfaction of customer in returning the amount without loss in terms of money but could make loss in time. It will not help the customer to complete the purchase process and ends the customer in purchase cycle from a seller to another seller. There are very less chances such customer could try a seller again, it requires more efforts to attract. Statistical tools and Machine Learning model with previous sales data can be used to identify customer rejection possibilities and it can be prevented or replaced instead of refund to retain sales or with some other options to retain customer.

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