



IMPACT OF CUSTOMER RETENTION ON COVID-19—A STUDY IN RETAIL INDUSTRY IN INDIA

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Abstract: *COVID-19 situation has made life difficult for everyone around the world. So is the case with retail industry. Indian Retail Industry has come across major issues when they faced the pandemic situation as the customers are not tech savvy and they are not much fond of ordering online specially groceries. So, survival is one of the important problems and customer retention. This article highlights the strategies the Indian Retail Industry is adopting and how they are able to retain customers. The study has adopted descriptive research methodology and has conducted personal interviews and followed observation methods to collect the data.*

Keywords: Customer Retention, Retail Industry, Survival, COVID-19, Retail Strategies

I. INTRODUCTION

In the eight months duration of COVID-19, everyone still is facing many problems to lead day today life comfortably. Leaving aside the free movement of people outside and attending regular duties it is hard for all to even get the groceries well and full.

First few months is very hard for everyone to have even met the necessities. But thanks to retail shops, super markets, and small grocery shops nearby neighborhood. Many have changed the way they function regularly. There was a drastic strategic shift in the way they conducted business during COVID-19. Indians customers are never fond of online shopping for groceries and all. They always preferred physical verification and wanted to check and compare the price before purchase. But this COVID-19 situation has changed the way customers shop and have leveraged the purchasing behaviors of customers online.

Online purchase has increased these days and the main point of discussion is how retail industry is accepting this scenario and is making the offline customers go online and retain the existing customers through which they can survive.

II. NEED FOR THE STUDY

Customer Retention always is the primary concern of any business as it has proved that it is more effective and profitable than customer acquisition. It is well known and proven fact that 80% of the business is done by the 20% of the customers. But gaining this 20% is hard and retaining that 20% is harder. Customer Retention helps the business to gauge their relations with the customers for a long period. This itself will advocate the issue of customer acquisition.

During this COVID-19, doing business is hard for everyone, but who tries to retain the customers they already have is the first thing to do. As customer need groceries to lead their lives in every worst to worst situation, the retail industry just needs to adjust themselves in doing their business. This paper highlights those adjustments retailers had one to meet the customer's requirements and how they have planned their survival in the current scenario and successful they are in retaining the customers they have.

III. OBJECTIVES

1. Understanding the importance of Customer Retention in general and during COVID-19.
2. To study the retail industry in India.
3. To analyze and know the strategies retailers have adopted during COVID-19 to retain their Customers.

IV. RESEARCH METHODOLOGY

Descriptive research methodology is adopted for this study. Data is collected from both primary and secondary sources. Primary data collection is done through personal interview and observation methods. Telephonic interview and personal interview is conducted among the selected sample in different localities of Hyderabad. Mostly known contacts are used for data collection. Secondary data is gathered from journals, internet and some articles related to the topic.

V. LITERATURE REVIEW

A) Retail Industry

According to Indian Brand Equity Foundation, "Indian retail industry is one of the largest growing markets in the world. By 2020 the industry is expected to reach Rs. 76.87 lakh cores. Being the fifth largest and most preferred destinations globally, Retail sector is expecting high growth potential in major cities of India. Especially the metros, tier I and tier II cities of India are expected to have more demand in the future.

The grocery market of India is expected to be more than Rs. 22,500 crores by 2021. The entire demand, retail sector in India was put to halt with the current pandemic for the first few months. As per the Government of India, the Indian retail industry will become third largest consumer economy with Rs. 30 lakh crores by 2025. Based on this The Government of India has introduced reforms to invite FDIs into the retail industry. The FDIs are allowed up to 51% in multi-brand and 100% in case of single brand retailers. Because of the reforms many retail giants like Wal-Mart, GAP, Tesco, and JC Penney are planning to open fully owned offices in Indian.

B) Current Situation

Due to the COVID-19 pandemic the growth in the retail sector was not up to the expectations. But when compared to all other businesses in retail industry the groceries and clothing are doing well. The initial months many have suffered with huge losses due to lockdown, but slowly they have started the business.

In an interview to Economic times Aneesh Reddy, CEO of Capillary technologies said that the impact of COVID-19 is huge and the ones surviving this pandemic are the Omni channel retailers. Whereas others have to face difficulties. He even opined that the Indian customers now would understand the power of Omni

channel digital transformation and its importance.

c) Role of Online Marketing in Retaining the Customer

Survival is one of the major issues currently for many retail stores. Compared to the major retailers, super marts and others small retailers are facing critical situations now. To survive the situation major retailers also have adopted certain strategies to survive. Currently online sales have increased rapidly. Despite the current situations, retail industry has found certain opportunities in this devastating situations in the form of digital transformation.

Indian customers are not new to technology, but the usage of technology for purchasing the groceries, vegetable and fruits is new to many. The giant retailers already have digital platforms, apps and well-designed website and accounts in social media. They are already into digital marketing to sell the goods, but this is not the case with local retailers. Local retailers have minimum knowledge on the digital platforms as they completely depend on Direct-to-Customer marketing. They never have felt any necessity for creating apps, or approaching customers through what's app, or having their own website.

In a small survey conducted in the neighborhood, it is understood that Giant and local retailers have adopted different strategies to meet the requirements of customers. Let us know what they have done to retain the customers.

VI. OBSERVATIONS

A) Customer Retention strategies by Giant retailers in COVID-19

1. To reach the craving customers for shopping retailers have provide a safe shopping environment with basic distancing rules. They allowed the customers in crowds and asking them to follow queue system, and ensured they were in safe distance and are wearing masks. By this they wanted to show the care they are taking and wanted to communicate to the customers that they are their priority.
2. Major retailers have made changes to their Website and included a new catalog.
3. Amazon has a tie up with more and has announced two-hour quick delivery to attract and retain the customers.
4. D-Mart has approached many Gated Communities and apartments and have opened up retailstoreforonedayinthatlocalitybyleasingthecommunityhallsinthegatedcommunities.
5. Big basket is able to grab more business by facilitating uninterrupted services in reaching the customers by not cancelling the orders in the case of more and Amazon by saying that services are not available to certain areas.
6. Heavy promotional marketing strategies we readopted to attract the customers to shop online and announced many offers with free delivery.
7. Improved their website in look and in features which is convenient to customers in ordering and in tracking the orders.
8. Reaching customers through social media and ensuring them their presence in the social media.

B) Customer Retention Strategies by Local Retailers in COVID-19

1. **What's app**- Most of the local retailers have activated theirs app and made a special group for ordering. In this group they post all the items available in the store and also would inform the customers about the stock availability and fresh stocks especially theft perishable items which customers always want fresh.
2. **Personal Approach** - Approached the Gated communities and Apartments within the vicinity and have left group messages and contact the associations for further tie-ups. They circulated the pamphlets with

contact details.

3. **Door Delivery** – Local retailers never deliver the goods to the door-steps of the customers. It is the customer who visits the shop and will purchase what they want and will carry his own goods. But because of the pandemic and to survive and retain the customer's they door delivered the ordered items.

4. **Stalls** – Opening up of stalls in the Gated community where customers will have prior information about the type of stall and the timings. Customer with needs will approach and purchase the items. Proper safety measures were ensured in maintaining the stall and the customer traffic to the stall.

5. **Crated App** – Many of the local retailers have created their own app and have allowed the customers to order the items in the app. Which is easy and convenient to both the retailer and the customers.

Above all are some of the methods retailers have adopted for survival and customer retention. But all this may not be possible without the change in the behavior of customers towards online purchasing. All most all the methods we discussed are taking about the digital effort made by the retailers, but here we even need to identify the fact that the customer has to shift himself to enjoy any of these facilities. Let us throw a light on the customer shift towards digital transformation and online purchasing.

c) Customer Shift from Traditional Marketing to Online Marketing

Customers who are reluctant to order online has no option left than opting for the online marketing. Many have left the shackles and are now willingly ordering online and they have feeling it convenient also. In the first months of the lockdown many customers expressed their dissatisfaction about the online ordering of groceries. But now we have an entirely different opinion from the customers. They have adopted themselves for online ordering expect few who still are depending on the traditional purchasing methods. Retailers are expressing their satisfaction towards this shift and are now bothered to meet the increased demands for goods from the customer end.

VII. CONCLUSION

The strategies adopted by the retailers to survive and to retain the customers are welcomed by the customers. Most of the customers and the government are happy that because of the efforts of the retail industry and the strategies they have adopted according to the need and size they are able to meet the requirements and are able to survive the COVID-19 situation. By adopting all these strategies retailers can retain the customers, but it is also evident that they are struggling to meet the increased demand. The Indian retail industry is expecting the customers to continue the same even after the COVID-19 recovery. Whether the customers are continuing or not, but the COVID-19 situations have made people to change their perspective towards online purchasing.

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