

Impact of Flipkart's Return and Refund Policy on Customer Retention in Coimbatore City

Ms. S. Janapriya¹, Dr. E. Karthika²

¹III Year, Department of Commerce Accounting and Taxation, Dr.N.G.P. Arts and Science College, Coimbatore, Tamilnadu-641048, India

²Professor, Department of Commerce Accounting and Taxation, Dr.N.G.P. Arts and Science College, Coimbatore, Tamilnadu-641048, India

Abstract

This study examines the influences of Flipkart's return and refund policy on customer retention in Coimbatore city. A survey of 120 Flipkart users revealed the policy's impact on customer satisfaction, Willingness to make future purchases, and overall retention. The findings suggest that clear, transparent, and customer – friendly return policy is crucial in driving business growth and customer satisfaction. However, the study also highlights the need to balance customer satisfaction with financial sustainability, as frequent return and refunds can impact profit margins. The results of this study provide valuable insights for e- commerce companies to refine their return and refund policies, ultimately enhancing customer retention and loyalty.

Keywords: Flipkart, Return Policy, Customer retention.

1. INTRODUCTION

Flipkart's refund and return policies have a big influence on patron loyalty and satisfaction. The purpose of this study is to investigate how these regulations affect Coimbatore consumer's behaviour in order to offer suggestions for enhancing Flipkart's customer care and retention strategy. The study can assist Flipkart in improving customer happiness and loyalty by examining consumer perceptions, repeat buy patterns, and loyalty. This will eventually propel business growth in the fiercely competitive e-commerce sector. Additionally, policy customization might be guided by an understanding of regional preferences.

2. OBJECTIVE OF THE STUDY

- To understand how the return policy influences customer's willingness to make future purchase.
- To Analyse the effectiveness of Flipkart's return and refund policy in ensuring customer satisfaction.
- To Assess whether the policy enhances customer retention
- To identify key challenges customer's face during the return and refund process.

3. SCOPE OF THE STUDY

The study will look at how Flipkart's return and refund procedures affect customer retention in Coimbatore City. Customer satisfaction, the efficiency of the return process, the retention rates of customers who utilize the policies, and the comparison between these areas are all critical. Additionally,

demographic variables, including income and age, will be assessed to determine whether certain demographics are more susceptible. Furthermore, it will investigate the relationship between return policies and overall sales, as well as consumer awareness of these policies.

4. RESEARCH GAP

Analysing the recent changes or updates to Flipkart's return and refund policies involves a detailed examination of their impact on customer behaviour in Coimbatore. The primary aim is to determine if these policy modifications have led to enhanced customer satisfaction and loyalty. To gauge customer satisfaction, data is collected through surveys and interviews to understand customer perceptions of the updated policies. If customers find the return and refund process more convenient and fairer it could result in increased satisfaction, positive word-of-mouth, and higher repeat purchases, Customer loyalty is assessed by tracking repeat purchase behaviour, retention rates, and participation in loyalty programs. Comparing data from before and after the policy changes can reveal trends indicating improved loyalty. Furthermore, the study examines changes in purchase behaviour, such as return rates and purchase frequency. If favourable return policies boost customer confidence, it can lead to higher sales volumes and engagement.

5. LIMITATIONS OF THE STUDY

- Customers may find the return and refund process complex and difficult to understand, leading to confusion and dissatisfaction, Clear and straightforward policies are essential for ensuring a positive customer experience.
- Frequent returns and refunds can impact the company's profit margins. Balancing customer satisfaction with financial sustainability is crucial.

6. RESEARCH METHODOLOGY

SOURCES OF DATA

The sources of data collected are primary and secondary data.

primary data

The method of collecting data was to google forms by using questionnaire. The questionnaire was filled only by the Flipkart users.

secondary data

The secondary data was gathered from the journals and websites.

AREA OF THE STUDY

This study covers Coimbatore city.

SAMPLE SIZE

Sample size used for the study was 120 respondents from the Flipkart users.

SAMPLING METHOD

The method of sampling used is convenient sampling for the research purpose.

TOOLS USED FOR THE ANALYSIS

The statistical tools used for the analysis of the study are

Percentage analysis

Chi square analysis

Correlation

One-way Anova

7. LITERATURE REVIEW

Vikram Tyagi (2021) “Return policy of E-retailers” The study highlights that Flipkart’s return policy is divided into three parts, with specific conditions and return window varying across product categories. For instances, fresh fruits and vegetable have a 1-day return window, while electronics like mobiles and laptops typically have a 7-day return period. The policy emphasizes that all products listed under a particular category may not have the same return policy, and the return policy provided on the product page shall prevail over the general returns policy.

Chen. J. Ram. S. & Shehu. E. (2020). "Return Policies and Cart Abandonment Rates: An Empirical Study." This study reveals that clear and generous return policies significantly reduce cart abandonment. By addressing customers' concerns about potential product issues or returns, these policies still in confidence in the purchase process. When customers are assured of hassle-free returns, they are more likely to complete their purchases, resulting in higher conversion rates and increased sales. The research underscores the importance of transparent and customer-friendly return policies in building trust and satisfaction among customers. By prioritizing these policies, businesses can enhance the overall shopping experience, leading to improved customer retention and attracting new buyers. Ultimately, the study highlights how effective return policies can play a crucial role in driving e-commerce success and fostering long-term customer loyalty.

Sanjeev Prashar, Mukesh Kumar, and Amit Kumar Mukul (2018):"Flipkart Grappling with Product Returns" This Harvard Business Publishing case study investigates the challenges Flipkart encounters due to high product return rates and their effects on customer satisfaction and retention. It emphasizes the significance of balancing customer expectations with operational efficiency to mitigate return rates. The study highlights that effective return policies are crucial for maintaining customer satisfaction and loyalty, as they address concerns and build trust. By optimizing return processes, Flipkart can enhance customer experiences, reduce operational costs, and foster long-term customer loyalty. Ultimately, the study underscores the importance of strategic return policies in achieving a harmonious balance between customer satisfaction and operational efficiency, leading to improved business performance and growth.

8. DATA ANALYSIS AND INTREPRETATION

8.1 Simple percentage analysis

Age of the respondents

AGE	NO. OF THE RESPONDENTS	PERCENTAGE
Under 18 years	22	18.3
18 – 24 years	50	41.7
25 – 34 years	26	21.7
35 - 44years	14	11.7
Above 44 years	8	6.7
TOTAL	120	100

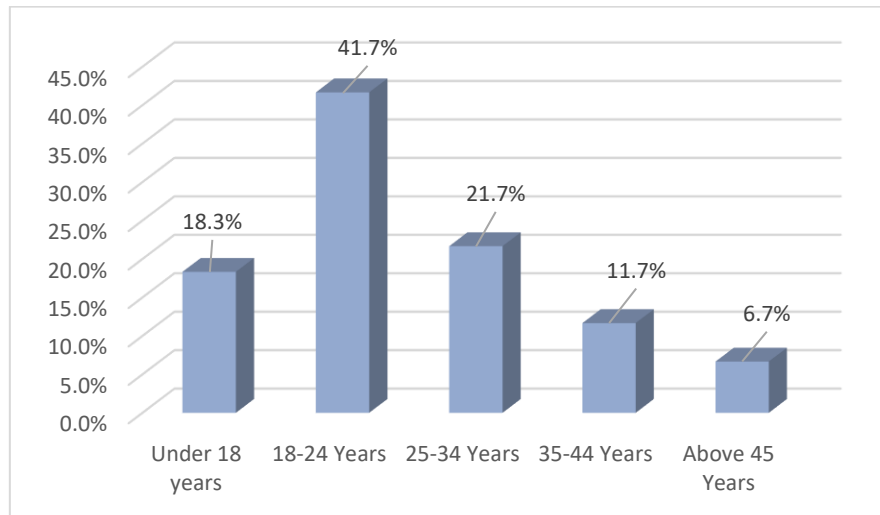
Source: Primary data

Intrepretation

The above table exhibits that 18.3% of the respondents are under 18 years, 41.7% of the responden-

ts are between 18 – 24 years, 21.7% of the respondents are between 25 – 34 years, 11.7% of the respondents are between 35 – years, 6.7% of the respondents are above 44 years.

Inference - Most (41.7%) of the respondents are between 18 – 24 years.



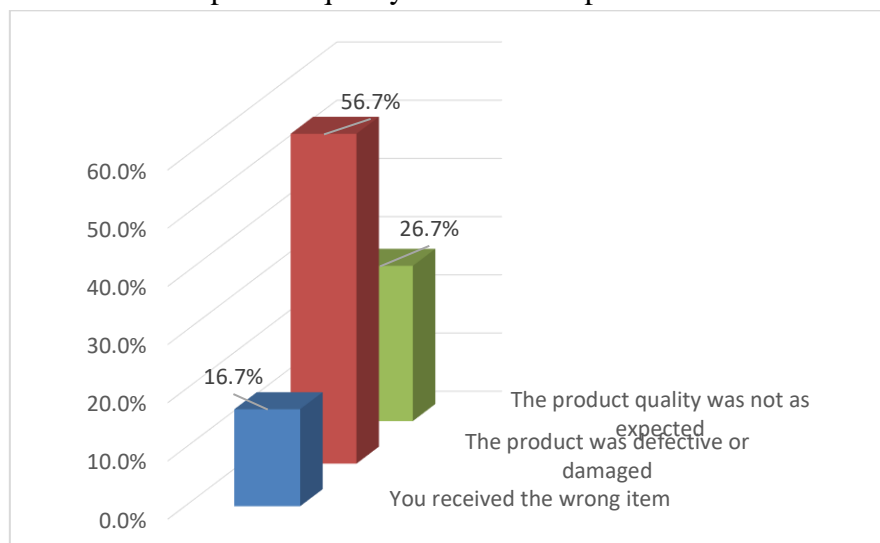
Reason for returning the product by the respondents

Reason for returning the product	No. of the respondents	Percentage
You received the wrong item	20	16.7
The product was defective or damaged	68	56.7
The product quality was not as expected	32	26.7
Total	120	100

Source: Primary data

Intrepretation

The above table shows that 16.7% of the respondents returned because they received the wrong item, 56.7% of the respondents returned because the product was defective or damaged, 26.7% of the respondents returned because the product quality was not as expected.



Inference - Majority (56.7%) of the respondents returned because the product was defective or damaged.

8.2 RANK ANALYSIS

Factor evaluating the biggest impact on flipkart's return and refund policy – friedman test

The Friedman rank was performed to identify the factor evaluating the biggest impact on flipkart's return and return policy. The results of the descriptive statistics and rank are presented in the table.

Challenges	Mean Rank	Rank
Streamlining the return process	2.33	1
Accelerating refund times	2.46	2
Enhancing customer support	2.53	3
Improving communication & clarity	2.68	4

Source: Primary data and Author's Calculation

It is observed from the above table, that the respondents ranked the factor evaluating the biggest impact on flipkart's return and return policy and ranked first on the factor Streamlining the return process (Mean Rank:2.33), followed by the factor Accelerating refund times (Mean Rank:2.46), Enhancing customer support (Mean Rank: 2.53), Improving communication & clarity (Mean Rank:2.68).

The minimum (Min) and maximum (Max) ranks give by the respondents to the above four factors are in the following range (Minimum -1, maximum -4).

The standard deviation for the factor Streamlining the return process is (SD: 1.225), followed by the factor Accelerating refund times (SD: 1.026), Enhancing customer support (SD: 1.106), Improving communication & clarity (SD: 1.146). Thus, the standard deviation is equal to and greater than 1, indicating the widespread responses.

TEST STATISTICS	
N	120
Chi-square	6.645
df	3
Asymp. Sig.	.084
a. Friedman Test	

In the above table, Friedman 's Q or Chi- square test statistics indicating the significant differences (P – value 0.001), informing that the respondents are influenced by different factors that evaluating biggest impact on flipkart's return and return policy $X^2(3) = 6.645$, $p = 0.084$

8.3 CHI – SQUARE

Monthly income vs amount spend monthly for online shopping

Null Hypothesis (Ho)

There is no significant relationship between monthly income of the respondents and amount spend monthly for online shopping.

Alternative Hypothesis (Ha)

There is a significant relationship between monthly income of the respondents and amount spend monthly for online shopping.

Monthly income	Amount spend monthly for online shopping				
	Less than ₹5,000	₹5,000 – ₹10,000	₹10,001 – ₹20,000	₹20,001 – ₹30,000	Total
Less than ₹20,000	24	15	9	2	50
₹20,000 - ₹50,000	13	15	2	1	31
₹50,001 - ₹80,000	4	8	3	1	16
₹80,001 - ₹1,00,000	2	3	2	4	11
More than ₹1,00,000	1	1	6	4	12
Total	44	42	22	12	120

Source: Primary data

CHI – SQUARE TEST

Calculated value	Table value	Degree of freedom	Level of significance	Results
38.413	34.743	12	< 0.001	Rejected

Intrepretation

The table deals with the calculated value of X^2 (38.413) is greater than the table value (34.743) so the null hypothesis (-0.001) is rejected and the alternative hypothesis is accepted. Hence it can be concluded that there is a significant relationship between income of the respondents and amount spend monthly for online shopping.

8.4 ONE-WAY ANOVA

Relationship between age of the respondents and reasons for returning the products

Null Hypothesis (Ho)

There is no significant relationship between age of the respondents and reasons for returning the products.

Alternative Hypothesis (Ha)

There is significant relationship between age of the respondents and reasons for returning the products.

Source	Sum of squares	df	Mean Square	F	Sig.
Between Groups	0.808	2	0.404	0.172	0.843
Within Groups	275.559	117	2.355		
Corrected Total	276.367	119			

Source: Primary data

Intrepretation

The calculated value (0.843) is greater than the significant value (0.05), so the null hypothesis is accepted. Hence it can be concluded that there is no relationship between age of the respondents and reasons for returning the products.

8.5 CORRELATION

Relationship between age of the respondents and frequency of shopping

	Pearson correlation	Significance (2-tailed)
Interpretation	0.100	0.278

Source: Primary data

Interpretation

The derived correlation result is **0.100** in Karl Pearson correlation with level of significance (2-tailed) is **0.278**. It can be concluded that there is **very weak positive** correlation between age of the respondents and frequency of shopping.

9. FINDINGS

9.1 Simple percentage analysis

1. Most (41.7%) of the respondents are between 18 – 24 years.
2. Majority (56.7%) of the respondents returned because the product was defective or damaged.

9.2 Rank analysis

The biggest impact on Flipkart's return and refund policy 1st rank (**2.33**) is given as **"Streamlining the return process"**.

9.3 Chi-Square

It can be concluded that there is a significant relationship between income of the respondents and amount spend monthly for online shopping. (Rejected)

9.4 One-way ANOVA

It can be concluded that there is no relationship between age of the respondents and reasons for returning the products.

9.5 Correlation

It can be concluded that there is **very weak positive** correlation between age of the respondents and frequency of shopping.

10. SUGGESTION

- For customers' convenience and ease, Flipkart could streamline the return and refund procedure.
- The refund process must be accelerated to boost consumer confidence, which would guarantee quicker processing and raise customer satisfaction levels overall.
- A specialized staff should be added to customer service to effectively manage inquiries about returns and refunds, ensuring faster resolution and customer satisfaction.

11. CONCLUSION

The report emphasizes how Flipkart's return and refund policy has a major effect on Coimbatore city's customer happiness and retention rates. Customer loyalty in the rapidly expanding e-commerce sector is largely dependent on ease and trust. By providing hassle-free returns, transparent instructions, and prompt refunds, Flipkart's well-organized return and refund procedures have contributed to the growth of consumer confidence. The majority of respondents said they were happy with Flipkart's return and refund policy, particularly the simplicity of starting returns and the variety of refund choices offered. However, there were also issues like stringent quality inspections, delays in the return procedure, and occasionally unclear communication. Resolving these problems might improve the client experience

even further. A broad return policy also motivates buyers to make additional purchases, especially for expensive products, according to the study. When customers are guaranteed a fair and transparent return policy, they are more inclined to trust the platform. In summary, a key element in keeping customers is Flipkart's return and refund policies. Better communication, quicker reimbursements, and ongoing customer service enhancements may increase consumer loyalty and support Flipkart's ability to compete in the e-commerce sector, particularly in areas like Coimbatore.

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