

THE EFFECTIVENESS OF RELATIONSHIP MARKETING STRATEGIES IN RETAINING MILLENNIAL CONSUMERS WITH SPECIAL REFERENCE TO E-COMMERCE PLATFORMS

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KEYWORDS

Relationship Marketing, E-commerce, Millennial Consumers, Customer Retention, Personalization, Technology, Trust, Loyalty, Consumer Behavior, Digital Marketing

ABSTRACT

In the rapidly changing e-commerce environment, companies are constantly under pressure to retain millennial customers, who are characterized by their unique buying habits and very high expectations. The world's largest consumer demographic, millennials, prefer personalised, technology-enabled, and real experiences. As long-term client ties grow increasingly crucial, relationship marketing tactics have arisen to build loyalty. Still, corporations aiming to meet millennial clients' demands for ease, innovation, and trust have been researching such strategies' effectiveness in keeping them. Relationship marketing can retain millennial customers through personalisation, technology, and e-commerce site trust, according to this study. The literature shows that personalised marketing and technical advances like AI-driven customer interactions boost consumer engagement and loyalty. However, research suggests that overusing technology without human interaction can impair consumer emotional relationships. Trust is also important, as millennials value openness and ethics when choosing brands. This exploratory and descriptive study used factor analysis and multiple regressions to determine how relevant these factors were in developing the link between these elements using raw data from 243 Chennai customers. Personalisation was the highest predictor, followed by technology and trust, indicating the utilisation of innovative technologies and personalised customer care. E-commerce platforms can use these insights to develop long-term relationships with millennial customers and improve client retention.

INTRODUCTION

Maintaining millennial customers has become an increasingly important issue in the fast-changing landscape of e-commerce. Millennials are those born between 1981 and 1996. They are the largest consumer group in the world and exhibit distinct purchasing behaviors characterized by technology savvy, value-consciousness, and a desire for personalized interactions. This demographic's engagement with e-commerce channels has, in turn, altered the approach businesses take towards marketing strategies, with the importance of long-term relationships rather than only transactional exchanges.

Relationship Marketing

The strategy is concerned with building and maintaining a long-lived connection with customers. The approach has proven pivotal in dealing with retaining millennial consumers. In order to establish reliability, value, and emotional bonding, e-commerce companies employ various tools, including customized communication, loyalty programs, and proactive customer care support. Still, their effectiveness in retaining millennials, characterized by a lack of brand loyalty and astronomical expectations for ease of use and innovation, has become one of the subjects of continuous research.

This paper aims at understanding whether relationship marketing strategies are beneficial in retaining millennials and which role these can play in the dynamic environment of e-commerce platforms. This paper will conduct an analysis of the interplay between personalized engagement, technological advancements, and consumer expectations to provide insights into the role of relationship marketing in encouraging millennial consumers. Additionally, it identifies the practices that have been effective thus far, as well as those areas needing further polishing, thereby allowing e-commerce businesses to build a holistic approach to advertising and keeping consumers.

PROBLEM STATEMENT

The retention of millennial consumers poses a significant challenge for e-commerce platforms due to their distinct purchasing behaviors, characterized by a preference for personalized experiences, low brand loyalty, and high expectations for convenience and innovation. Despite the increasing adoption of relationship marketing strategies aimed at fostering trust, loyalty, and long-term connections, the effectiveness of these strategies in retaining this tech-savvy and value-conscious demographic remains uncertain. Many e-commerce platforms struggle to align their marketing efforts with millennials' dynamic preferences, leading to missed opportunities for sustained engagement and customer retention. This problem necessitates a deeper understanding of the relationship marketing practices that resonate with millennials and the critical factors influencing their effectiveness in the competitive e-commerce landscape.

REVIEW OF LITERATURE

Personalization and Millennial Engagement

A study by **Huang and Tsui (2016)** examined customer retention in B2C electronic commerce, emphasizing the importance of personalized marketing strategies. The research found that tailored product recommendations and customized communication significantly enhanced millennial consumers' engagement and loyalty. However, it also noted that over-personalization or inaccurate recommendations could lead to consumer disengagement, highlighting the need for precision in personalization efforts.

Technology-Driven Relationship Marketing

Verma et al. (2018) explored the evolution of online relationship marketing, focusing on the integration of advanced technologies such as artificial intelligence and machine learning. The study revealed that e-commerce platforms utilizing chatbots, predictive analytics, and real-time customer insights were more successful in creating interactive and meaningful connections with millennial consumers. Millennials valued platforms offering seamless, tech-driven experiences, viewing them as innovative and efficient. However, the research

cautioned that over-reliance on technology without maintaining a human touch could weaken emotional connections, limiting long-term retention.

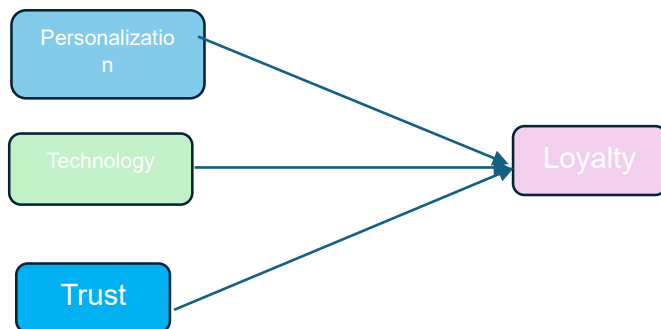
Trust and Loyalty in E-Commerce Platforms

A systematic literature review by **Albérico and Joaquim (2023)** highlighted the critical role of trust in the effectiveness of relationship marketing strategies. The review found that millennials prioritized transparency, ethical practices, and reliable customer service when forming loyalty to e-commerce brands. Platforms that consistently delivered on promises, addressed grievances promptly, and demonstrated corporate responsibility were more successful in retaining millennial consumers. Conversely, perceived breaches of trust, such as data privacy concerns or inconsistent service quality, led to rapid consumer attrition, demonstrating the fragile nature of trust among this demographic.

RESEARCH GAP

Despite extensive research on relationship marketing strategies, a notable gap exists in understanding the holistic interplay between personalization, technology integration, and trust in retaining millennial consumers on e-commerce platforms. While previous studies have separately explored these factors, there is limited empirical evidence on how they collectively influence millennial loyalty and engagement, particularly in the context of rapidly evolving digital expectations. Additionally, the dynamic and diverse nature of millennial preferences—shaped by technological advancements and shifting consumer values—necessitates a deeper exploration of context-specific strategies that address their unique behavioral patterns. This gap highlights the need for comprehensive research to identify integrated approaches that effectively combine these critical factors to enhance retention outcomes in the competitive e-commerce landscape.

CONCEPTUAL MODEL OF THE STUDY



OBJECTIVES OF THE STUDY

- ✚ To investigate the demographic factors (e.g., gender, age, education, income, and region) that influence customer perceptions of personalisation, technology, and trust.
- ✚ To examine the relationship between personalisation, technology, and trust in influencing customer loyalty.
- ✚ To evaluate the relative impact of personalisation, technology, and trust on customer loyalty in a specific context or industry.

RESEARCH HYPOTHESES

- ✚ Personalisation, Technology and Trust have a significant relationship between themselves.
- ✚ The combined effect of personalisation, technology, and trust significantly predicts customer loyalty, with personalisation having the strongest impact

RESEARCH METHODOLOGY

Table 1 : RESEARCH METHODOLOGY

S. No	Dimensions	Research Source
1.	Research Design	Exploratory and Descriptive
2.	Data Source	Primary data & Secondary sources of data were gathered
3.	Data Instrument	Structured Questionnaire
4.	Sample Respondents Nature	Millennial Consumers in Chennai
5.	Sample respondents	243
6.	Sampling Way	Non Probability Sampling – Convenience Sampling
7.	Sampling Methodology	Google Docs Link via Whatsapp, Instagram, Facebook
8.	Research Period	June 2024 to November 2024
9.	Statistical Tools Used	Correlation & Multiple Regression Analysis

RESULTS

Table 2 : DEMOGRAPHIC FACTORS

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	130	53.5
	Female	113	46.5
Age	18-25	45	18.5
	26-35	70	28.8
	36-45	55	22.6
	46-60	55	22.6
	60+	18	7.4
Education Level	High School	40	16.5
	Bachelor's Degree	118	48.6
	Master's Degree	60	24.7
	Doctorate	25	10.3
Occupation	Student	85	35
	Employed	140	57.6
	Unemployed	18	7.4
Income Level	Below Rs 20,000	60	24.7
	Rs 20,000 – Rs 50,000	110	45.3
	Above Rs 50,000	73	30
Region	North	65	26.7
	South	72	29.6
	East	55	22.6
	West	51	21

Table 2 displays the descriptive characteristics of the sample with regard to gender, age, educational background, job, income, and area. The majority of respondents are males 53.5%, and females make up 46.5%. In terms of age, 28.8% were 26-35 years, 22.6% aged 36-45,

while smaller percentages were within the younger group (18-25 years) and older group above 60. Most of the participants report a(48.6%), followed by Master's (24.7%) for education. Most have jobs (57.6%), and most are students (35%). Income groups reveal that most respondents earn in the range of Rs 20,000 – Rs 50,000 (45.3%), and the largest proportion is from South region (29.6%), followed by North region (26.7%).

Table 3 : CORRELATION ANALYSIS

	Personalisation	Technology	Trust
Personalisation	1	.636**	.228*
Technology	.636**	1	.281*
Trust	.228*	.281*	1
Sig. (2-tailed)	<.001	<.001	.008
N	243	243	243

Table 3 presents the correlations between three variables: personalisation, technology, and trust. A strong, positive correlation is found between personalisation and technology ($r = 0.636$, $p < 0.001$), showing that with increased personalisation, there is also increased use or perception of technology. There is a moderate positive correlation between personalisation and trust ($r = 0.228$, $p = 0.008$), which indicates that the more personalized experiences are, the higher the levels of trust. Similarly, a moderate positive correlation between technology and trust ($r = 0.281$, $p < 0.001$) implies that an increase in the use of technology is related to higher trust. All relationships are statistically significant, indicating strong associations among these variables.

Table 4 : MULTIPLE LINEAR REGRESSION ANALYSIS

Variables	Coefficients (B)	Standard Error	t-value	Sig. (p-value)
Constant	-0.1382	0.0768	-1.7989	.0733
Personalisation	0.406	0.0126	32.2011	.000
Technology	0.3155	0.0122	25.7996	.000
Trust	0.2207	0.0122	18.0238	.000

Dependent Variable : Loyalty

Table 4 shows regression model explaining personalisation, technology, and trust all have a significant and positive effect on loyalty. The coefficients for personalisation are 0.406, for technology are 0.3155, and for trust are 0.2207, all of which are statistically significant with p-values less than 0.001. This means that personalization is the strongest predictor of loyalty, followed by technology and trust. The constant term of -0.1382 is not statistically significant, meaning that without the predictors, loyalty would not have had a significant baseline.

FINDINGS AND DISCUSSION

The findings from regression and correlation results are indicative enough of the significant influence placed by personalisation, technology, and trust in having a customer loyalty phenomenon about millennial consumers who take up e-commerce services. High positive correlation was determined between personalisation and technology with $r = 0.636$, as personalised experiences offered on platforms lead to an increased extent of technology usage simultaneously while such usage is inevitable due to the preference for technological-driven seamless interactions among millennials. In addition, trust stands out as a moderate but

crucial determinant of loyalty, such that personalisation ($r = 0.228$) and technology ($r = 0.281$) both have positive association with trust. These are in line with the suggestion that personalisation, technology, and trust all predict customer loyalty. The regression model further confirms that personalisation is the most significant predictor of loyalty ($B = 0.406$), followed by technology ($B = 0.3155$) and trust ($B = 0.2207$), underscoring the importance of tailored, innovative experiences in retaining millennial consumers. This will emphasize the integration of e-commerce sites with personalized engagement, advanced technologies, and transparent and trustworthy practices in building long-term customer relationships that may counter the challenges of low brand loyalty among millennials.

LIMITATIONS AND CONCLUSION

One of the most significant limitations of this study is that it relies on convenience sampling, which may not fully capture the diversity of the millennial population. Therefore, the generalization of the findings may be limited. The study relies on self-reported data that may introduce biases such as social desirability or recall bias. The research also confines its focus to millennial consumers in Chennai, which will limit the applicability of such research to other regions or demographics. However, despite all these limitations, the study does provide valuable insights on the effectiveness of relationship marketing strategies in retaining millennial consumers on e-commerce platforms. It highlights the aspects of personalisation, technology, and trust in determining customer loyalty. Some things an e-commerce platform ought to focus on in regard to this very tech savvy but value conscious demographic could thus help with long-run engagements and not churn further as more studies are implemented utilizing different sampling methods of researching other aspects that shape up the aspect of retainer customers.

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