
MARKETING STRATEGIES OF E-COMMERCE COMPANIES AND ITS IMPACT ON CONSUMERS A STUDY WITH SPECIAL REFERENCE TO AMAZON AND FLIPKART

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Abstract

E-Commerce is growing at a rapid speed, among the E-Commerce companies functioning in India, Amazon and Flipkart are the most preferred ones. In this study the customer satisfaction, factors responsible for it and preference of people between the two organizations are analyzed and compared. In India, e-commerce has changed the way people do business. From US\$ 38.5 billion in 2017, the Indian e-commerce sector is predicted to expand to US\$ 200 billion by 2026. Increased internet and smartphone adoption have fueled most of the industry's growth. The digital transition that is currently taking place in the India's entire internet user base is estimated to reach 900 million by 2025. India's online economy is predicted to treble in size from US\$ 250 billion in April 2020 to US\$ 400 billion by 2025, with ecommerce playing a key role. India's e-commerce revenue is predicted to increase from US\$120 billion in 2020 to US\$ 280 billion in 2025, representing the world's fastest annual growth rate of 51%.

Keywords: E-Commerce, Amazon and Flipkart, growth

Introduction

Today, Internet is ever changing the way consumers will shop online. Many companies have started to use effective use of internet to facilitate services and to conduct satisfaction of survey with customers. E-commerce offers different products and services through websites. A customer can shop products and services online through using different payment options such as internet banking, credit card, debit card etc. An e-commerce opens up to the global market to the customer. E-commerce is 24x7 available to the customer and also can shop almost from any place at any time. E-commerce has grown rapidly and changed significantly over the years, as such there is plenty for buyers, investors and entrepreneurs to be mindful of. Understanding different fulfilment models, as well as the pros and cons of different platforms, is critical when evaluating potential e-commerce businesses for sale.

Marketing strategy can be considered as the long-term and forward-looking approach. Marketing strategy is a business plan for reaching target people and converting them as customers to purchase the product or service provided. "The marketing strategy lays out target markets and the value proposition that will be offered based on an analysis of the best market opportunities." (Philip Kotler & Kevin Keller)

Marketing strategy of online shopping companies aims at Market development, which is aimed at registering new customers and selling products to customers to build a new clientele base. Marketing strategy of an organization consists the organization's value proposition, information about the target customer, key marketing messages and other high-level elements etc. Companies are concerned with identifying the business opportunities that are likely to be successful. In India many of the online shopping companies had faced government regulations issues like 26% FDI was allowed earlier that has been increased to 100% in budget of 2016-17. This change in the government regulations led to increased entry of online shopping companies like Amazon, Alibaba, Ebay, Snapdeal and various other start-ups in their expansion and further penetration in the current market.

Experts tracking e-commerce say, the overall online retail market is expected to expand during the festive season sale. The Gross sales or gross merchandise value across online retailers may reach billions during the festive period through various Marketing Strategies. Amazon and Flipkart spent crores of rupees on marketing and branding campaigns, as part of their broader strategies to attract new customers. Cost resulted in higher burn rates which in turn forced them, particularly Flipkart, to take a fresh look at their overall marketing strategy. The digital marketing by Flipkart and Amazon with the sale events like the Big Billion Days and Great Indian Festival has increased the sales significantly.

Review of Literature

The information gathered and used for the project work has been presented below after a through evaluation of the literature.

Abhijit Mitra (2013) conducted a study on "e-commerce in India—a review". Through this research, he came to the conclusion that e-commerce has removed geographical barriers and revolutionised commerce as a whole. He also added that this revolution will have great growth in the coming 5 years.

Nandini Bala Subramaniam (2017) conducted a deep study on the topic "comparative study on customer satisfaction between Amazon and Flipkart customers in educational institutions." The main objective of the study was to determine the perception of the respondents towards both companies and also to arrive at the level of satisfaction between the two. Through the analysis, they concluded that Amazon has better quality products and wider variety of products when compared with Flipkart.

Rupali Rajesh (2018) investigated the elements that influence customer happiness in a shopping environment, identifying the relevant components as well as the demographic aspects that influence customer satisfaction.

Francis, Sudhakar k, Habeeb syed (2016) These people conducted a study on the topic "a comparative study between Flipkart and Amazon India". The main objective was to critically evaluate their business and corporate strategies. The entire valuation was done based on their business model, growth, E-commerce challenges, survival, product offerings, value added differentiation, and revenue generation. They concluded the survey in favor of Amazon as it satisfied the customers in all aspects.

Dipin Karal The main purpose of this study was to analyse e-commerce along with its impacts. Flipkart and Amazon were the two companies selected for this study. Both the companies were analysed in terms of revenue, market share etc. Based on that, a combination of both SWOT and PORTER analysis was performed. This helped in concluding the future strategies needed to remain in the market. The findings show that despite increased sales and revenue, these companies face challenges of security cloud margins due to discounting, packing, etc.

Shanbhog et al (2016) studied the attitude of customer towards direct and indirect selling online firms based on their reputation. after his analytical study he concluded that the customer prefer to use in that the selling of online platforms because of product quality, displaying of user review, offers for every product, attractive discounts and product varieties.

Van Hung Trong, Ngo Tan Vu Khanh, Gwanyong Gim (2014) conducted study on the topic " evaluating factors influencing consumer satisfaction towards online shopping in Vietnam" and identified several factors that influence online shopping. The analytical study concluded security, privacy, customer satisfaction, payment method, and merchandise attribute as main factors that influence customer satisfaction in online shopping.

Jukariy and Singhvi (2018) analysed the main factors which affect the buying behaviour of students of MPUAT, Udaipur for online shopping. After completing the research he identified several factors including price, security, product quality, after Sales Service, multiple payment options as few factors affecting the students in online shopping.

Mohan Priya S and Anasuya D (2014) conducted a study on online shopping, its influencing factors and found convenience and comfort as a main reasons for the popularity of shopping online. Popularity during holiday season is one of the important factor as it eliminates waiting in long lives.

Alam and Yasim(2010) stated that reliability, variety of products, website design, and delivery performance are the important characteristics that determine online shopping satisfaction. This study focused more on customer satisfaction.

Adrita Goswami (2013) conducted a study on customer satisfaction towards online shopping with a special focus on the teenage group of Jorhat town. The study found that as competition grows, marketers should focus on customer satisfaction, which includes retaining existing customers and attracting new customers.

Kanwal Gurleen (2012) studied how different internet possibilities influenced their decision to shop online. According to the survey, persons who use the internet for more than five hours each day are more likely to shop online. He identified a wide range of products, simple payment choices, ease, and pricing awareness as important aspects in online purchasing.

Sharma and Mittal (2009) did research on the topic of "e-commerce potential in India." They pointed out that the country is experiencing rapid growth in the sector of e-commerce, and that because India has such a vast population, the market for online shopping is limitless. Ecommerce has become a necessary and fundamental element of our daily lives. There are websites that offer specialised as well as diverse items and services.

Researchers, Jayapraksh K, Balakrishnan N, and Shivaraj C (2016), looked at the characteristics that influence rural client's online shopping behaviour. They ended the survey by citing money and time savings as the most influential elements, followed by deals, seasonal deductions, and convenient payment mechanisms, as well as product variety.

Kiran Chaudhary, Suneel Kumar (2016) conducted a descriptive study on the elements on which the customers of Amazon and Flipkart are satisfied. The study employed a wellstructured questionnaire and sent to 100 respondents who is of the age group 18-35. They concluded through this study that, Amazon is better than Flipkart in most of the parameters and there is insignificant advantage for Flipkart in some of the elements.

\D.K Gangeshwar(2013) in his work " e-commerce or internet marketing : a business review from Indian context", concluded that the e-commerce has a very bright future in India despite of the fact that, there are many security, privacy threats occurring due to dependence on technology still prevails in the ecosystem.

Anders Hasslinger, selma hodzic and claudio opazo (2007) conducted a study to examine the factors that influence the online consumer with reference to students of university of Kristianstand.They identified convenience, price, and trust as a major factors. Among these three prise considered to be the most important factor for customer satisfaction while shopping online. Shahriar Azizi along with Masoud Javidani in 2010 had done an analytical

study on the e-shopping intention in Iranian perspective. The study showed that attitude towards internet has a relatively positive effect on e-shopping intention.

Saravanan S and Brindha Devi K (2015) both of them conducted a study on the topic " A case study on online buying behaviour with special reference to Coimbatore city". The main focus was on the preferences and problems on different shopping marketers. Internet literacy was also given due consideration as higher computer literacy makes the shopping much better. The awareness on internet helps them to be better positioned to identify and take better decisions.

Taweerat Jiradilok, Settapong Malisuwan, Navneet Madan, Jesada siharaks (2014) conducted a study on the topic " the impact of customer satisfaction on online shopping purchasing". The main aim of the study was to understand the relationship of the antecedent factors in online shopping. The study revealed that website system quality and other factors including tangibility have no influence on the customers purchasing intention, and mostly empathy and value assurance are the important influential factors.

Marketing Strategies of Flipkart

Flipkart is one of the most visited and fastest growing E-commerce website in India it has more than 75 million registered users who increased the sales through online shopping.

The various Marketing strategies used by Flipkart are

- Behavioural & Psychographic segmentation strategy to segment the market to cater to the customers according to the changing needs & wants.
- Undifferentiated targeting strategy as the people of all demography purchase items online available to everyone where ever the delivery is possible.
- Distribution strategy i.e. owning distribution firm (Ekart) for the timely delivery of orders.
- Using various social media promotions like twitter, facebook, TV commercials and promotion of mobile app etc.
- Brand equity which is a Marketing strategy of Flipkart, which has garnered a market leader position through its innovative branding strategies.
 - Big billion day
 - No Kidding, No Worries
 - Fair-Tale
 - Shopping ka Naya Address
 - Shop Anytime, Anywhere etc are the successful campaigns that helped the company in creating top of the mind awareness.
- Maintaining the Content in its own Official Blog page that gives updates about company, industry, tech etc.
- Maintaining the Customer -Relations through informing about every step via email/text when the order has been confirmed, order summary & shipment detail tracker information are provided.
- Maintaining the straightforward Return and Exchange policies.
- Changing the product price tags, wherein the margin of the cost price and selling price is manipulated vigorously to change the outlook for the customer's point of view.
- Marketing Strategies of Amazon India
- Amazon is known for being the biggest ecommerce store in the world. It has have more than 115 million registered users .They are praised for reliability and a great buying experience, always collaborating with the seller to deliver great quality with every buy.

The marketing strategies of the Amazon India are

- Amazon Marketing Services is proving to be a very powerful advertising platform.

- Amazon uses demographic and psychographic segmentation to segment the markets. Amazon's micro-level segmentation targets each customer individually, allowing the company to convert visitors into long-term, high-value customers. Amazon targets the middle class & upper class people who have got hands on experience in the basic technology.
- One of the Marketing strategy of Amazon is having Competitive advantage in order to differentiate itself, company acquired many IT & e-commerce start-ups like pets.com, audible.com, Jungle.com, IMBD.com, Zappos.com, Woot etc. which helped them in providing high value to their.
- Amazon has more than 55 fulfilment centres to maintain its own Distribution strategy i.e. quick delivery of products the customer's order.

Amazon marketing strategy relies on the following six pillars:

- Offering the widest range of products
- Using a customer-friendly interface.
- Scaling easily from small to large.
- Exploiting affiliate products and resources.
- Using existing communication systems.
- Utilizing universal behaviours and mentalities.

Amazon has a range of business model innovations focussed services: Kindle e-readers, Fire Tablet, Smartphone and TV, Echo (Alexa, which makes it simple for shoppers to make a purchase by speaking to their Echo speaker). Amazon Prime, an annual membership which includes unlimited free shipping and then involved diversification to a media service with access to unlimited instant streaming of thousands of movies and TV episodes.

Sales attained by Amazon and Flipkart in 2017 after different Marketing strategies

Experts say that E-Commerce Industry will be still growing 35%. Customers will not only buy phones and fashion items but also other products. In India Amazon has 65% of its sales from metropolitan cities and not only this Amazon is going for small cities to increase its sales. When compared to Amazon, presently Flipkart has Private Label Brands including electronic Accessories, Furniture, Large Appliances and Staples etc that could record a 15%-20% sales volume in upcoming years. According to survey by the CounterPoint Research, Flipkart and Amazon. in has covered 87% of Smartphone market share in 2017. An Analysis conducted by RedSeer in Bangalore has presented the following information about usage of various media for promotions like social media, News papers, Television, Friends, Offline channels etc. About the sale events like the Big Billion Days and Great Indian Festival conducted by Flipkart and Amazon during Festive seasons.

Festival conducted by Flipkart and Amazon during Festive seasons.

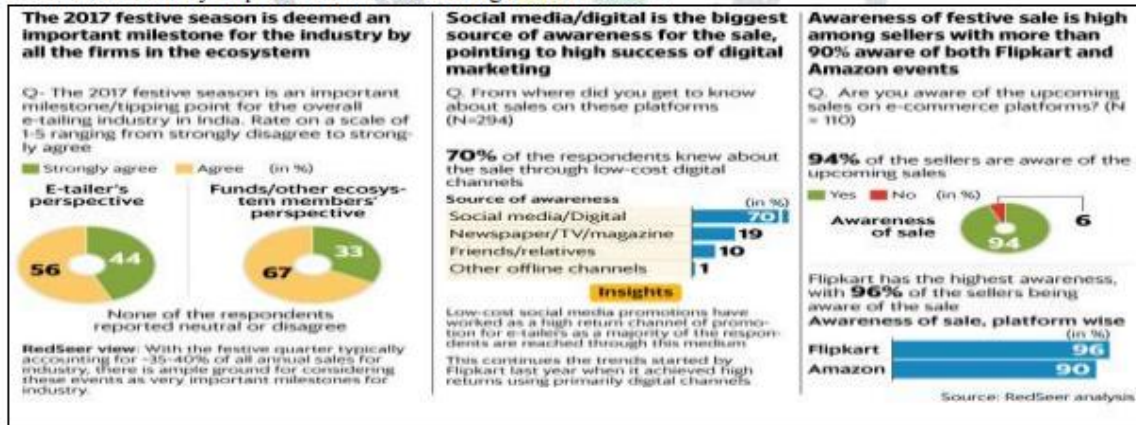


Fig Source: <https://www.livemint.com/Consumer/Flipkart-Amazon-digital-marketing-strategy-paying-off-Redseer-Analysis>

Amazon and Flipkart upcoming strategy is to plan for more focus on grocery online business in the upcoming period. Gross merchandise value of flipkart increased to 58% in 2017 when compared to 2016 it was only 45%. Amazon Gross merchandise value in 2017 was 64%. The Market shares of the Amazon was 29% where as Flipkart was 34% but along with Myntra it aroused to 38.5%.

Marketing Strategy of Amazon and Flipkart

Most of the consumers do “an even mixture of both” (online shopping & Physical store) when it comes to buying products in these categories like baby care, clothing, furniture, home décor, home electronics and personal care etc. The most of the grocery shopping is done in physical stores. But Flipkart and Amazon want to grow in the area of Grocery that could easily change the total market. Amazon India and Flipkart are going to adopt a new aggressive strategy to achieve its new target. The Strategy of Amazon & Flipkart will work on its customer database from small cities & spread its premium offerings to increase the market share and Gross Merchandise Value.

Conclusion

Flipkart and Amazon are rapidly evolving and expanding its offerings and capabilities, including new promotion opportunities. The online festive season sale proves to be a test for all the ecommerce companies through high volumes of sale. 2017 has already witnessed a host of offers due to the introduction of GST before July 2017. Flipkart and Amazon are been engaged into a close race in the Indian ecommerce. While Flipkart is currently betting upon new age technologies such as AI and ML to improve its tech and payments; Amazon is continuously improving upon its logistics and developing AMA and Alexa. Amazon opened its 41st fulfillment centres in India. Further, Flipkart is also set to enter into Smartphone Recommerce.

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