

A PROJECT REPORT
ON
COMPARISON STUDY BETWEEN FLIPKART AND AMAZON INDIA

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by

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ABSTARCT

Internet became more powerful and basic tool for every person's need and the way people work. By integrating various online information management tools using Internet, various innovative companies have set up systems for taking customer orders, facilitate making of payments,

customer service, collection of marketing data, and online feedback respectively. These activities have collectively known as e-commerce or Internet commerce. Online shopping made so easy for everyone with their product variations and simple way to buy things. An attempt has been made to critically examine various corporate and business level strategies of two big e-tailers and those are Flipkart and Amazon. Comparison have been done considering e-commerce challenges, their business model, funding, revenue generation, growth, survival strategies, Shoppers' online shopping experience, value added differentiation, and product offerings. Both these big players made their own mark in India, but who is going to be ultimate winner or be the top one is going to be. A comparative study of Flipkart.com with one of the close competitor Amazon.com delivers the information about the different strategies to succeed in e-commerce market and different opportunities available in India.

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Chapter

1 INTRODUCTION

1.1 OBJECTIVES

- To understand and estimate the consumer perception and factors affecting their behavior for choosing e-commerce sites.
- To understand tactics and methods that are used by e-commerce players to grab the customers in India.
- To know how consumers are evaluating e-commerce sites for their purchases.
- To understand the work flow of Amazon and Flipkart which are leading in India.
- To study complexities and barriers those are there in between e-commerce sites and customers.
- To find out new opportunities and to succeed in those procedures.

1.2 PROBLEM DEFINITION

In India e-commerce evaluated like a giant with huge opportunity and success rate. There are so many big and small players in market. Are they really going to sustain in market for a long time and is there success rate for them. What are customers expecting from them and are they ready to fulfill their requirements. The study is to understand both parties' requirements and procedures.

1.3 RESEARCH APPROACH

1.3.1 EXPLORATORY RESEARCH

Exploratory research conducted for a problem that has not been clearly defined. Exploratory research helps determine the best research design, data collection method and selection of subjects. It should draw definitive conclusions only with extreme caution. Exploratory research often relies on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups and projective methods.

1.3.2 DESCRIPTIVE RESEARCH

The objective of descriptive research is to describe the characteristics of various aspects, such as the market potential for a product/company or the demographics and attitudes of consumers who buy the product with the help of primary data collected.

1.4 DATA COLLECTION

The goal for all data collection is to capture quality evidence that then translates to rich data analysis and allows the building of a convincing and credible answer to questions that have been posed.

1.4.1 PRIMARY DATA

Primary data was collected from various people and their opinion and information for the specific purposes of study helped to run the analysis. In essence, the questions asked were tailored to elicit the data that will help for study. The data was collected through questionnaire to understand their experience and preference towards their loyal company.

1.4.2 SECONDARY DATA

To make primary data collection more specific, secondary data will help to make it more useful. It helps to improve the understanding of the problem. Secondary data was collected from various sources such as different business websites and published papers.

1.5 LIMITATIONS

- There was so much confidential data of companies that are not exposed.
- Survey was restricted to particular age group because respondents willing to fill are college students.
- Analysis was done based upon personal opinion of respondents individually, not from any focus groups or experts.

Chapter

2 LITERATURE REVIEW AND THEORITICAL FRAMEWORK

2.1 LITERATURE REVIEW

Sharma and mittal (2009) in their study “prospects of e-commerce in India”, mentions that India is showing tremendous growth in the e-commerce. Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. Today e-commerce has become an integral part of our daily life. There are websites providing any number of goods and services. The e-commerce portals provide goods and services in a variety of categories. To name a few: apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, software, consumer electronics, household appliances, jewelry, audio, video, entertainment, goods, gift articles, real estate and services. Ashish gupta, senior managing director of helion venture partners and one of the first backers of Flipkart as an angel investor: “Flipkart has been absorbing companies that have some potential (letsbuy, myntra). In that process, some of the bets will go wrong, for sure. But that is par for the course. The company (Flipkart) is consciously taking bets that allow it to either grow or eliminate competition that reduces marketing spend and improves economics.”

Miyazaki and fernandez (2001) substantiated that the prior experience was found to affect the intention and behavior significantly and in a variety of ways. The results of this study imply that the technology acceptance model should be applied to electronic commerce research with caution. In order to develop a successful and profitable web shop, understanding customers' needs is essential. It has to be ensured that products are as cheap in a web shop as purchased from traditional channels. According to sharma and mittal (2009) in their study “prospects of e-commerce in India”, mentions that India is showing tremendous growth in the e-commerce.

Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. Today e-commerce has become an integral part of our daily life. There are websites providing any number of goods and services.

The e-commerce portals provide goods and services in a variety of categories. To name a few: apparel and accessories for men and women, health and beauty products, books and magazines,

computers and peripherals, vehicles, software, consumer electronics, household appliances, jewelry, audio, video, entertainment, goods, gift articles, real estate and services. Samadi and ali (2010) compared the perceived risk level between internet and store shopping, and revisit the relationships among past positive experience, perceived risk level, and future purchase intention within the internet shopping environment.

Abhijit mitra. (2013), “e-commerce in India-a review”, international journal of marketing, financial services & management research. Concluded that the e-commerce has broken the geographical limitations and it is a revolution-commerce will improve tremendously in next five years in India.

D.k.gangeshwar. (2013),” e-commerce or internet marketing: a business review from Indian context”, international journal of u- and e- service, science and technology. Concluded that the e-commerce has a very bright future in India although security, privacy and dependency on technology are some of the drawbacks of e-commerce but still there is a bright future to e-commerce.

Martin dodge. (1999),”finding the source of Amazon.com: examining the hype of the earth’s biggest book store”, center for advanced spatial analysis. Concluded that Amazon.com has been one of the most promising e-commerce companies and has grown rapidly by providing quality service.

Vijay govindarajan is one of the world’s leading experts on strategy and innovation. Govindarajan, coxe distinguished professor at dartmouth college’s tuck school of business and marvin bower fellow at harvard business school, is also a best-selling author. The biggest opportunity in India is e-commerce. Why? Three important factors will drive this: 1) mobile phone penetration; 2) a young demographic that is used to ordering things using the mobile platform; 3) growth of consumerism with more Indians with higher disposable income. We will see many new innovative business models in the e-commerce space in the next five years. No doubt we will see new innovative high-growth companies—Indian equivalents of alibaba.

2.2 E-COMMERCE IN INDIA

India had an internet user base of about 354 million as of June 2015 and is expected to cross 500 million in 2016. Despite being the second-largest userbase in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 m, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings. Largest e-commerce companies in India are Flipkart, Snapdeal, Amazon India, Paytm.

Market size

India's e-commerce market was worth about \$3.9 billion in 2009, it went up to \$12.6 billion in 2013. In 2013, the e-retail segment was worth US\$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 Q1 and is expected to cross 100 million mark by end of year 2016. CAGR vis-à-vis a global growth rate of 8–10%. Electronics and apparel are the biggest categories in terms of sales. By 2020, India is expected to generate \$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce. Online apparel sales are set to grow four times in coming years.

Key drivers in Indian e-commerce are:

- Large percentage of population subscribed to broadband internet, burgeoning 3G internet users, and a recent introduction of 4G across the country.
- Explosive growth of smartphone users, soon to be world's second largest smartphone userbase.
- Rising standards of living as result of fast decline in poverty rate.

- Availability of much wider product range (including long tail and direct imports) compared to what is available at brick and mortar retailers.
- Competitive prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.
- Increased usage of online classified sites, with more consumer buying and selling second-hand goods

Chapter

3 PRODUCT OR SERVICE ALLIANCES

3.1 FLIPKART

Flipkart has launched its own product range under the name “digiflip”, Flipkart also recently launched its own range of personal healthcare and home appliances under the brand “citron”. During its initial years, Flipkart focused only on books, and soon as it expanded, it started offering other products like electronic goods, air conditioners, air coolers, stationery supplies and life style products and e-books. Legally, Flipkart is not an Indian company since it is registered in Singapore and majority of its shareholders are foreigners. Because foreign companies are not allowed to do multi-brand e-retailing in India, Flipkart sells goods in India through a company called ws retail. Other third-party sellers or companies can also sell goods through the Flipkart platform. Flipkart now employs more than 15000 people. Flipkart allows payment methods such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery. Flipkart is presently one of the largest online retailers in India, present across more than 14 product categories & with a reach in around 150 cities and delivering 5 million shipments per month.

3.1.1 EXCLUSIVE PRODUCTS

Motorola mobility, previously owned by google but then sold to lenovo, in an exclusive tie up with Flipkart launched its budget smartphone moto g in India on 5 february 2014 more than 20,000 units were sold within hours of launch on Flipkart after this Flipkart was looking for a long term tie up with motorola mobility. They also launched their android smartphone, the moto x, on 19 march 2014. Flipkart later sold the moto e, cheaper than moto g, from 13 may 2014. The sale of high-end smartphone xiaomi mi3 produced by xiaomi tech was launched in India on an exclusive tie-up with Flipkart. The first batch was sold out within 39 minutes on 22 july 2014, the second in 5 seconds on 29 july 2014. The sale was proceeded on pre-registration mode where more than 150,000 buyers booked for the 5 august 2014 sale. This got sold off in less than 2 seconds. Following this xiaomi tech sold 20,000 units in the next sale on 12 august 2014.

On 2 september 2014 Flipkart held a flash sale of the xiaomi redmi 1s budget android smartphone which was launched in India in july 2014. 40, 000 units priced at rs 5999 each were

sold within seconds. A further 40,000 units were sold within 4.5 seconds on sept 9, 2014. The third redmi 1s sale on sept 16, 2014 sold 40,000 units in 3.4 seconds; in the 4th round of sale of redmi 1s, 60,000 units sold in 5.2 seconds on sept 23, 2014. On 30 september 2014 60,000 units sold in 13.9 seconds. Redmi note in India exclusively through Flipkart; 50,000 units sold in 6 seconds on 2 december 2014. In july 2014 Flipkart launched its own set of tablet, mobile phones & phablet. The first among these series of tablet phones was digiflip pro xt 712 tablet. In july 2014 Flipkart launched its first networking router, under its own brand name named digiflip wr001 300 mbit/s wireless n router. In september 2014 Flipkart launched its in-house home appliances and personal healthcare brand citron. The label includes a wide range of cooking utilities and grooming products.

3.1.2 ACHIEVEMENTS IN E- COMMERCE

In september 2015, sachin bansal and binny bansal entered forbes India rich list debuting at the 86th position with a net worth of \$1.3 billion each. Co-founder of Flipkart, sachin bansal, got entrepreneur of the year award 2012-2013 from economic times, leading Indian economic daily. Flipkart.com was awarded young turk of the year at cnbc tv 18's 'India business leader awards 2012' (ibla). Flipkart.com- got nominated for Indiamart leaders of tomorrow awards 2011.

3.1.3 FAILURE IN MUSIC INDUSTRY

In october and november 2011, Flipkart acquired the websites mime360.com and chakpak.com. Later, in february 2012, the company revealed its new flyte digital music store. Flyte, a legal music download service in the vein of itunes and Amazon.com, offered drm-free mp3 downloads. But it was shut down on 17 june 2013 as paid song downloads did not get popular in India due to the advent of free music streaming sites.

3.1.4 ACQUISITIONS

- 2010: weread, a social book discovery tool.
- 2011: mime360, a digital content platform company.

- 2011: chakpak.com, a bollywood news site that offers updates, news, photos and videos. Flipkart acquired the rights to chakpak's digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings. Flipkart has categorically said that it will not be involved with the original site and will not use the brand name.
- 2012: letsbuy.com, an Indian e-retailer in electronics. Flipkart has bought the company for an estimated us\$25 million. Letsbuy.com was closed down and all traffic to letsbuy has been diverted to Flipkart.
- 2014: acquired myntra.com in an estimated ₹ 20 billion (2,000 crore, about us\$319 million) deal.
- 2015: Flipkart acquired a mobile marketing start-up appiterate as to strengthen its mobile platform.

3.2 AMAZON

Amazon is the largest internet based company in the united states. Amazon.com started as an online bookstore, but soon diversified, selling dvds, vhss, cds, video and mp3downloads/streaming, software, video games, electronics, apparel, furniture, food, toys, and jewellery. The company also produces consumer electronics notably, kindle, fire tablets, fire tv and phone and is a major provider of cloud computing services.

Amazon has separate retail websites for united states, united kingdom & ireland, france, canada, germany, the netherlands, italy, spain, australia, brazil, japan, china, India and mexico, with sites for sri lanka and south east asian countries coming soon. Amazon also offers international shipping to certain other countries for some of its products. In the year 2011, it had professed an intention to launch its websites in poland, and sweden. In early june 2013, Amazon.com had launched their Amazon India marketplace without any marketing campaigns. In july, 2013, Amazon had announced to invest \$2 billion (rs 12,000 crores) in India to expand business, after its largest Indian rival Flipkart too had announced to invest\$1 billion.

3.2.1 EXCLUSIVE PRODUCTS

The Amazon kindle is a series of e-readers designed and marketed by Amazon.com. Amazon kindle devices enable users to browse, buy, download and read e-books, newspapers, magazines and other digital media via wireless networking to the kindle store. The hardware platform, developed by Amazon subsidiary lab126, began as a single device and now comprises a range of devices, including e-readers with e ink electronic paper displays, and android-based tablets with color lcd screens. All kindle devices integrate with the kindle store to acquire content and as of february 2016, the store has over 4.3 million e-books available in the us. The oneplus one launched as an Amazon exclusive in India last year, but now the device is available for purchase on rival e-commerce store Flipkart. Moto g (gen 4) and moto g plus (gen 4) will be available exclusively on Amazon.

3.2.2 ACHIEVEMENTS IN E- COMMERCE

On the mobile app side, Amazon had the fastest growing app download rate in 2015. In october alone, downloads increased 200 per cent. Amazon web traffic was the highest in october as per comscore data, at 30 million visitors. Amazon active customers have gone up 230 per cent year on year. The awards were conferred at etailing India's flagship conference and exhibition 2014, an event that brought together major stakeholders in the retail and e-commerce business in the country. The "path-breaking debut of the year" award went to Amazon.in.

3.2.3 FAILURE

Amazon starts using India post and screws up its delivery system in India. At the time when the competition among online shopping portals in India is at its highest level possible and each player is pooling in millions from funding's and trying to beat each other with never-before discounts and amazing services, Amazon has taken the worst step ever possible. Amazon India has chosen India post as its primary delivery partner and all "Amazon fulfilled" orders are now being shipped through India post. Anyone who lives in India or has some experience with the postal system in India needs no introduction about India post.

3.2.4 ACQUISITIONS

It's no secret that e-commerce giant Amazon has been betting on India as one of its next big markets outside the u.s. The company is not only investing capital in the region, but also acquiring startups to help expand its presence in the country. On tuesday, Amazon announced it had acquired Indian payments company envantage payments pvt. Ltd. Amazon did not disclose the acquisition amount. Similar to stripe or paypal, envantage allows online merchants to accept credit and debit cards. The company also allowed merchants to set up their own branded pre-paid debit cards and mobile payments. 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.

Chapter

4 LOGISTICS

Speed of delivery is as important as the product quality for a customer. It would not be wrong to say that logistics could be the defining factor for success of e-commerce companies in retaining their customers. Indian logistics market itself is estimated to grow at a cagr of 12.17 per cent by 2020. Innovations are very important in this sector, as the demand is always for more reach and faster shipping at lower costs. Yet, the companies will need to invest in automation, while utilizing existing resources well.

COMPANY	MAJOR DEVELOPMENTS IN 2015	NEW PARTNERSHIP IN LOGISTICS	SERVICES LAUNCHED IN 2015
FLIPKART	<ul style="list-style-type: none"> ✓ Ekart becomes independent ✓ WS retail re-acquired 	<ul style="list-style-type: none"> ✓ MapMyIndia ✓ Blackbuck ✓ Qikpod 	<ul style="list-style-type: none"> ✓ Nearby App for Grocery delivery
AMAZON	<ul style="list-style-type: none"> ✓ Pickup now available in 50 cities 	<ul style="list-style-type: none"> ✓ Partnering with Ngo run by BASIX 	<ul style="list-style-type: none"> ✓ Kirana now-with 5 kirana stores in Bengaluru

4.1 VEHICLE TRACKING CRUCIAL IN E-COMMERCE

Vehicle tracking plays a significant role in providing necessary control and effective route planning for faster delivery. Since the logistics market is highly unorganized in India, under-utilization of resources is not surprising. Increasing adoption of technology in operations is

essential to keep up customer satisfaction. Amazon added that fast, reliable and resourceful internet connectivity across devices will help us use technology better for vehicle tracking.

Flipkart benefited by its investment in blackbuck in capturing data on vehicular movement and utilization, and utilizing the data for better planning. “the efficiency improvement on information gathering and orchestration is a primary focus area for us in the next year as well”. Logistics solutions provider loginext—which caters to paytm, myntra and Amazon among others—even, provides ‘heat maps’ for giving information on those areas where maximum delays are happening. Loginext working with cold chain logistics service providers for delivering perishables. Our scheduler takes input from the system about the products being transported and accordingly schedules the deliveries. Also, the temperature and other settings required for a particular product could be set via their app used by delivery boys.

4.2 FLIPKART

1. Delivery within two days: the first few e-commerce web sites broke the trust of many Indian customers by not delivering the order product on time. Flipkart realized this problem and in order to bring the customer back to on line shopping it came up with idea of delivering the product in 2 days and if there is a delay then the customer is paid interest on the value of product.
2. Thirty days return policy: in order to satisfy the Indian customer after the product is delivered, Flipkart came up with idea of providing thirty day return policy. This is done to ensure that the product delivered to the customer is not faulty.
3. Card swipe on delivery: Flipkart realized that most of Indian customers are not comfortable sharing their credit card details online, as there is always a risk of fraud. For solving this problem it came up with the idea of card swipe on delivery. The delivery guy brings the card swipe machine so that all the transaction happens before customer.

4.2.1 LOGISTICS PARTNER

E-kart provides logistic solutions for Indian e-commerce giant Flipkart. Flipkart today is 3 companies: ws retail, which is the primary retailer on Flipkart.com, ekart logistics, the shipping

partner for ws retail and others, and Flipkart itself, which builds, maintains and runs the marketplace. Flipkart tied up with partner stores that act as alternative delivery channels (such as ecom express, blue dart, gatti etc), so that customers can pick up their shipments at their convenience. “by bringing together core capabilities of iot, devices, data and automation, we have started implementing the automation technology to pick and move packages to designated picking station, among several other applications that make warehouse processes quicker and smoother.

4.2.2 PROCEDURE

Flipkart team will map their supply chain end to end and know exactly how many hours and minutes would it take for the item to reach from one step to next. E.g. How long would it take to pick an item in our fulfillment centre (fc), how much time would it take to pack it and finally how soon can them handover to the logistics partners for transport? Then they proceeded to do a thorough analysis and optimization to achieve the best-possible timelines for each step. In logistics, they needed to know the exact transport connection timings with their transport time and reliability. They had to work closely with vendors/airlines to ensure reliable connection and delivery of in-a-day packages without any offloading. In fact, there were some airline partners which were piloting their express delivery capabilities along with their pilot for in-a-day. Airlines were even helping our partners grow. In the last mile logistics, they had to ensure that the delivery is attempted within the promised time without fail and had dedicated field executives to guarantee the delivery.

4.2.3 TECHNOLOGY USED

To promise in-a-day guarantee to the customers, Flipkart developed a new product called promise engine. This engine knew all about our fulfillment capabilities and thus exactly where the item would be shipped from (depending on seller's inventory location). Hence, it could calculate an accurate promise date for the customer. This engine also needed to be able to provide multiple delivery speed options to customers to choose from. Once an order is placed, the fulfillment system gave an exact hour and minute's deadline to fcs to process the item. This deadline also accounts for the transport connection between the source and

the destination. The deadline feature helps us to ensure seamless processing of both in-a-day and regular orders. Flipkart claims that its algorithm on routing makes delivery and pick-up more accurate and faster than anyone else in this business. Flipkart's investment in mapmyIndia has helped the company too. Ekart spokesperson said: "the accurate address data for both sellers and buyers will allow us to better schedule deliveries and pickups."

4.3 AMAZON

Amazon India, the company received 65 per cent orders from tier ii and iii cities in 2015. To establish rural distribution centers in rural India, Amazon has been training teams in packaging, checking shipments, tracking deliveries through a mobile app, route planning to make deliveries on time etc. Many of these centers have witnessed a five-fold increase in the number of deliveries. Amazon has a 'service partner' programme too for last-mile delivery in remote areas. "budding entrepreneurs in these areas act as Amazon.in's local distribution network providers and create the last-mile delivery footprint. This programme now covers more than 100 satellite towns and tier ii and iii towns and villages.

4.3.1 LOGISTIC PARTNER

Cloudtail India pvt. Ltd, a joint venture between Amazon.com inc. And n.r. Narayana murthy's catamaran ventures, has become the biggest seller or merchant on Amazon India's platform, underlining how the world's largest online retailer has used loopholes in the law to deploy a mix of the marketplace and the direct-selling business model in India. Cloudtail is now the key growth driver for Amazon India, generating at least 40% of the company's sales in some months, three people familiar with the matter said. Cloudtail is particularly dominant in electronics and fashion sales, two of the three largest categories for Amazon India (promoted by Amazon seller services pvt. Ltd). Since it launched as a seller on Amazon in july 2014, cloudtail has expanded aggressively. Its capital was increased to rs.500 crore last month from just rs.500, 000 last july, according to documents available with the registrar of companies (roc). The equity capital has been pumped in jointly by Amazon asia and catamaran through an entity called prione business services pvt. Ltd. Apart from the rs.500 crore in equity capital, cloudtail has access to secured

loans totaling rs.300 crore, roc documents show. Atsl will be one of the logistics partners for Amazon's Indian marketplace.

4.3.2 PROCEDURE

Amazon has set up a logistics company in India to deliver products directly to consumers, opening a new front in the battle for top honours in the country's fast-growing online retail industry. Amazon transportation services private limited, a subsidiary of us-based Amazon, will ship goods from sellers who transact on the company's online marketplace in India. Such a service is already on offer from Flipkart through logistics company ekart, and snapdeal, which bought a stake in delivery firm gojavas last week. The logistics arm has been set up to aid in last-mile delivery as products can be shipped faster. Amazon currently operates nine fulfilment centres, ecommerce jargon for warehouses, in eight Indian states. It was the first online marketplace to offer two-day and one-day guaranteed delivery in India, a norm in the us market. Amazon India also recently launched easyship, an assisted shipping platform for 12,000 out of its 20,000 sellers, a platform which the company has now taken global. With easyship, our sellers can now choose their courier partners, and ship even on the same day. More than 60% of our customers are eligible for next-day shipping on products fulfilled by Amazon. Amazon has struggled with deliveries in cities where snarl-ups are frequent and road signs unreliable. In response, firms have set up logistics networks and use motorbikes instead of trucks. Another service introduced in India in may and considered for export to other markets, seller flex, allows sellers to have the flexibility to store goods and ship them to customers on their own, instead of routing them through Amazon. Amazon provides technology and training to ensure goods are packed, labelled and delivered as the company would. While Amazon in developed markets may not want to tweak its model for best selling goods, analysts said, it could consider the made-in-India seller solution to cut down on warehousing and delivery costs for thousands of “non-core” products which are offered, but infrequently bought. “Amazon is becoming a lot more flexible about how it services its customers.

4.3.3 TECHNOLOGY USED

Amazon.com inc said it has acquired Indian payments processor envantage payments pvt ltd for an undisclosed sum. Envantage's employees will join Amazon's India unit that will use the company's technology on its e-commerce website, Amazon said in a statement. Online retailer Amazon.com inc. Is localizing its technology operations in India by freeing up its engineers to launch new features and customize its smartphone app for shoppers. These changes have significantly improved both the company's user addition and retention rates. More shoppers installed Amazon India's smartphone app than any rival's app in the last three months of 2015, the online retailer said, citing data compiled by app annie, an analytics company. Downloads of Amazon India's shopping app tripled in the key shopping month of october compared with the year-ago period. These numbers are significant as a majority of online shopping in India is expected to happen on smartphones over the next five years. Already, Amazon and its rivals Flipkart ltd and snapdeal (jasper infotech pvt. Ltd) get more than 70% of their traffic from smartphones. Amazon's tech expertise in consumer-facing products, predictive analytics, supply chain, among other areas is one of the reasons it is catching up fast with Flipkart and snapdeal. Another change was the sign-up process for mobile customers. "the sign-up process was you enter the email, then password, then you verify it, etc—that was too much. Now, we pre-detect the mobile number and the new user only has to enter a password. You get an otp, which is read and entered automatically. This is another feature we have opened up in other markets. Overall, the goal is to understand where there is friction for the customer and then eliminate that. Initially, however, Amazon adopted most of the features of its global app in India. Those features included things such as barcode scanning, which were of no use to Indian shoppers. Apart from irritating customers, the features also caused the app to become very heavy in terms of taking up space on smartphones. This was particularly problematic as a majority of Amazon's current and future customers will own low-end smartphones that offer limited storage space. Clunky apps also don't tend to work best on cheap smartphones.

Chapter

5 MARKETING STRATEGY

5.1 FLIPKART

Flipkart's business model is much deeper and much expansive that could possibly elaborate here. However, a few key points -

- Rationalized supply chain - inbound logistics
- Strategic warehousing and distribution capability - operations
- Well aligned fulfillment process - outbound logistics

All the three processes are extremely well integrated - first by a sound strategy, around which the organizational structure is built. So they have a strategy, and a complementing structure to support their strategy. The third critical success factor for Flipkart is the technology as an enabler. A strong information systems is at the core of the organization, which drives visibility and end-to-end integration across their supply chain processes (inbound - operations - outbound) resulting in a well lubricated efficient machine.

Flipkart, must be seen as a logistics company rather than a retail business. Although it sells products to consumers, and hence is academically classified as a b2c business, the core of the business lies in its efficient logistics, which allows it to sell products at attractive prices.

However, its competitive advantage is not in its retailing capabilities. Infact that aspect of the e-commerce business is easily imitable and hence not sustainable. The sustainable competitive advantage of Flipkart, lies in its logistics and operations infrastructure - which has a very high barrier to entry: owing to its extensive capital investment and difficult to replicate strategy-structure-culture mix.

Cons: potential threat of the original replacing the imitated.

It is important to reflect upon the fact that its founder members (the bansal's) have had an early stint with Amazon and have successfully modeled Flipkart's business on Amazon strategy. So, it would be fair to say that Flipkart imitated Amazon's model to an extent. However, owing to governmental regulation and international trade barriers (read retail fdi restrictions), Amazon has

not yet been able to compete with Flipkart on an even keel. (Amazon operates as a marketplace rather than a retailer). Amazon has all the infrastructure, culture, and technology enablers in place that Flipkart has - and on a much larger scale. One other thing that they have is huge financial muscle power - much larger than what Flipkart has. And the moment when these restriction on fdi in retail are lifted, Amazon will be a major threat to Flipkart. And all these acquisitions that Flipkart has been making, is to bulk up and brace up for the competition it faces.

5.1.1 MARKETING MIX OF FLIPKART

Product in the marketing mix of Flipkart - Flipkart is an online retailing industry and started its operations with the sale of books. For two years, it sold only books through its website as the management and shipment of books was much easier. After its expansion, it started dealing with products like air coolers, washing machines, air conditioner, life style products, stationary supplies, cell phones, computers, calculators, microwave ovens, water purifiers, laptops, cameras, audio players, products relating to health care, dishwashers and e-books. Products sold on Flipkart have the same warranties of the brand if sold outside in a showroom. It has recently launched its personal product range called “digiflip”. Under this brand, it offers products like computer accessories, camera bags, headphones and pen drives. In july, Flipkart introduced its own tablet phones and networking router under its personal range “digiflip”. On february 5, 2014 in a special tie up with motorola mobility, Flipkart has provided a platform for the launch of ‘moto g’. Online shoppers went crazy with the unveiling of this smart phone. This awe-inspiring response resulted in the sales of nearly 20,000 mobiles in a few hours. Continuing their association, ‘moto x’, an android smartphone, was introduced on march 19. On may 13, ‘moto e’ was launched at the same site triggering the same response. Continuing this success story Flipkart in a tie up with xiaomi tech introduced ‘xiaomi mi3’ on its platform. In the first phase on 22nd july all the phones were sold in just 39 minutes and in the 2nd phase on 29th july the sold out was complete in only 5 seconds. On 5th august the sale was completed in just 2 seconds. This amazing response and hyper mania has helped in giving Flipkart an immense lift up.

Place in the marketing mix of Flipkart - Flipkart functions entirely in India and it has its headquarters in the garden city of bangalore in karnataka. It is owned by a singapore based company and is registered over there. According to India's foreign policy, a foreign company is not allowed e- retailing over here. Therefore, in India, Flipkart sells the merchandises through an Indian company ws retail. Flipkart also provides its own platform to other companies who are interested in selling their goods. The website is very easy and hassle free. Browsing, keeping track of products, getting reviews, ordering goods and payment methods are very convenient for the individuals. At first Flipkart started its operations on the consignment model in which they personally bought the book and couriered it. Later they opened many warehouses where the goods were stored safely. The first warehouse was opened in bangalore and later in delhi, mumbai, chennai, hyderabad, pune, noida and kolkata. As of today, more than five hundred suppliers are working for Flipkart. At least 80% of the orders placed are handled and controlled via warehouses. Shipping companies and courier companies are the real mediators in this setup. The quick and well-organized service is the reason why the company has been able to put its mark on the Indian market. Their delivery network is spread over thirty-seven cities with delivery being possible in any nook and corner. Price in the marketing mix of Flipkart - though Flipkart started its venture with an investment of just inr 400,000, today its net worth is nearly 1billion dollars as its sales are increasing day by day. It still earns revenue of 50% from selling books online. Electronic commerce has become a huge hit because of Flipkart. Its price policy is very flexible because of online transactions. Amount to be charged is determined after looking at the innumerable expenses like transport expenses, supplier expenses, packaging costs, courier charges, shipping cost, office expenses, maintenance expenses, discount allowances, depreciation, taxes, advertisement expenses and many other expenses. Discounts up to 35% are allowed periodically to boost up the sales and maintain competitive prices. For payments, Flipkart allows credit card transactions, cash payment after delivery, transaction through debit card, by swiping card on delivery, vouchers available as e-gift and net banking. Promotions in the marketing mix of Flipkart - Flipkart has changed the concept of multi brand retailing of products through internet in India. Its huge success has proved to be an inspiration for other companies. It operates mostly through mouth advertising. The satisfied customers have been their best promoters. To have a firm grip on the online world Flipkart has used the services of

google ad-words and seo. These marketing tools have made them household names. Downloading the exclusive app of Flipkart helps in getting alerts about the current offers, order status, price drops, recent launches and various gift coupons. Flipkart has also taken the help of creative and interesting advertisements so that an awareness and trust is generated for their website amongst the people. Their first campaign was shown on tv with the concept that books can be delivered with just a single click. Recently an ad has been launched to increase the social visibility where the tag line is “no kidding no worries”. Trained individuals are hired to fulfill their responsibilities adequately. The systematic planning and level of effort undertaken to reach such heights is commendable.

5.2 AMAZON

5.2.1 SEGMENTATION

E-commerce giants like Amazon uses demographic & psychographics segmentation to segment the markets. Amazon’s segmentation is based on actual purchase behavior: not what people might have expressed interest in, but what they actually did. Amazon’s micro-level segmentation targets each customer individually, allowing the company to convert visitors into long-term, high-value customers. Customer segmentation often involves creating personas who will buy in a certain way & certain products. Similarly Amazon targets the middle class & upper class people who have got hands on experience in the basic technology but don’t have time or prefer convenience over shopping from the physical outlets. Amazon has successfully positioned itself as a glocal (go global act local) e-commerce giant where one can buy anything & get it delivered at any remote locations. Using the catchphrase #aurdikhao in its most recent campaign in India, it has further helped them carve a distinct space in the consumer’s mind.

5.2.2 MARKETING STRATEGY

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 customers using existing technology of the acquired partners at low cost? Amazon has also achieved economies of scale through extensive product offerings which include

electronics, toys and games, apparels, diy and many more. These offerings help Amazon to keep its prices low thereon passing on the benefits to the consumers. Amazon's robust customer centric approach to analyse the customer buying behavior based upon preferences has helped them to have competitive edge over their competitors. More than 50% of the consumers are the repeat buyers at Amazon.com. Furthermore, Amazon is one of the longest players to be present in the online sector and has a solid hold in European countries and us. This bottom line is helping the company to expand in new markets.

Brand equity in the marketing strategy of Amazon – from being merely an e-book provider to emerging as the 2ndlargest e-commerce company in the world, Amazon.com has steadily increased its spending on advertising and promotion to make its brand stronger and have a higher brand equity. By april 2015, the brand of Amazon.com was worth us\$ 176 billion. “a brand for a company is like a reputation for a person. You earn reputation by trying to do hard things. With more than 55% repeat buyers, the numbers tells everything about the brand. It is among 13 world's most valuable brand” (forbes list).

Competitive analysis in the marketing strategy of Amazon –short listing the competitors of Amazon depends on what business sector of Amazon is being considered. Apple would be the largest competitor when considering book or content related delivery such as books, movies, magazines, and audiobooks. The itunes store will always be a threat to the Amazon store because of apples devices like the ipad, iphone, and macbook. When considering web services google would emerge as the largest competitor.

Walmart is the biggest threat to Amazon in us as reports roll in of various attempts to compete with the large online retailer. Reports of walmart testing a locker system for consumers where shoppers can order and pay online and pickup at their convenience are surfacing. Walmart is also still testing same-day delivery in four cities and remains the fourth largest online retailer. Walmart rakes in about \$9 billion in internet sales, which Amazon more than doubles in a quarter. However, Amazon does not have the physical structure base that walmart has to start with.

In developing countries as well as in developed, there are many local portals which give tough competition to Amazon. For example – snapdeal, Flipkart are some of the competitors of Amazon. Similarly,groupon, firstcry are specialized e-commerce portals which take away traffic from Amazon. Thus, these local competitors of each country also react strongly to Amazon's presence. Market analysis in the marketing strategy of Amazon- the global e-commerce market is still in the evolving phase. With the adaptation of technology in the developing economies customers are now becoming more comfortable with online shopping. Fierce competition from biggies like alibaba, ebay, start-ups & local ecommerce players like Flipkart, snapdeal is more of resulting into overall growth of the industry which is good for the industry.

Customer analysis in the marketing strategy of Amazon- Amazon customers consist of upper & middle class social groups who have inclination towards using e-commerce portals and are comfortable with online shopping. Majority of the customers are professionals or businessmen who are busy with their business/job & find it convenient to purchase anything online rather than visiting the physical outlet in order to save time & money. Furthermore, the customers might also be the ones who are searching for deals. Due to this, the portal is known to have specific days where they give massive discounts to their buyers.

5.2.3 MARKETING MIX

Product in the marketing mix of Amazon

Amazon is an international ecommerce company, using connections to the internet from various gadgets such as phones and tablets, to allow its customers to browse and purchase products immediately. These products are then delivered to the customer, using delivery service companies. Amazon has built up a huge product base, and sells almost everything, including: kindle, books, dvds, mobile phones/tablets, gaming consoles and games, clothes for men/women and children, jewellery, gardening equipment. Amazon initially started only with books and it is till date known as the highest book seller in the world. This is why, Amazon also introduced kindle. Kindle is an ebook reader from Amazon and it is the reason that the publishing market is

having such a big revolution of converting hard paper to digital ebooks because ease of reading by kindle. Due to success of kindle, Amazon also introduced kindly fire – its own tablet pc. Type in a search entry into a search engine for a specific product, and the chances are that Amazon will stock what you need, and will be on the search list. As they continue to grow, more and more products are added to their inventory. Once established into books, Amazon quickly expanded to other products to maintain its presence in the market. Where ebay is know for techie products, Amazon is known for knowledgeable products. Amazon continues to expand its product base, and in july 2014 it entered the smart phone market, releasing its very own *fire phone*. The phone followed the release a month earlier of Amazon's very own set top box system – Amazon fire tv- which allows streaming from various channels, as well as supporting speech commands when searching.

Place in the marketing mix of Amazon

In the recent past, sites such as Indiaplaza and allshcoolstuff were forced to close due to the lack of trust when buying goods online. However, the brand image of Amazon enables it to have a far and wide presence and the bottom line of the company is enough to enable massive r&d efforts to secure the website. Amazon has customer service bases in many of the countries where it has an online presence, with most bases being located in the different states of the usa. Amazon employees are friendly and relaxed.

Promotion in the marketing mix of Amazon

While Amazon has broadcast television commercials, these are mostly in the american market. Amazon uses mainly web based advertising, and they make some use of billboard and smaller methods of advertising. Amazon also uses advertising networks online so that whenever you check something on Amazon, you will see an ad for the same thing somewhere else on some other website. Search engine marketing and getting the company's name high up the search engine's results is also a smart promotional strategy by Amazon. The founder of Amazon had this in mind when creating the company, deciding that it should start with an 'a'.

In India, Amazon can be seen to rely on the best source of promotion there is – word of mouth. People telling others about the site, or mentioning it in a positive way is a sure way to have a new future customer. However, there are several print media ads to make their presence felt to the people. However, much more is needed in the promotions department from Amazon in India because the traffic of Amazon is being taken over fast by Flipkart.

Price in the marketing mix of Amazon

Amazon is competitive with its prices, and has little ways of staying ahead of its market contemporaries. For example, if you are looking to buy a book, Amazon offers you a new copy, or a used copy as well, complete with pricing and condition. Another initiative is to pay to have a premium account, ensuring faster deliveries. Amazon can also keep their prices competitive due to their use of staff. Minimum numbers – but well trained – ensure that consumers benefit from the lack of overheads, and the result is shown in the prices online.

As more and more people can access broadband connections in India and get online, the competition for the likes of Amazon.com will toughen. Amazon's quiet entry into India has seen some growth so far due to its brand image, and it will be looking to keep its prices as low as possible to capture a slice of the growing market place. It faces tough competition from the likes of ebay, Flipkart and snapdeal.

Chapter

6 ADVERTISING AND PROMOTIONS

6.1 2015 ADVERTISING STATISTICS FOR E-COMMERCE FIRMS

2015 was the year when e-commerce companies opened up their war chest, built over years, and spent heavily on advertising on garnering market share and brand building. The advertising amount was spent across channels – tv, print and digital media – with tv ad spends getting the lion's share. It was an interesting year. Advertising budget for a startup had a direct correlation with the amount of funds raised by it. For eg. Limeroad, grofers and craftsvilla collectively raised close to rs. 60 crores in 2015 of which rs. 28.5 crores were spent in advertising.

Let's have a look at the highlights of the advertising spend done by various e-commerce companies in 2015.

1. With an estimated advertising budget of rs. 350 crores, askme group was the biggest advertiser among its peer. The group is backed by helion investments and astro malaysia.
2. During the festive period (sep – nov), e-commerce firms in India spent rs. 500 crore in advertising. The entire advertising spent of e-commerce players, during 2014, was rs. 600 crores.
3. Jeff bezos owned Amazon spent 224 crore on advertising during the 3 months of festive season whereas Flipkart spent almost 70 crores during the same period.
4. Flipkart owned fashion brand, myntra, spent around 30 crores on advertising while used-goods marketplace, olx, spent over 55 crores during the peak season of sep-nov 2015.
5. According to tam media research pvt. Ltd., e-commerce firms have spent a total of rs. 1,200 crores in the first 9 months of 2015 (till sep 30, 2015).
6. This was an increase of over 46 percent over the corresponding period in 2014. Close to 70 percent of the advertising budget was spent on prime-time spots whereas over 40 percent of the spend was done on non-fiction channels. Why non-fiction? Companies targeting youth believed that these channels would give them better conversion and reach as compared to traditional entertainment channels.

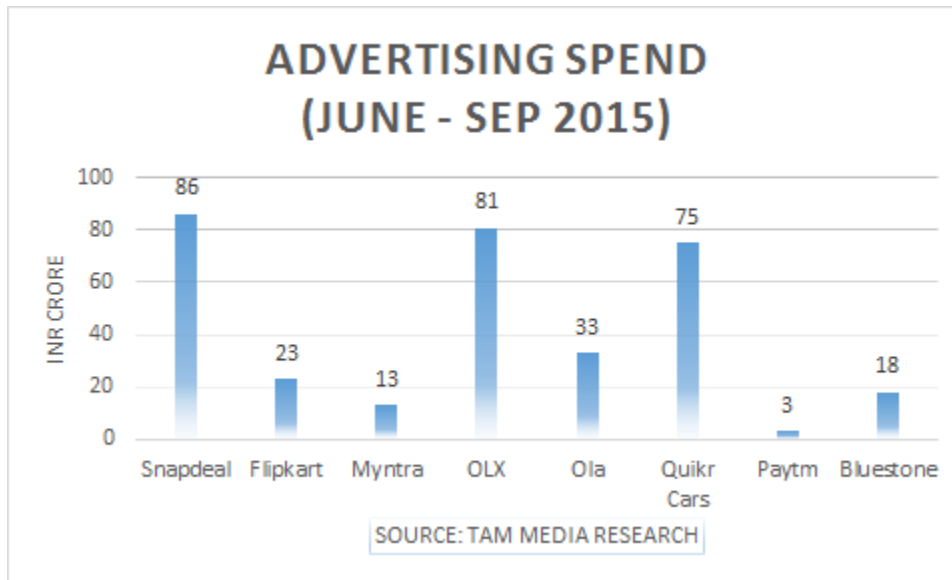


Figure 6.1 Expenditure on Advertising

6.2 E-COMMERCE ADVERTISING LANDSCAPE TILL 2015

Spending big –Flipkart’s annual advertising budget is about rs. 75 cr, while Amazon’s expected investment in advertising for 2014 is rs. 100-150 cr. In 2013, e-commerce companies spent rs 1,355 cr on advertising overall. In 2015, nearly rs. 221 cr have already been spent on advertising by the major players of the e-tailers in the first six months. This does not include players in the travel industry such as makemytrip, yatra and cleartrip. Travel contributes 70% to the e-commerce market in India. During recent festive season, snapdeal is a clear winner with use of massive budget on advertising and literally flooding all tv shows and movie channels with snapdeal advertisement. The exact figures are not available but rough estimates amount up to rs 100 cr being spent on festive season advertising budget.

Print vs. Radio vs. Television vs. Online – in 2014, until now, print has been the most widely used medium of advertising, with e-commerce companies spending rs. 599 cr on it. In a country where 47.2% households have television sets, as compared to 11% of online users, television is the next medium of choice, where online players have spent rs. 170 cr, finally followed by radio at rs. 13.9 cr.

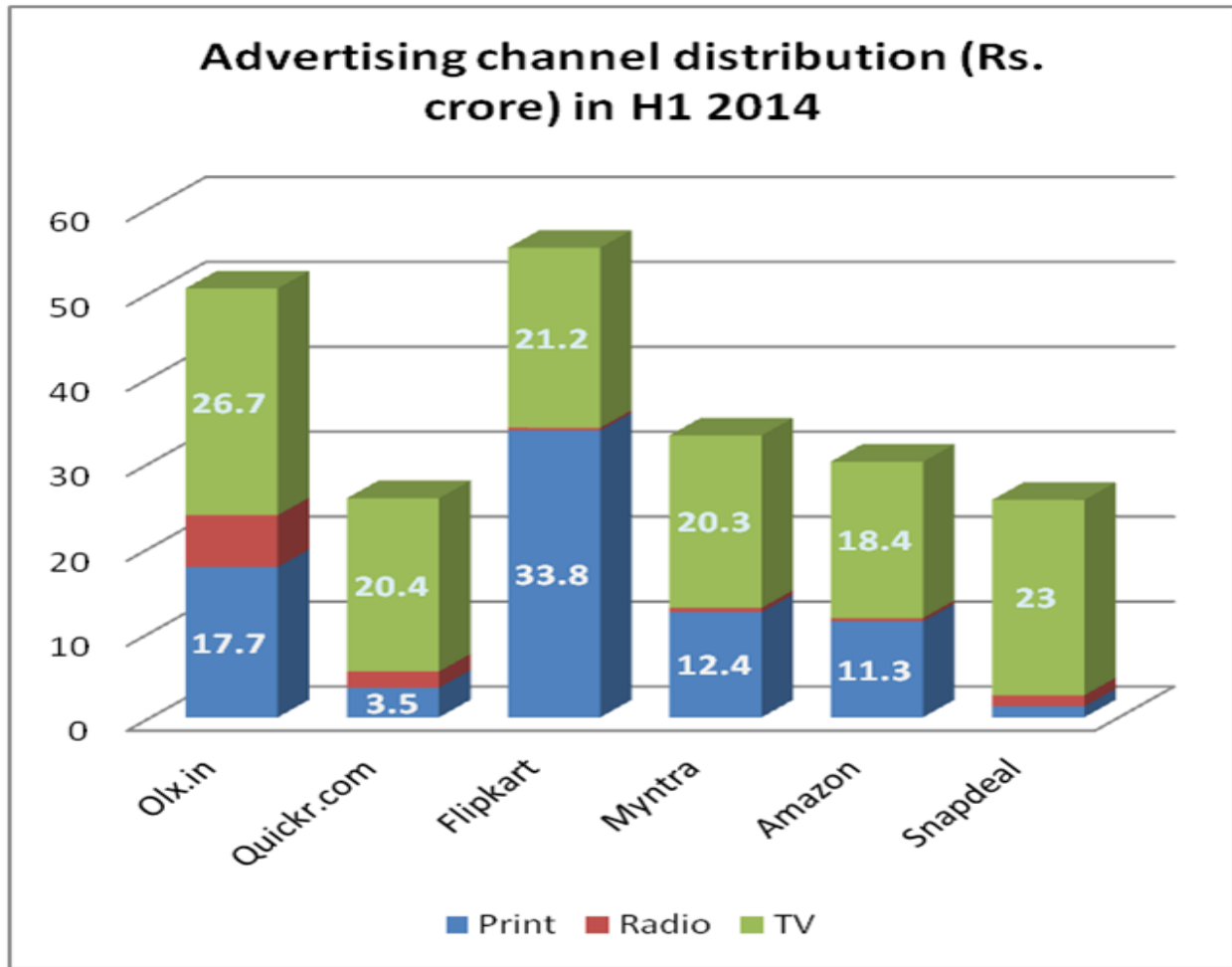


Figure 6.2 Advertising Channel Distribution

Capturing the market eye-balls in travel

Travel e-commerce is valued at \$8 bn in India, accounting for 70% of the overall market, and growing at a 32% cagr. Travel websites in India have so far preferred to wage fare wars, competing on the value of sales offered in tickets and hotel bookings rather than direct advertising. Those that have tie-ups with hotels and offer complete travel solutions also compete on the types of package tours and their competitive pricing. Flash sales and fare wars have increased the overall travel spends by 20-25% in 2014.

How do e-commerce players manage to spend big amounts on advertising?

Almost all the e-commerce players are backed by global and local investors who are pouring million of dollars in these companies. A large part of this investment is being used by e-commerce players to enhance their brand identity and corner a loin share of online shoppers. Of-course, the smaller companies who lack substantial investment are at a loss here. However, some of the smaller, niche e-commerce players are making targeted marketing efforts to channelize their advertising fund to maximize roi.

Outlook for spend on advertising in 2016

According to a report by zenithoptimedia, the ad spend in major asian economies will continue to grow in 2016, albeit at a lower rate of 8.4 percent when compared with 8.9 percent growth of 2015. The slowdown will primarily due to sluggish ad spending in china which currently accounts for 74% of the total asian advertising spend. Besides, India and china, the major asian economies include Indonesia, Malaysia, Pakistan, Philippines, Taiwan and Vietnam.

6.3 FLIPKART ADVERTISING AGENCY

Happy creative services, which has been the brand's creative agency since 2010. Myntra, the fashion e-commerce major which Flipkart had acquired in may 2014, will be handled by lowe lintas, which had already been the brand's creative agency since march 2014. Flipkart and myntra continue to operate as separate entities and myntra founder mukesh bansal is the head the fashion business for Flipkart and join the Flipkart board. Flipkart's first tv commercial for the e-retailer, 'fairytale', was an elaborate 100-second effort. Created in the old english style of fairytales, it was the story of an old woman, a voracious reader, who lives in a cottage and orders her daily read by clicking on a live mouse. The rest of the ads including 'no kidding', 'shopping ka naya address' and the most recent one, 'Flipkart it', have been etched in tv viewers' minds owing to the unique approach of using child actors to communicate the ease of shopping on Flipkart. In 2013, the e-commerce portal announced its entry into the realm of fashion and lifestyle with a new tvc campaign titled 'fashion has a new address' - an extension of its previous punchline, 'shopping has a new address'.

6.4 AMAZON ADVERTISING AGENCY

Orchard advertising India is Amazon India's advertising agency. Orchard advertising India highlights the benefits of shopping on Amazon.com with #weIndians. Conceptualized and executed by Orchard India and directed by Anurag Kashyap, the one minute video shows Amazon as a reliable place to shop from with original products, easy return policies and on-time delivery. The video comes along with a song with lyrics by Amitabh Bhattacharya and music by Amit Trivedi. #Aardhikhaao to #TrytoHkar, #Apni Dukaan and now #weIndians are the famous taglines used for Amazon India advertising.

Chapter

7 SWOT ANALYSIS

7.1 FLIPKART

Strengths:

1. **India's largest e-commerce retailer:** Flipkart is the India's largest e-commerce company & had sold gmV (gross merchandising value) of \$1 billion till now.
2. **Experienced founders:** the founders of Flipkart, sachin & binny bansal are ex-Amazon employees. Having prior experience in the e-commerce industry helped the founders to work strategically and differentiate their business in a highly competitive market.
3. **Acquisition:** with its series of acquisitions like letsbuy.co., chakpak.com, weread.com, mine360 & the recent one myntra in 2014 has helped the company to expand in the e-commerce space & used the capabilities and existing resources of acquired companies.
4. **High brand recall:** Flipkart has established itself as a renowned e-commerce company in India through tv ads, online branding and through its presence on social media. Brand activities like the "big billion day" have really increased the brand recall of the company.
5. **Own payment gateway & logistic arm:** having its own logistics arm e-kart & payment gateway payzipper has helped the company to control its expenses. Thereby passing the benefits to the end customers.
6. **Exclusive & broad range of products:** from having exclusive rights to launch some products like motog motox, xiaomi mi3 as well as personal designers segments in garments category, has helped the company to differentiate and localize its offerings.

Weaknesses:

1. **Limited distribution channel reach:** although its logistics arm has kept cost's low, the reach has been affected which is a weakness for Flipkart. Due to use of outsourcing, global giants like Amazon & ebay can deliver the product anywhere in the country. However, Flipkart is still struggling in this field.
2. **Cost of acquisition:** due to stiff competition in the market & low customer retention, the cost of acquisition is high because Flipkart acquires a lot of customers through online

advertising. As per Flipkart data, the company spends r.s 400/- on acquiring a new customer on an average.

3. **Power in the hand of buyers:** since this industry is flooded with many players, buyers have a lot of options to choose. Switching costs are also less for customers since they can easily switch a service from one online retail company to another. Same products will be displayed in several online retail websites. Product differentiation is almost absent and the fight then begins on the basis of price only.

Opportunities:

1. **Expansion of business:** by targeting other emerging markets company can increase their revenues as well as it can have economies of scale.
2. **Expanding their product categories:** this will increase their customer base & at the same time will reduce the cost of acquisition and customer switch.
3. **Changing mentality of Indian customers:** with increasing numbers of customers getting comfortable with online shopping & increase in numbers of internet users in India, there is huge potential in this industry.
4. **Supply chain:** by optimizing their supply chain they can compete with the other players & can manage the losing sales on account of not making the product available due to delivery constraints.
5. **Establishing in other developing economies:** like Amazon, Flipkart can slowly start expanding out of India and establish operations in other countries as well which will help improve revenues.

Threats:

1. **Competition:** stiff competition from the global players like Amazon, ebay as well as local player like snapdeal, tolexo and shopclues who are continuously trying to eat each other's market share.
2. **Government regulations** on the issues related to fdi in multi branding retail has been a big hurdle in the success of the e-commerce industry in India.

7.2 AMAZON

Strengths:

1. **Strong background and deep pockets** – built on its early successes with books, Amazon now has product categories that include electronics, toys, games, home and kitchen, white goods, brown goods and much more. Amazon has evolved as a global e-commerce giant in the last 2 decades.
2. **Customer centric:** company's robust crm has created customer centric processes in order to carefully record data on customer's buying behavior. This enables them to offer individual items, related items or bundle them as an offer, based upon preferences demonstrated through purchases or items visited. Also, the company claims that 55% of their customers are repeat buyers resulting in low cost of acquisition of new buyers.
3. **Cost leadership:** in order to differentiate itself, company has created several strategic alliances with other companies to offer superior customer service. The most important strategic tie ups are with logistics providers who control costs. Because of playing on economies of scale, Amazon is able to lower the inventory replenishment time.
4. **Efficient delivery network:** with its strategic partners & due to its Amazon fulfillment centers, Amazon has created a deep & structured network in order to make the product available even at remote locations. It also has free of cost delivery charges in certain geographies.
5. **Glocal strategy:** by using the strategy of "go global & act local", Amazon is able to fight with domestic e-commerce companies through absorbing & by forming / partnering with supply chain companies. The branding too is done as per local taste. For example- in India, Amazon is currently using the "aur dikhao" campaign to encourage users to browse more of their products.
6. **Acquisitions:** acquiring companies like zappos.com, jungle.com, imdb.com, woot.com etc. Has proven to be a successful and revenue generating step for the e-commerce giant.

Weakness:

1. **Shrinking margins:** due to extensive delivery network & price wars Amazons margins are shrinking, which is resulting in even losses. In India, Amazon had a loss of \$359 crs in the year 2013-14.
2. **Tax avoidance issue:** Amazon has attracted negative publicity on account of tax avoidance in countries like u.s & uk. Most of its revenue is generated from these well established markets.
3. **High debt:** in many developing nations Amazon is still struggling to make the business profitable thereby affecting the overall profitability of the group resulting into high debt.
4. **Product flops** – Amazon launched the fire phone in the us which was a big flop. At the same time, kindle fire did not pick up as strongly as kindle did. Thus, there were several product flops which caused a dent in Amazon's deep pockets.

Opportunities:

1. **Backward integration:** Amazon can come up with its in-house brands in different product categories. They can also differentiate their offering. This will help them make profits in highly competitive e-commerce market.
2. **Global expansion:** expansion mainly in asian & developing economies will help Amazon because those are the markets with low competition in e-commerce industries & are not saturated like developed economies.
3. **Acquisitions:** by acquiring e-commerce companies it can decrease the competition level & also can use the specialized capacity of the other company.
4. **Opening physical stores outside u.s:** by doing this Amazon can help the customers to engage with the brand, resulting in increase in repeat purchases & increase in loyal customer base.

Threats:

1. **Low entry barriers of the industry:** low entry barriers affect the current player's business as more & more company means tough competition, price wars, shrinking margins & losses resulting into questioning the sustainability of the players.
2. **Government regulations:** not having clarity on the issues related to FDI in multi brand retail, has been a big hurdle in the success of the e-commerce players in many developing nations.
3. **Local competition** – India has snapdeal and Flipkart who are local e commerce retailers and are taking away majority of the market. Similarly, there are many local players who take bites from the market share thereby making it hard for a big player like Amazon to make profits.

Chapter

8 DATA ANALYSIS AND INTERPRETATIONS

8.1 METHOD OF DATA ANALYSIS

For the analysis purpose **spss** was used. Factor analysis was performed to determine the correlation between the variables and highly correlated variables are combined and represented by a factor. This is to ensure data reduction, instead of several variables they are represented by few major factors. Regression analysis, to identify the impact of the factors identified in factor analysis (independent variables) on customer satisfaction (dependent variable).

8.2 DEMOGRAPHICS:

Variables	Measuring group	Frequency	Percentage
Age	<25	35	50.0
	25-35	25	35.7
	>35	10	14.3
	Total	70	100
Gender	Male	28	40
	Female	42	60
	Total	70	100

Table 8.1 demographics of the respondents

This chapter provides the empirical findings gleaned from the collected data. It provides demographic information of the respondents and the statistical analysis of the information collected from them. This is followed by the interpretation and discussion about our findings. The above table shows that out of 70 respondents 50 % of people are in the age group of < 25 years, 35.7% of people are in the age group of 25-35 and 14.3% of people are in the group of >35. We are having highest respondents who do online shopping are less than 25 years and almost all those belongs to student category. At the same time 35.7% of age group 25-35 are

utilizing online shopping well. All those people are attracted to e-commerce sites which are offering wide range of products to everywhere and also with their services. Another demographic factor we considered is gender. Female respondents are higher than the male respondents that who prefer online shopping. We can interpret that based upon their preferences that they are getting different and unavailable international products online, which made easy and time efficient.

8.3 HOW OFTEN RESPONDENT SHOP ONLINE

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Once in month	21	30.0	30.0	30.0
	Once in two month	11	15.7	15.7	45.7
	More frequently	17	24.3	24.3	70.0
	Very rare	21	30.0	30.0	100.0
	Total	70	100.0	100.0	

Table 8.2 how often respondent shop online

Interpretation: From above table we can interpret that how often respondents are doing shopping online. It became habit of choosing online shopping instead of brick and mortar shopping. Here 30% of respondents are so regular that they do shop online at least once in month. That opens more ways to e-commerce people to succeed in market.

8.4 PREFERRED ONLINE SITE BY RESPONDENT

	Frequency	Percent	Valid percent	Cumulative percent
Valid Flipkart	29	41.4	41.4	41.4
Amazon	29	41.4	41.4	82.9
Snapdeal	6	8.6	8.6	91.4
Paytm	3	4.3	4.3	95.7
Others	3	4.3	4.3	100.0
Total	70	100.0	100.0	

Table 8.3 respondent online site preference

Interpretation: From above table we can interpret that both Amazon and Flipkart were chosen by 82.9% people equally. And rest of the e-commerce players such as snapdeal (8.6%) and paytm (4.3%) are too low in the competition to reach the target of both Amazon and Flipkart. Even though paytm is offering huge discounts when compared to its competitors.

8.5 RESPONDENT PAYMENT METHOD

	Frequency	Percent	Valid percent	Cumulative percent
Valid Debit card	19	27.1	27.1	27.1
Credit card	7	10.0	10.0	37.1
Cash on delivery	44	62.9	62.9	100.0
Total	70	100.0	100.0	

Table 8.4 respondent payment method

Interpretation: E-commerce players have to gain confidence in terms of providing security to customer's sensitive data. When respondent is questioned with payment method they will use while doing online shopping, most of the respondents choose cash on delivery method which is of 62.9%. We can analyze that cash on delivery is simple and perfect way to customer to proceed. Even delivery boys are carrying swipe machines and made more convenient.

8.6 RESPONDENT IS MOST IMPRESSED WITH WHICH E-COMMERCE SITE

	Frequency	Percent	Valid percent	Cumulative percent
Valid Flipkart	28	40.0	40.0	40.0
Amazon	33	47.1	47.1	87.1
Others	9	12.9	12.9	100.0
Total	70	100.0	100.0	

Table 8.5 respondent's positive towards

Interpretation: E-commerce site that is most appreciated by customers is Amazon. Amazon is leading with 47.1% when compared to Flipkart, which is having 40% of respondent's interest. And rest of e-commerce sites are not even in the reach of Flipkart and Amazon. It clearly proves that Flipkart and Amazon are leading e-commerce market in India.

8.7 RESPONDENT CHOOSING METHOD OF E-COMMERCE SITE

	Frequency	Percent	Valid percent	Cumulative percent
Valid Referred by friends	28	40.0	40.0	40.0
Advertisements	14	20.0	20.0	60.0
Online reviews	28	40.0	40.0	100.0
Total	70	100.0	100.0	

Table 8.6 respondent's selection process

Interpretation: Which is the perfect way to reach the customers? Or by what basis client is choosing online site for shopping. According to above table respondents are choosing as per online reviews and also equal percentage of respondents are choosing e-commerce sites based upon their friend's suggestions.

8.8 RESPONDENT IS MORE SATISFIED WITH WHICH SITE PRICING

	Frequency	Percent	Valid percent	Cumulative percent
Valid Flipkart	24	34.3	34.3	34.3
Amazon	25	35.7	35.7	70.0
Snapdeal	7	10.0	10.0	80.0
Paytm	12	17.1	17.1	97.1
Others	2	2.9	2.9	100.0
Total	70	100.0	100.0	

Table 8.7 respondent's satisfied with pricing

Interpretation: Price, the most important aspect while purchasing. When an e-commerce site can offer what we needed with reasonable price, then everyone will go after that site only. From above table people are mostly impressed with Amazon and Flipkart with slight change. Even though paytm is offering all the products at very low rates, people are interested in top ones.

8.9 RESPONDENT WOULD LIKE TO SUGGEST TO OTHERS

	Frequency	Percent	Valid percent	Cumulative percent
Valid Flipkart	20	28.6	28.6	28.6
Amazon	26	37.1	37.1	65.7
Snapdeal	10	14.3	14.3	80.0
Paytm	9	12.9	12.9	92.9
Others	5	7.1	7.1	100.0
Total	70	100.0	100.0	

Table 8.8 respondent will suggest to others

Interpretation: From one of our previous question we understood it that friend suggestion is so important while purchasing online or while selecting an e-commerce site. From above table we got our view clear based upon the respondent's view which e-commerce site is leading in friends suggestions. 37.1% of respondents are ready to suggest Amazon to their friends and family. And after Amazon, Flipkart is leading in respondent's suggestion box with 28.6%. And rests of them are having very minimum importance and occupation in respondent's opinion.

8.10 OCCASIONS PREFERRED BY RESPONDENT TO DO SHOPPING

	Frequency	Percent	Valid percent	Cumulative percent
Valid Festivals	7	10.0	10.0	10.0
To gift	6	8.6	8.6	18.6
Offers	38	54.3	54.3	72.9
Weddings	5	7.1	7.1	80.0
Others	14	20.0	20.0	100.0
Total	70	100.0	100.0	

Table 8.9 respondent is interested in buying particularly

Interpretation: E-commerce sites know when to and how to capture customers. The timing of offers in e-commerce sites is just perfect. Even though people don't need them they will purchase because of tempting deals in a row. More than 50% of people are doing online shopping, when those e-commerce sites are offering so many exciting deals and offers. All the e-commerce sites are moving their pawns competitive to each other, which lead customers in confusion.

8.11 RESPONDENTS FACED PROBLEM WITH

	Frequency	Percent	Valid percent	Cumulative percent
Valid Delay in delivery	15	21.4	21.4	21.4
Product damage	10	14.3	14.3	35.7
Cheap quality of a product	29	41.4	41.4	77.1
Non delivery	7	10.0	10.0	87.1
Other	9	12.9	12.9	100.0
Total	70	100.0	100.0	

Table 8.10 respondent troubled in particular issue

Interpretation: From product order to delivery of the product its company's responsibility to fulfill customer's requirements. Customers expect what they paid for, if something happens they will hesitate to purchase again. From above table most of the respondents (41.4%) are having problem with the product quality and after that they are having problem with delay of product delivery.

8.12 RESPONDENTS OPINION ON FLIPKART CUSTOMER CARE

	Frequency	Percent	Valid percent	Cumulative percent
Valid Strongly agree	12	17.1	17.1	17.1
Agree	33	47.1	47.1	64.3
Neither agree nor disagree	10	14.3	14.3	78.6
Disagree	9	12.9	12.9	91.4
Strongly disagree	6	8.6	8.6	100.0
Total	70	100.0	100.0	

Table 8.11 respondent opinion on Flipkart customer care

Interpretation: Respondents will choose e-commerce sites when they are fully satisfied with their complete services. After purchase also, company have to take responsible for customer's requirement. Flipkart made its mark in customer's heart. Respondents (47.1%) of them are happy with the Flipkart customer support. This is actually a better result to Flipkart, because people are positive towards it.

8.13 RESPONDENTS OPINION ON FLIPKART CUSTOMER CARE

	Frequency	Percent	Valid percent	Cumulative percent
Valid Strongly agree	21	30.0	30.0	30.0
Agree	25	35.7	35.7	65.7
Neither agree nor disagree	14	20.0	20.0	85.7
Disagree	6	8.6	8.6	94.3
Strongly disagree	4	5.7	5.7	100.0
Total	70	100.0	100.0	

Table 8.12 respondent opinion on Amazon customer care

Interpretation: Amazon proved once again, that it will be always one step ahead from the rest of the players in the market. Most of Amazon customers (30%) are very happy and strongly agree with customer support of Amazon, which made Amazon unbeatable winner ahead. From previous tables we understood customers are scared of damage of the product and quality of products are major issues to be considered. These barriers were not there in Amazon because of its brand collaborations and its amazing packing grabbed customer's attention and made people loyal to it.

8.14 CROSS TABULATION OF GENDER AND HOW OFTEN THEY SHOP ONLINE

		How often respondent shop online				Total
		Once in month	Once in two month	More frequently	Very rare	
Gender of respondent	Male	11	3	9	5	28
	Female	10	8	8	16	42
Total		21	11	17	21	70

Table 8.13 crosstabulation of gender and how often they shop online

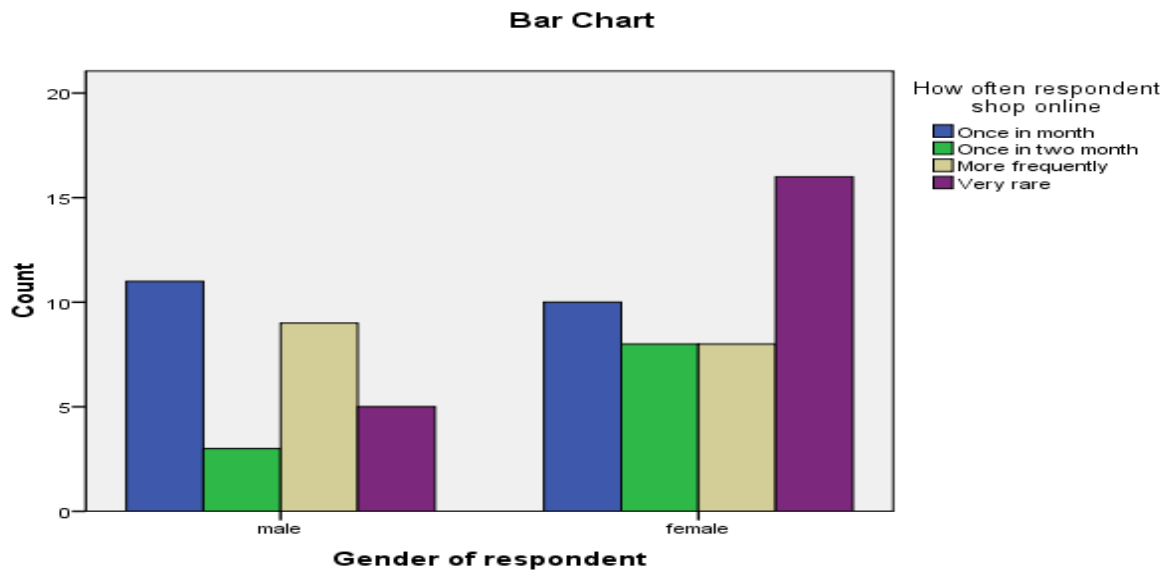


Figure 8.1 How often customer does shopping with respect to gender

Interpretation: From above table we can interpret that out of 70 respondents female are more interested in online shopping when compared males because of e-commerce wide range of varieties. And also they are leading than male respondents in different categories. Where male are frequent buyers but female respondents are doing at least once online shopping and leading than male. Even though female respondents are high but they are very rare online shoppers.

8.15 CROSS TABULATION OF AGE AND PAYMENT METHOD

		Respondent payment method			Total
		Debit card	Credit card	Cash on delivery	
Age of <25	respondent	9	2	24	35
25-35		5	3	17	25
>35		5	2	3	10
Total		19	7	44	70

Table 8.14 crosstabulation of age and payment method

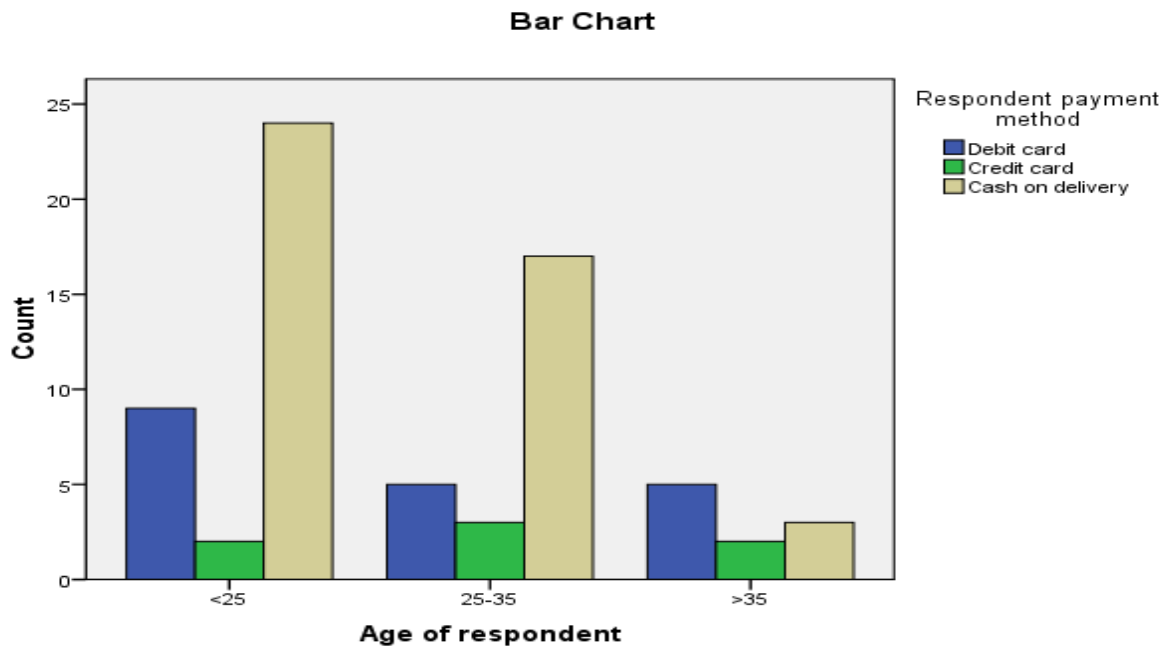


Figure 8.2 Payment method of customers with respect to age

Interpretation: From above table and graph we can interpret that the mindset of respondents are different when it comes to currency and its security. Most of the young people which are less than 25 years are going for cash on delivery. And after that age group of 25-35 years respondents are also going for cash on delivery. E-commerce sites are also making payment methods easier by providing swiping machines to delivery boys. Swiping machines made customers and as well as delivery boys works easy. Because some payments won't be exactly round figures, they may be in rupees such as 513 or 1007. When customers have to pay these kind of amount that will be difficult to delivery boy to return change some times. By using swipe machines we can avoid all these interrupts.

8.16 CROSS TABULATION OF GENDER AND PRICE SATISFACTION

		Respondent is satisfied with pricing of					Total
		Flipkart	Amazon	Snapdeal	Paytm	Others	
Gender	Male	11	8	2	7	0	28
	Female	13	17	5	5	2	42
Total		24	25	7	12	2	70

Table 8.15 crosstabulation of gender and satisfied pricing online site

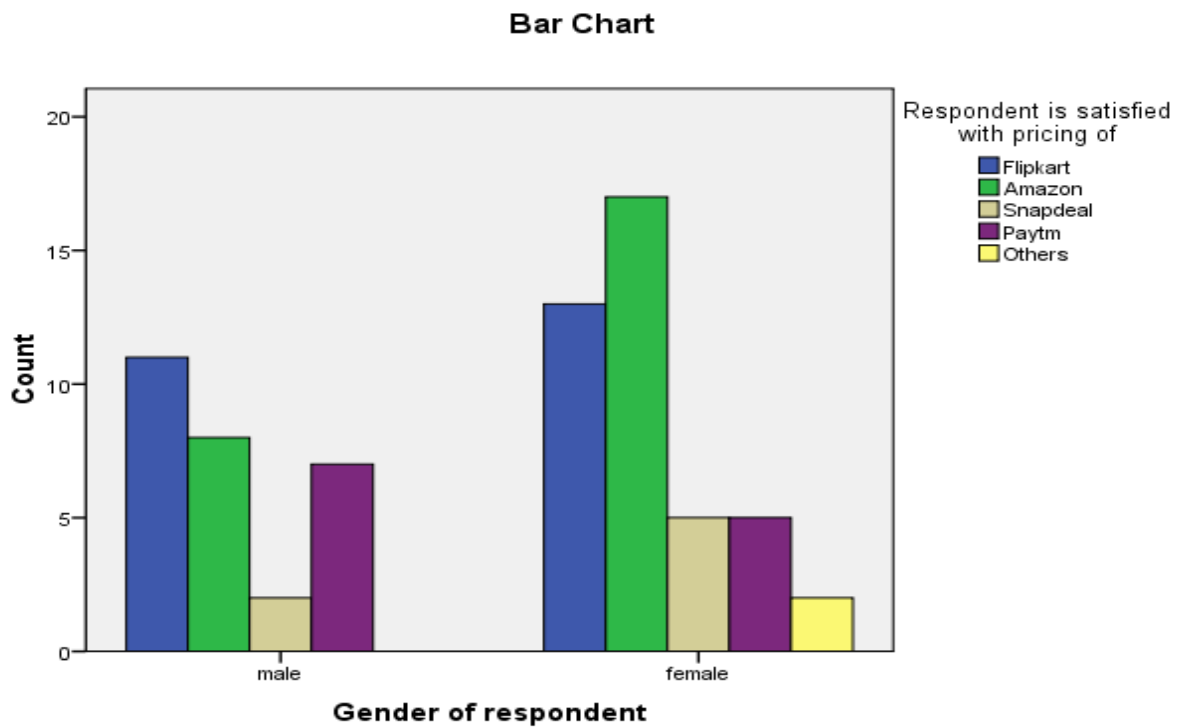


Figure 8.3 respondent satisfied company with respect to gender

Interpretation: From above table and graph opinion on pricing shown a big difference about respondent's opinions towards it. Male respondent's having almost equal opinion on all e-commerce sites except snapdeal. Flipkart is leading in male respondent's survey and after that almost with same percentage Amazon and paytm are there. Paytm made huge impact in male gender because of its coupons and its huge discounts. When it comes to female responses, Amazon is leading than the rest of e-commerce big players in India. Where there are so many exclusive e-commerce sites especially for girls, still they are choosing reputed and leading e-commerce sites such as Amazon and Flipkart.

8.17 CROSS TABULATION OF AGE AND OCCASIONS

Count							
		Respondent is intrested in buying particularly					Total
		Festivals	To gift	Offers	Weddings	Others	
Age of respondent	<25	1	5	19	3	7	35
	25-35	6	1	13	2	3	25
	>35	0	0	6	0	4	10
Total		7	6	38	5	14	70

Table 8.16 crosstabulation of age and occasion

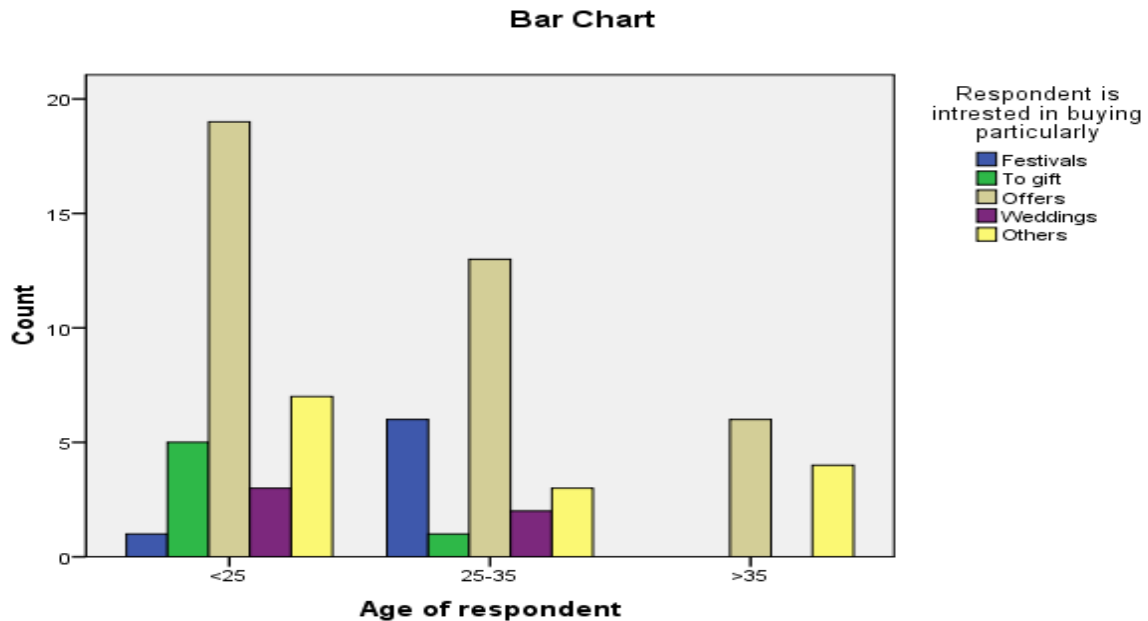


Figure 8.3 Occasion Preference with respect to gender

Interpretation: From above table and graph we can interpret that e-commerce sites are playing their cards very well because of neither gender nor age is not going to stand as barrier when lots of offers are available in e-commerce sites. Where respondents of <25 are interested in purchasing while online offers are there apart of other occasions such as festivals, weddings etc. The respondents of age 25-35 (probably employees) are also interested in offers itself and making them utilized. These age group were also leading in occasion of festivals.

Chapter

9 FINDINGS, SUGGESTIONS AND CONCLUSION

9.1 FINDINGS

- Female respondents are showing more interest to do online shopping than male respondents.
- Customers are preferring quality product from e-commerce sites, even it is bit expensive.
- Flipkart is trying very hard to reach the top position but Amazon India is giving very tough competition.
- Amazon is leading in every aspect of survey such as price, preferred and also suggesting to friends.
- Paytm have to take care of its products and customer service because of its cheap product quality and less variety of products making it loose customers.
- Undoubtedly Flipkart and Amazon made their impact on customers very strongly and captured loyal customers. And they are ready suggest their online shopping site to rest of their friends.
- Both Flipkart and Amazon India advertisings were very innovative and attractive. Both companies are expending so much money on advertising and promotions.
- Every age group people are interested in offers, if they are in need or not they want to purchase.

9.2 SUGGESTIONS

Flipkart is performing ok but not good enough. There are so many cases where people felt that packing might have been better than this. Either it may be big or small / expensive or not product has to be treated with care. Some of the products mostly apparel's are turning out with original cover of supplier, which shows negligence of them. In this issue Amazon made a mark among us, because whatever the product is their packing will obviously safe and secure.

9.3 CONCLUSION

The study consisted with all the work flows of major e-commerce players in India, Flipkart and Amazon. How they are performing and how they are running perfectly in the competitive world has been explained. The innovative thinking of them to reach more and more consumers is appreciable. They increased their network as much as possible with ultimate aim of reaching more and more customers. They made consumers work more easy and comfortable. In this competitive market one has to be lead and rest will follow. Based upon consumer's survey we got our clear winner and it is Amazon. Even though it is an international company it understood Indians very well and made its roots stronger in India. Flipkart is also giving very tough competition to Amazon even though it is new company when compared to Amazon. May be it takes some time to overcome, but definitely they are doing very well in Indian e-commerce market.

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Appendix

“Comparison study between Flipkart and Amazon India”

1. Age
 - a. < 25
 - b. 25- 35
 - c. >35
2. Gender
 - a. Male
 - b. Female
3. Have you ever done online shopping
 - a. Yes
 - b. No
4. How often do you shop online
 - a. Once in month
 - b. Once in two month
 - c. More frequently
 - d. More often
5. Which online site will you prefer
 - a. Flipkart
 - b. Amazon
 - c. Snapdeal
 - d. Paytm
 - e. Others
6. How do you make payments when shopping online
 - a. Debit card
 - b. Credit card
 - c. Cash on delivery
 - d. Third party (Paytm wallet, Paypal etc)
7. Which online service is more satisfied in terms of products, customer care and delivery services
 - a. Flipkart
 - b. Amazon
 - c. others

8. How do you choose online shopping site

- a. Referred by friends
- b. Advertisements
- c. Online reviews

9. Have you encountered any problems with online shopping site? if yes, by which one

- a. Flipkart
- b. Amazon
- c. Others

10. In terms of pricing, with which online shopping site you are satisfied

- a. Flipkart
- b. Amazon
- c. Snapdeal
- d. Paytm
- e. Others

11. Which online shopping site will you suggest to your family and friends

- a. Flipkart
- b. Amazon
- c. Snapdeal
- d. Paytm
- e. Others

12. On which occasions do you make purchase?

- a. festivals
- b. gifts
- c. offers
- d. weddings
- e. others

13. Does promotional activities impact your purchasing decision

- a. Strongly agree
- b. Agree
- c. Neither Agree nor Dis Agree
- d. Disagree
- e. Strongly Disagree

14. How confident are you that your personal information is kept confidential when buying products online?

- a. Extremely confident
- b. Quite confident
- c. Moderately confident
- d. Slightly confident
- e. Not at all confident

15. What kind of problem did you faced while doing online shopping

- a. Delay in delivery
- b. Product damage
- c. Cheap quality of a product
- d. Non delivery

16. Customer assistance after purchase from Flipkart is good

- a. Strongly agree
- b. Agree
- c. Neither Agree nor Dis Agree
- d. Disagree
- e. Strongly Disagree

17. Customer assistance after purchase from Amazon is good

- a. Strongly agree
- b. Agree
- c. Neither Agree nor Dis Agree
- d. Disagree
- e. Strongly Disagree