

ANALYSIS OF MARKETING STRATEGIES AMAZON

**A Project Report Submitted
In Partial Fulfilment of the Requirements
For the Degree of**

MASTER OF COMPUTER APPLICATION

By

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Submitted to

DEPARTMENT OF COMPUTER APPLICATION

Affiliated to

DR. A. P. J. ABDUL KALAM TECHNICAL UNIVERSITY

LUCKNOW

JULY, 2021

DECLARATION

I hereby declare that the work presented in this report entitled “**Analysis of Marketing Strategies Amazon**”, was carried out by US. I have not submitted the matter embodied in this report for the award of any other degree or diploma of any other University or Institute.

I have given due credit to the original authors/sources for all the words, ideas, diagrams, graphics, computer programs, experiments, results, that are not my original contribution.

I have used quotation marks to identify verbatim sentences and given credit to the original authors/sources.

I affirm that no portion of my work is plagiarized, and the experiments and results reported in the report are not manipulated. In the event of a complaint of plagiarism and the manipulation of the experiments and results, We shall be fully responsible and answerable.

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CERTIFICATE

Certified that **IKRAR CHAUDHARY (Univ. Roll No.-1900290149050)** have carried out the project work having “**Analysis of Marketing Strategies Amazon**” for Master of Computer Application from Dr.A.P.J.Abdul Kalam Technical University (AKTU), Technical University, Lucknow under my supervision. The project report embodies original work, and studies are carried out by the student himself/herself and the contents of the project report do not form the basis for the award of any other degree to the candidate or to anybody else from this or any other University/Institution.

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Ikrar Chaudhary (Univ. Roll No -1900290149050)

This is to certify that the above statement made by the candidate is correct to the best of our knowledge.

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With great pleasure I express my heartiest thanks to Mr. Ankit Verma for giving me an opportunity to work under his guidance in their esteem organization and providing me necessary resources for my project . It makes and feels me proud to be a part of Amazon. I would like to express his extreme gratitude of or his inspiring and supporting guidance during the course of this project. No words of appreciation are good enough for the constant encouragement, which we have received from him.

I would also thank my institution and my faculty members without whom this project would have been a distant reality.

At last I would like to extend my sincere thanks to all the respondents to whom I visited for giving me a support and valuable information , which helps me in completing my project work

Executive Summary

This is the Age of the “e”; e-marketing is the new term for marketing; e-CRM is the latest positioning for Customer Relationship Management; e commerce is an integral part of selling for most b-to-b companies. Today, organizations are either-enabled or moving toward becoming e-businesses. Today the Internet is already a mature medium, despite its new comer status. It is certainly the technology area with the most significant and explosive growth ever. The success of the dot-coms had started to dwindle. Many merged and many more failed, but not before the Internet had permanently become part of the fabric of Indian business. Businesses that never would have existed before the Internet are now springing up to help online visitors find what they are *really* looking for on the Net. There has never been a time when a mass medium has held such potential. The Internet is more accessible to more people globally than any other medium except television. Web sites and e-mail newsletters are for the most part free. With all this, however, there are still significant challenges facing the Internet. One of the greatest of these may be the privacy issue. With the mass adoption of external e-mail by consumers and businesses alike, this “private” one-to-one communication quickly became another promotional channel for IT marketers. It was not long before unsolicited e-mailings (“spamming”) were commonplace. Now, the heat is very much on those who do not respect an individual’s privacy on the Internet.

TABLE OF CONTENTS

S. No.	Title	Page no.
	STUDENT DECLARATION	i
	CERTIFICATE BY THE GUIDANCE	ii
	ACKNOWLEDGEMENT	iii
	EXECUTIVE SUMMARY	Iv
	LIST OF GRAPHS & FIGURES	6
CHAPTER-1	INTRODUCTION	7-14
CHAPTER-2	RESEARCH, OBJECTIVE AND METHODOLOGY	15-16
CHAPTER-3	LITERATURE REVIEW	17-22
	COMPANY PROFILE	23-31
CHAPTER-4	PRIMARY FINDINGS AND DATA ANALYSIS	32-89
CHAPTER-5	CONCLUSION AND IMPLICATIONS	95-97
CHAPTER-6	RECOMMENDATIONS	98-99
CHAPTER-7	LIMITATIONS OF THE STUDY	100-102
	BIBLOGRAPHY	103-104
ANNEXURE:	QUESTIONNAIRE	105-111

LIST OF FIGURES AND GRAPHS

s.no.	Particular	Page No.
3.01	Customer awareness of online shopping.	69
3.02	Customer know about online shopping	70
3.03	Customer did online shopping	71
3.04	Often you do online shopping	72
3.05	Customer prefer online shopping site	73
3.06	. Do you think e-commerce has advantages over traditional shopping	74
3.07	What kind of products you buy online	75
3.08	Are you able to get all relevant information about the product when you shop online	76
3.09	Have you ever come across with Amazon advertisements	77
3.10	Does Amazon advertisement provide you the relevant information	78
3.11	done shopping on Amazon	79
3.12	all relevant information about the product on the Amazon site conveniently	80
3.13	comfortable with the process that you have to follow to order the product	81
3.14	Is the product delivered to you on time	82
3.15	the condition of the product at the time of delivery	83
3.16	thing you get better deal on Amazon compare with other online shoppingsites	84
3.17	you think Amazon should provide more variety of products	85
3.18	problem in shopping process on properly amicably solved	86
3.19	Graph showing satisfied with the solution	87
3.20	the overall experience with Amazon	88

CHAPTER-1

1INTRODUCTION

INTRODUCTION:

We know e-commerce in the global economy is the rapidity with which Internet use has grown and spread during the last decade. The boom in e-commerce also includes increased use of other media for trade, such as the telephone, television, fax, and electronic payment.

As we know **Amazon** and **Snap Deals** are the two fastest growing companies in e-commerce sector. So, by taking these two companies as example I want understand the e-commerce sector in India and also study what are the various marketing strategies that are opted by these two companies in order to maximize their sales and revenue. Amazon has shown a phenomenal success despite of all the challenges it has faced. This has generated massive interest in e-commerce sector, people are opening website to sell anything from shoes to apparels to jewels to baby care products etc. This has helped in creating a lot of job opportunities and thus helps the India Inc. growth story as well.

How significant is Internet marketing to businesses? Today, the answer to this question varies dramatically for different products and markets. For companies such as electronics equipment manufacturer Cisco, the answer is 'very significant' – some companies now gain over 90% of its multi-billion dollar global revenue online. It also conducts many of its other business processes such as new product development and customer service online. Similarly, the low-cost European airline gains 90% of its tickets sales online and aims to fulfill the majority of its customer service requests via the Internet. However, the picture is quite different for the manufacturers of high-involvement purchases such as cars or fast-moving consumer goods brands. Here the impact is less significant – the majority of their consumer sales still occur through traditional retail channels. However, the influence cannot be described as insignificant any longer since the Internet is becoming increasingly important in *influencing* purchase decisions - many new car purchasers will research their purchase online, so manufacturers need to invest in Internet marketing to persuade customers of the features and benefits of their brands. The manufacturer finds that consumers are spending an increasing proportion of their time on

the Internet and less time using other media so the Internet has become an effective way of reaching its target markets. The Internet can be used to increase the frequency and depth of interactions with the brand, particularly for brand loyalists who are the advocates of these brands. For example, drinks brand Tango uses competitions and games on its web site to encourage interactions of the consumer with the brand.

The Internet and the marketing concept

The word marketing has two distinct meanings in modern management practice. It describes:

1 *The range of specialist marketing functions* carried out within many organizations.

Such functions include market research, brand/product management, public relations and customer service.

2 *An approach or concept that can be used as the guiding philosophy* for all functions and activities of an organization. Such philosophy encompasses all aspects of a business. Business strategy is guided by an organization's market and competitor focus and everyone in an organization should be required to have a customer focus in their job.

The modern marketing concept unites these two meanings and stresses that marketing encompasses the range of organizational functions and processes that seek to determine the needs of target markets and deliver products and services to customers and other key stakeholders such as employees and financial institutions. Increasingly the importance of marketing is being recognized both as a vital function and as a guiding management philosophy within organizations. Marketing has to be seen as the essential focus of all

Activities within an organization. The marketing concept should lie at the heart of the organization, and the actions of directors, managers and employees should be guided by its philosophy. Modern marketing requires organizations to be committed to a market/customer orientation. All parts of the organization should co-ordinate activities to ensure that customer needs are met efficiently, effectively and profitably. Marketing encompasses activities traditionally seen as the sole domain of accountants, production, human resources management (HRM) and information technology (IT). Many of these functions had little regard for customer considerations. Increasingly such functions are being re-orientated, evidenced by the importance of initiatives such as Total Quality Management, Business Process Reengineering, Just in Time and supply chain management. Individuals' functional roles are undergoing change, from being solely functional to having a greater emphasis on process. Individuals are therefore being encouraged to become part-time marketers. Processes have a significant impact on an organization's ability to service its customers' needs. The Internet can be applied by companies as an integral part of the modern marketing concept since:

- It can be used to support the full range of organizational functions and processes that deliver products and services to customers and other key stakeholders.
- It is a powerful communications medium that can act as 'corporate glue' that integrates the different functional parts of the organization.
- It facilitates information management, which is now increasingly recognized as a critical marketing support tool to strategy formulation and implementation.

- The future role of the Internet should form part of the vision of a company since its future impact will be significant to most businesses.
- Without adequate information, organizations are at a disadvantage with respect to competitors and the external environment. Up-to-date, timely and accessible information about the industry, markets, new technology, competitors and customers is a critical factor in an organization's ability to plan and compete in an increasingly competitive marketplace.

Avoiding Internet marketing myopia

Theodore Levitt, writing in the Harvard *Business Review* (Levitt, 1960), outlined the factors that underlie the demise of many organisations and at best seriously weaken their longer-term competitiveness. These factors still provide timely reminder of traps that should be avoided when embarking on Internet marketing.

1 Wrongly defining which business they are in.

2 Focusing on:

- products (many web sites are still product-centric rather than customer-centric);
- production;
- technology (technology is only an enabler, not an objective);
- selling (the culture on the Internet is based on customers seeking information to make informed buying decisions rather than strong exhortations to buy); rather than:
- customer needs (the need for market orientation is a critical aspect of web site design and Internet marketing strategy);and

- Market opportunities (the Internet should not just be used as another channel, but new opportunities for adding value should be explored).

3 Unwillingness to innovate and ‘creatively destruct’ existing product/service lines.

4 Shortsightedness in terms of strategic thinking.

5 The lack of a strong and visionary CEO (Baker (1998) found that this was important to companies’ using the Internet effectively).

6 Giving marketing only ‘stepchild status’, behind finance, production and technology.

Any organization that sees and hence defines its business in anything other than customer benefit terms has not taken the first step in achieving a market *orientation*. Any organization that defines its business by what it produces is said to be suffering from ‘marketing myopia’. Such myopia results from company having a shortsighted and narrow view of the business that it’s in.

If Internet marketing is to become integrated and fully established as a strategy

If Internet marketing is to become integrated and fully established as a strategic marketing management tool, then the focus of attention needs to move towards understanding its broader applications within the total marketing process rather than just using it as a communication and selling tool. This is not to detract from the capability of the Internet to communicate and sell, but recognizes that this is only one important aspect of the marketing process to which the Internet can contribute. The danger for those currently considering developing Internet technology is that the focus of such involvement will be too narrow and the true power of the Internet and its potential contribution to the marketing process will be missed. One of the elements of developing

an Internet marketing strategy is deciding which marketing functions can be assisted by the

Internet.

For the last two decade Amazon.com has been serving customer worldwide. Amazon.com was founded by Jeff Bozos back in 1995. The founders vision was to build a virtual shopping

place for book lovers. Amazon.com brings the world largest book store to the door step of the people around the world. All people has to do is search and select the desired book. It took 30 day to deliver books to the customers of 50 states and 45 countries.

Amazon.com was a huge success in nineties Amazon. retailer and individuals in 2000. Amazon.com offer their services towards four types of customers, consumers, sellers, enterprises and content creators. (Annual report 2013) Amazon serves customer through the popular web site www.amazon.com. Now a day customers can access through mobile technology. Amazon. Are also available for the customers.

I. Part 1: Information Systems utilized for internet activity

1. Information System:

In 1995 Amazon used website system and order fulfillment system separately in order to improve security. By 1995 Amazon has huge database running on Digital Alpha Servers. Amazon renovated the entire system in the year of 2000. Company spent \$200 million on The new system. These systems include analysis software from “Epiphany”, logistics from DBMS from oracle. (Gerald, 2012)

For communication with supplies Amazon seal deal with Excelon for business-to-business integration system. (Knick, 2000) .Amazon Web Service (AWS) and Simple Storage Service (SS) are the main system developed by Amazon. Through this system Amazon can maintain its vast number of products and millions of active customers.

Amazon web service has become a global platform for individual to retailers to sell their products. Through reliable, Scalable, and robust web service Amazon creates a global domination. The challenges of amazon services are very prominent. Every second thousands of customers are searching. For products and ordering products, the systems have to Bedfast, reliable and secured. Every second CRM (Customer Relation Management) system is taking customer information though their searching, data mining, wish list and so on. Whatever customer buys or not they are providing information about them. Systems are smart enough to analysis the information and provide service accordingly.

*For tracking fraudsters amazon.com built a system known as SAS(Smart Analysis Search). This system decrease and detect fraud in the web site by analyzing behavioral

pattern. SAS allows amazon.com to measure and personalize customer and help to serve customer effectively.

Amazon.com is information system based on Service Oriented Architecture (SOA). SOA is fully distributed and decentralized service platform enables amazon's information

System to be robust and scalable. SOA concentrates in multiple application rather than bigger process.

2. Transaction Processing System:

Every customer has his profile in amazon.com or must have a profile in order to order any product. Amazon offer many features to personalize their profile with web tools like shopping cart, wish list.

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Amazon brings 1 click ordering, personalized shopping services and easy to use card transaction, e-mails communication with customers and direct shipping around the world. (1999 Annual report) Customer with previously activated functionality can order items clicking only one button without fulfilling order form. Amazon "secured server automation.

CHAPTER-2
RESEARCH, OBJECTIVE
AND
METHODOLOGY

Research Objectives:

- 1) To understand the current trend in online promotion.
- 2) To understand the strategies of competitors.
- 3) To explore the services provided by Amazon.
- 4) To explore the marketing strategies of Amazon.
- 5) To know the acceptance of services provided by Amazon in market.
- 6) To provide few recommendation to Amazon.

Methodology of the research:

- 1) Defining the objectives of the research work
- 2) Determining the period of the required research
- 3) Designing the research tools
- 4) Conducting the survey and collecting the information via questionnaires, personal-interviews/discussions, magazines, internet, etc.
- 5) Analysis and interpretation of the collected information
- 6) Presenting the findings of the research study in the form of a research report

CHAPTER-3

LITERATURE REVIEWS

Justification of choosing the topic:

Amazon has shown a phenomenal success despite of all the challenges it has faced. This has generated massive interest in e-commerce sector, people are opening website to sell anything from shoes to apparels to jewels to baby care products etc. This has helped in creating a lot of job opportunities and thus helps the India Inc. growth story as well.

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CHAPTER-3

COMPANY PROFILE



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Secure Credit/debit card payment:

For secure transaction amazon.com use secured server software. Customer’s personal information, credit card number and everything is encrypted in order to secure information over internet.

3. Recommendation System:

Amazon developed an intelligent recommendation system which recommends items by customer’s past purchases and searching data. This system store every order made by customer.

For example if a customer buy a fiction book then the recommender system will recommend related books to the customer. The system is basically based on “linking” and “Data mining”. Every movement or search queries are noticed and tracked down to provide the best possible recommendation. This enhances the browsing experiences of the customers because this acts as an interactive platform between website and customers which help maximum customer satisfaction.

Interactive searching System:

Amazon provides interactive searching option to the customers. Customer can select desired items catalogs to find the item. Millions of items can be gained by searching tools. (Annual Report1998)

4. Supply Chain Management (SCM):

For the huge success by 2004 the “Supply Chain System” played a huge role. In 2000amazon spent good amount in order to build automated warehouse and automated supply chain management. (Jenkinson2005, business week 2003) All the supply chain activities are controlled by CRM system. (Gabe2010)

Enterprise Resource Management (ERPSystem):

Amazon uses oracle as the ERP. It has huge database which hold information related to customer. Customer “ordering process is automated as the order is taken asset automatically find the nearest distributing center for the delivery. (Bacheldor, 2004)

This system fastens the order fulfillment process with the order tracking and reduces any distribution mistakes. By this system the company reduced 50% of its customer service contacts since 1999 because of fewer mistakes. (BusinessWeek, 2003)

Customer Relation Management (CRM):

In order to gain customer satisfaction and loyalty Amazon use Customer Relationship Management system (CRM). CRM system follows the following application to collect information of the customer.

All personal information of customers their credit card record, transaction record, order record, profile, their past purchase history are collected in the database.

The order processing system takes care of the transaction record with secured transaction method and it delivers instruction to the delivery system for the execution of shipment.

Through customer feedback, customer interest, wishlist, product reviews web page system collect customer information.

Automated communication is ensured with customers through e-mail and message systems and order information systems. (Jenkins on, 2005; Cottony, 2011) With the CRM system Amazon successfully integrates customer sales services and communication. (Jenkinson2005; Manjoon2011)

II. Part 2: Business strategies applied for internet activity

In early stage of the amazon journey, the business strategy of amazon.com was very simple and forward. Their one and only strategy was to sell books to the customer through online. They invested to the customer and offer them a huge collection of books through online.

“From the beginning our focus has been on offering our customers compelling value. We realized that the web was and still is the World Wide Web. Therefore we set out to offer customer something they simply could not get any other way and began serving them with the book.” -Jeff P. Bezos (shareholder letter 97)

Amazon.com attracted customers by offering 1-click shopping, low price and increasing customer "value. Creating easy to use and easy to learn customer interfaces was a key aspect of Amazon "strategy. (Jarvanpaa, S.L., Tiller, E.H.)

1. Smart Innovation Strategy:

The main reason of the successful journey of amazon.com so far is the innovation strategy of the company. Amazon.com started the business by offering DVDs and CDs alongside books.

In the following year they brought auction theme to the customer. Their strategy was to provide customer better experience of auction by protection from the fraud to the bidder though this strategy did not bring success to the company.

Amazon followed B2C (Business to Customer) model. But it again changed its strategy and transformed from direct sales business model to sales and service model. Through this model amazon's target group was customers and other business group.

Amazon.com offered small business group to use amazon web service and platform to offer their product to the customers. Amazon took commission on each sell of other retailer's product.

Through this service amazon created eco system in the market. Through „Amazon Associates Program“ amazon created and developed partnership with customers and businessman. The primary goal of the program was to acquire new customers to boost the sales on Amazon.com.

Amazon instead gave them its affiliates a revenue share. (ISCKIA and LESCOP) This allowed amazon to extend its market place into a broad section from a single product. There was a change in model in Amazon business strategy. It was a cyber- book store and

with the affiliates and association of the other retailer and being a platform to the others it became a cyber-market.

2. Customer Relation Management Strategy:

When a customer first enters into Amazon he/she is provided „Featured Product“ by the website. But when the customer visits for the second time the recommender system automatically provides products by studying customer interests and personality.

Customer acquisition and retention has been the most priority to Amazon's strategy. Amazon maintains sophisticated communication that automates the process of creating value for the customer. (Jain and Sain)

Jeff Bezos 3 big ideas –

1. Limitless inventory
2. Customer Care
3. High margin, lowest price. (FABERNOVEL)

3. Limitless Inventory:

When Amazon started offering books to the customers. But over the period it increased its products from books to music, movie, cloud storage, gaming and many more. Porter mentioned three distinct sources-

1. Serving few needs of many customers
2. Serving broad needs of few customers
3. Serving broad needs of many customers.

(Porter, 1996)

Initially Amazon followed the first source of serving with few products. But it changed its strategy over time and now it fits into the third source.

4. Customer Care:

“If you do build a great experience, customer tells each other about that. Word to mouth is very powerful” - Jeffry p.Bezos

One of the success factors of amazon.com is word of mouth. Because of excellent customer service customers trusted Amazon. They used to talk about Amazon.com to other. This spread rapidly by creating increasing traffic on the website.

5. High Margin, Lowest Price:

Amazon.com provides products significantly cheaper than its competitors. One of the main visions of Amazon is based on the long term plan. (1997 Stockholder report) This makes easier for Amazon to take risk of low profit in order to succeed in future.

An estimate shows how it is possible for Amazon to become profitable with lowest price. A product on average gets sold in 33 days through amazon.com. On the other side it competitors like best buy took 70 day to sell the product. (FAVERNOVEL)

Amazon keeps the best-selling product to its own stock and longer tail items to third party sellers stock. This gives an advantage to the company.

6. Marketing and Promotion Strategy:

Amazon's marketing strategy remains as strategy brand name, increasing customer traffic, Customer loyalty. To gain so amazon.com undergone various promotional method. Public relation activities, online and traditional advertising including radio, television and print media

Are the prominent.

7. Associate Program:

To boost the customer traffic and rate of sale amazon.com started associate program with customers and small businessman. Approximately 200,000 websites have enrolled in the associate program. (Annual report 1998)

III. Part 3: e-CRM cycle Conducted for internet Activity: Customer Relationship Management

In today “business world CRM is no longer considered as a trend rather as standard Requirement. For competitive advantage and increased revenue, in most of the case with effective

CRM every company has resulted increasing revenue and profit as well as greater customer Loyalty.

“Customer Relationship Management is to identify a company’s best customer and maximizing

The value from them by satisfying and retaining them.” Kennedy (2006)

1. Electronic Customer Relationship Management:

The application of CRM to internet based e-commerce business is the basic concept of electronic

CRM (E-CRM). Pan (2003) said “e-CRM provides the ability to capture, integrate and distribute

Data gained at the organization’s website throughout the enterprise.”

In today “world e-commerce platform does not bind itself in single channel rather expanded

Toward multichannel using internet, web browser, e-mail, PDA, smart phones etc. e-CRM

Solution supports marketing, sales and service of the rapid growing online based business. A recent study revealed that a 10% gain in repeat customer arise 10% to the revenue of the company. (Sculling, Allure, Lloyd, Fjermestad)

Amazon is successfully integrated CRM system. Amazon innovated number of approach to gain and satisfy customer through the implementation of electronic customer relationship Management. No one in the world better understand toothier customer better then Amazon. This yields maximum revenue to amazon.com over the competitive world and kept always 1-step ahead of its competitor like e-bay, best-buy.

2. How Amazon implementer:

Amazon has extensive implementation of customer relationship management. Each and every customer is taken in account in amazon.com.

Customer Selection:

Customer selection part through Amazon.com website has given amazon a extra benefit in order to boost their business. Amazon uses numerous methods to select customer by knowing their customer behavior.

Amazon "early target was people who love books. But days its target market is vast and challenging. Amazon through their website, PR strategy target people to motivate them to use amazon.com.

Customer Acquisition:

Customer account:

Every customer buying through amazon.com has his/her profile in Amazon website. Amazon.com creates a database to store the account, information of the customer, credit/debit account.

Through the customer account Amazon knows about the customer, their personality and last of all can satisfy them.

Wish List, review system:

Amazon always encourage customer to add favorite items to the wishlist. This helps Amazon to know better about the customer. Product review by customer not only helps customers to find and select product but also acts as direct marketing event for amazon.com. (Jenkinson and saint) Amazon allows making connection in between the customer, communicating and viewing their interest help to Amazon to gain customer trust and initiate word of mouth. In the first 3 months of 2000, Amazon acquired 3 million new customers without any investment. To satisfy customer Amazon uses information acquired through customer account, wish list etc. Amazon brought number of systems to satisfy customer. 1-click ordering has been an excellent system innovated by Amazon which revenue less than 20 sec to enable purchase. (Jenison and in)

Customer Retention:

Amazon.com emphasizes customer retention over just acquisition. An analysis shows 40% of amazon's customers are frequent users [Jenison and saint]. This indicates customer always come back to purchase product in amazon.com. Amazon does retain customer very smartly and sincerely by satisfying its best buyer through good service and effective communication.

Amazon founder Jeffery P. Bezos said “The optimal to do is to spend 70% of your time, energy, focus and dollars building great customer analysis and 30% shouting about it.

Integrating lean advertising, service and selling Amazon acquires customer and through great customer experience it retains the customer.

Customer Extension:

The market place is very competitive even for amazon.com with competitor like-Bay, best buy breathing very behind Amazon. Customers now days get every single distraction through other competitor “service and brand value. It is very challenging to every retain customers

When people ask me if our customer are loyal I say, “Absolutely right up to the second somebody else offer them a better service “Jeff Bezos The comment explains how challenging the market is. But even though Amazon “better customer service, trust factor, brand value initiate them rapid and growing customer popularity. About 70% of amazon’s customer trust Amazon and recommend Amazon to their friend [Jenison and saint]

Amazon integrated communication in-between customers. This helped amazon to retain even extends their customers. Customer “reviews of products trusted by other customer and motivate them to buy.

IV. Part 4-Recommendation for Amazon.com:

Amazon.com is the ultimate online retailer around the world. Its nearest but not even close competitors are e-bay and best buy. But the competition is growing day by day.

1. Competing in the market:

Like past, Amazon in future will have to come up with special something. The global market is changing day by day. Business competitors are investing large to take Amazon down. There is no room for relaxation. It is very challenging and has to be consistent in the market to be number one retailer shop.

2. Innovation of new Product:

It is essential for Amazon to think out of the box and bring new products to satisfy and retain customer to be loyal to amazon.com. Amazon always offered its customer better quality and better service. But in future it may not be the same. People in today's world ask for more.

Amazon has to be smart enough to understand the customer need before even customers know about it.

3. Integration of New Technology:

Technology is making progress like the spread of light. Company like „Amazon“ needs to be adaptive and technology friendly to retain its domination in the market. Amazon's new technology of Drone delivery system indicates it is planning and investing significant amount of money in technology for near future.

4. Customer Loyalty:

For an upward revenue stream customer loyalty is essential...Amazon's most of the buyers are it repeat customers who are loyal to amazon. But growing competition can be a risk to amazon's loyal customer.

5. Global Expansion:

Amazon is expanding its business around the world. But this may cause significant strain in number of sectors like management, inventory, supply system and more overtop

Amazon's market place. "We may not be successful in our efforts to expand into international market segment" (annual report 2013)

International market is very challenging because of political and economic conditions. Upgrading e-CRM and investing more towards customer information for better understanding the customer needs and behavior is essential.

CHAPTER-4

PRIMARY FINDINGS

AND

DATA ANALYSIS

Sample size: 50

The sample would be from two companies like:

a) Amazon.com

b) Snapdeal.com

And a sample size of around 100 consumers with the following consumer category:

a) Students

b) Executives

c) Families

Primary data: To be collected through structured questionnaires, personal-interviews/discussions with company employees and consumers.

Secondary data: Internet, journals, magazines, articles, etc.

Research Location: New Delhi, India

Research constraints:

a) Geographical limitation

b) Busy schedule of the consumers and company employees.

MARKETING STRATEGY

"Marketing" is an instructive business domain that serves to inform and educate target markets about the value and competitive advantage of a company and its products. "Value" is worth derived by the customer from owning and using the product. "Competitive Advantage" is a depiction that the company or its products are each doing something better than their competition in a way that could benefit the customer. Marketing is focused on the task of conveying pertinent and product related information to specific customers, and there are multitude of decisions(strategies)to beamed within the marketing domain regarding what information to deliver, how much information to deliver, to whom to deliver, how to deliver, when to deliver, and where to deliver. Once the decisions are made, there are numerous ways (tactics) and processes that could be employed in support of the selected strategies. As Marketing is often misinterpreted as just advertising or sales, Chris Newton, in what is marketing? defined marketing as every strategy and decision made in the following twelve areas:

- Identifying and quantifying the need in the marketplace
- Identifying and quantifying the target markets
- Identifying the optimum cost effective media – online and offline - to reach the target markets
- Testing to find the optimum pricing strategies
- Developing effective promotional strategies and effective advertising and supporting collateral, offers, and launch strategies

- Developing and documenting the sales process
- Finding the optimum execution of the sales process – through testing of selling scripts, people selection, supporting collateral, skills and attitudinal training, tracking, measuring and refining
- Ensuring that sales projections reflect realistic production capacities
- Developing nurture programs to optimise the lifetime value of the customer

The goal of marketing is to build and maintain preference for company and its products within the target markets. The goal of any business is to build mutually profitable and sustainable relationships with its customers. While all business domains are responsible for accomplishing this goal, the marketing domain bears a significant share of the responsibility. Within the larger scope of its definition, marketing is performed through the actions of three coordinated disciplines named: “Product Marketing”, “Corporate Marketing”, and “Marketing Communications

Two levels of marketing

❖ Strategic marketing

It attempts to determine how an organization competes against its competitors in market place. In particular, it aims at generating a competitive advantage relative to its competitors.

❖ Operational marketing

It executes marketing functions to attract and keep customers and to maximize the value derived for them, as well as to satisfy the customer with prompt services and meeting the customer expectations. Operational Marketing includes the determination of the porter's five forces.

4 Ps:

In the early 1960s, Professor Neil Borden at Harvard Business School identified a number of Birla Cement performance actions that can influence the consumer decision to purchase goods or services. Borden suggested that all those actions of the Birla Cement represented a "Marketing Mix". Professor E. Jerome McCarthy, also at the Harvard Business School in the early 1960s, suggested that the Marketing Mix contained

4 elements: product, price, place and promotion. In popular usage, "marketing" is the promotion of products, especially advertising and branding. However, in professional usage the term has a wider meaning which recognizes that marketing is customer-centered. Products are often developed to meet the desires of groups of customers or even, in some cases, for specific customers. E. Jerome McCarthy divided marketing into four general sets of activities. His typology has become so universally recognized that his four activity sets, the Four Ps, have passed into the language.

❖ Product

The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees, and support.

❖ **Pricing**

This refers to the process of setting a price for a product, including discounts. The price need not be monetary - it can simply be what is exchanged for the product or services, e.g. time, energy, psychology or attention.

❖ **Promotion**

This includes advertising, sales promotion, publicity, and personal selling, branding and refers to the various methods of promoting the product, brand.

❖ **Placement (or distribution)**

It refers to how the product gets to the customer; for example, point of sale placement or retailing. This fourth P has also sometimes been called Place, referring to the channel by which a product or services is sold (e.g. online vs .retail), which geographic region or industry, to which segment (young adults, families, business people), etc. also referring to how the environment in which the product is sold in can affect sales. These four elements are often referred to as the marketing mix, which a marketer can use to craft a marketing plan. The four Ps model is most useful when marketing low value consumer products. Industrial products, services, high value consumer products require adjustments to this model. Services marketing must account for the unique nature of services. Industrial or B2B marketing must account for the long term contractual agreements that are typical in supply chain transactions. Relationship marketing attempts to do this by looking at marketing from a long term relationship perspective rather than individual transactions.

As a counter to this, Morgan, in *Riding the Waves of Change* (Jossey-Bass, 1988), suggests that one of the greatest limitations of the 4 Ps approach "is that it unconsciously emphasizes the inside-out view (looking from the Birla Cement outwards), whereas the essence of marketing should be the outside-in approach". Nevertheless, the 4 Ps offer a memorable and workable guide to the major categories of marketing activity, as well as a framework within which these can be used.

7 P's:

As well as the standard four P's (Product, Pricing, Promotion and Place), services marketing calls upon an extra three, totaling seven and known together as the extended marketing mix. These are:

❖ People

Any person coming into contact with customers can have an impact on overall satisfaction. Whether as part of a supporting service to a product or involved in a total service, people are particularly important because, in the customer's eyes, they are generally inseparable from the total service. As a result of this, they must be appropriately trained, well motivated and the right type of person. Fellow customers are also sometimes referred to under 'people', as they too can affect the customer's service experience, (e.g., at a sporting event).

❖ **Process**

This is the process (as) involved in providing a service and the behavior of people, which can be crucial to customer satisfaction.

❖ **Physical evidence**

Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible. This, therefore, means that potential customers could perceive greater risk when deciding whether to use a service. To reduce the feeling of risk, thus improving the chance for success, it is often vital to offer potential customers the chance to see what a service would be like. This is done by providing physical evidence, such as case studies, testimonials or demonstrations.

❖ **Personalization**

It is here referred customization of products and services through the use of the Internet. Early examples include Dillon-line and Amazon.com, but this concept is further extended with emerging social media and advanced algorithms. Emerging technologies will continue to push this idea forward.

❖ **Participation**

This is to allow the customer to participate in what the brand should stand for; what should be the product directions and even which ads to run. This concept is laying the foundation for disruptive change through democratization of information.

❖ **Peer-to-Peer**

This refers to customer networks and communities where advocacy happens. The historical problem with marketing is that it is “interruptive” in nature, trying to impose a brand on the customer. This is most apparent in TV advertising. These “passive customer bases “will ultimately be replaced by the “active customer communities”. Brand engagement happens within those conversations. P2P is now being referred as Social Computing and is likely to be the most disruptive force in the future of marketing.

❖ **Pre fictive modeling**

This refers to algorithms that are being successfully applied in marketing problems (both a regression as well as a classification problem).

Scope of marketing

Marketing is a philosophy that leads to the process by which organizations, groups and individuals obtain what they need and want by identifying value, providing it, communicating it and delivering it to others. The core concepts of marketing are customers ‘needs, wants and values; products, exchange, communications and relationships. Marketing is strategically concerned with the direction and scope of the long-term activities performed by the organization to obtain a competitive advantage. The organization applies its resources within a changing environment to satisfy customer needs while meeting stakeholder expectations. Implied in this view of strategic marketing is the requirement to develop a strategy to cope with competitors, identify market opportunities, develop and commercialize new products and services, allocate resources among marketing activities and design an appropriate organizational structure to ensure the performance desired is achieved. There is no unique strategy that succeeds for all

Organizations in all situations. In thinking strategically about marketing many factors must be considered: the extent of product diversity and geographic coverage in the organization; the number of market segments served, marketing channels used, the role of branding, the level of marketing effort, and the role of quality. It is also necessary to consider the organization's approach to new product development, in particular, its position as a technology leader or follower, the extent of innovation, the organization's cost position and pricing policy, and its relationship to customers, competitors, suppliers and partners. The challenge of strategic marketing is, therefore, to manage marketing complexity, customer and stakeholder expectations and to reconcile the influences of a changing environment in the context of a set of resource capabilities. It is also necessary to create strategic opportunities and to manage the concomitant changes required within the organization. In this world of marketing, organizations seek to maximize returns to shareholders by creating a competitive advantage by identifying, providing, communicating and delivering value to customers, broadly defined, and in the process developing long-term mutually satisfying relationships with those customers.

ONLINE PROMOTION: CURRENT TRENDS

Online sales promotions are getting more and more popular among the shopping websites and online retailers. However, it is not clear whether the online promotion activities can influence the purchasing intention of consumers with different online shopping experience. When online

Stores aren't found, business is lost. It's a simple concept that shows the dramatic impact website promotion can have on an online store. With so many online stores crowding the

Web, the competition for customers is fierce. In order to bring traffic to your ecommerce website, you'll need a strategy that should include some - if not all - of the following ecommerce website promotion tactics for online stores.

❖ **Search Engine Optimization (SEO)**

When a user searches for a particular keyword, the search engines generate a search engine results page that ranks relevant sites. Considering that the majority of users will not look past the first page of results, achieving a "top 10" ranking should be part of your ecommerce website promotion plan. To do this, you'll need to "optimize" your site for the search engines which will crawl its content looking for indicators of relevancy. Seaford online stores are a multi-faceted website promotion that includes keyword selection, link building, refreshing content, and tracking visitor behavior.

❖ **Search Engine Submission**

Submitting your Web address to national and local search engines and directories including Google™, Yahoo!®, and Bing™ can be an especially helpful website promotion tactic when your ecommerce site is new to the Web - you won't have to wait for the search engines to find you among all the other online stores. Submissions can include a domain name alone, a specific page or an entire site. If you do wanton submit your entire site, you will need to submit a site map.Keep in mind that, at minimum, you should submit your ecommerce website homepage.

❖ Pay per Click Advertising

Perhaps the most time-efficient of the website promotion tactics for online stores, Pay Per Click Advertising (PPC) can typically help your ecommerce website gain ground in search engines faster than SEO. Pay per click marketing begins with careful keyword selection. Next, you bid on your selected keywords - the higher your budget allows you to bid, the higher your ecommerce website will rank on the results page. Once the ad is launched, you'll pay only when a user clicks on your ad, which makes it important to use highly targeted and relevant copy. Your ecommerce website promotion plan should also involve creating customized landing pages for your PPC advertising, which will enhance visitor experience and increase customer confidence.

❖ Online Press Releases

Press releases have long been an effective way to get out the "latest" news about your company. Online Press Releases accomplish the same goals for online stores, and then some - they not only help you connect with readers, but with search engines as well. When you use an online Press Release for ecommerce website promotion, you can boost your website's ranking, increase traffic and enhance brand recognition.

Ecommerce website promotion can help your business stand out from a crowd of online stores and reach the customers that you need. When your online store is ready to open for business, consider creating an ecommerce website promotion strategy balanced to meet your goals.

Online Advertising

One of the important roles of advertising is to inform customers about his/her choices. In the context of Internet commerce, search advertising services are sold by intermediaries such as Google, Yahoo, and Mysimon.com. Recent work by Baseband Morgan, Baraga and Fang and Weber and Zhen has concentrated on the optimal fee and the optimal design for the intermediary. Dean, Freimer and Nelson study how the ownership of the search engines impacts the market and social welfare. It shows that low quality search engines can survive in the market since search services are typically free of cost for the customers. However, this literature ignores broadcast advertising, which is available to retailers in the form of banner advertising on the Internet.

If customers are unaware of the quality of the product, the amount of expenditure on advertising may signal the quality of the retailer's product. Important contributions in this research came from them. The essence of these papers is that when advertising is useful only for signaling, wasteful (or excess) advertising is used to signal high product quality. Recently it has shown that when broadcast advertising plays the dual role of informing customers about the retailer and signaling, a high quality work will do the reverse of what the previous literature states: It will reduce advertising to signal high quality. We extend this thread of research to examine the merits of signaling the quality of the product of a monopolist retailer with search advertising. Finally, we also model duopoly competition between retailers.

Search advertising has emerged as a preferred way of advertising on the Internet. Its targeting capability ensures that only the customers who are interested in buying product are ever exposed to the advertising message. The payment method is also unique. The advertising fee becomes due only when customers return their interest in buying the

Product by clicking on the link provided by the search advertisement. Should the targeting capability and cost efficiency of search advertising then enable online retailers to reduce their advertising budgets? The answer may be in the negative because it might be beneficial to spend more on advertising to get large number of customers. Since search advertising allows for better targeting, retailers may want to increase their price. This price increase may cause a reduction in social welfare. When customers are uncertain about the quality of product being sold by the retailer, a retailer selling a high quality product may want to use price and advertising as signals of its product quality. It turns out that utilization of search advertising for signaling is more likely if the quality differential between the high quality and the alternative low quality product is small. This shows that the utility of search advertising as a signaling tool is limited and alternative means of signaling may be required if the quality differential between the high and low quality product is significant. In a competitive duopoly, both retailers may be better if the retailer with an established brand value (i.e. Who is known to customers) uses its web site as a portal. The retailer without the brand value lists its web site on the portal for a fee instead of resorting to advertising. If both retailers are unbranded, the relative amount of search and broadcast advertising changes as the competing retailer becomes more established in the market.

Opportunities for e-commerce in India

A developing country can become industrialized and modernized if it can extensively apply IT to enhance productivity and international competitiveness, develop e-commerce and e-governance applications. An information-based society or knowledge based society is composed of IT products, IT applications in society and economy as a whole. Many

Countries in Asia are taking advantage of e-commerce through opening of economies, which is essential for promoting competition and diffusion of Internet technologies. The Internet is boosting efficiency and enhancing market integration in developing countries. The developed world has had a long lead over the developing countries in the telecom infrastructure. The world average of teledensity is 15 per cent compared to the developed world average of 55 to 60 per cent. Same is true of PCs, Internet connections, and the number of Internet hosts. All these traditional indicators for India as seen above are still small. But the total numbers of Internet connections are large in absolute numbers. Large enough to have a critical mass of 10 to 20 million users to be able to make an impact on e-commerce and e-governance. In the next 3 to 5 years, India will have 30 to 70 million Internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. The number of e-transactions will be large enough to sustain the Internet economy.

Benefits of e-commerce to consumers

Enables customers to shop or conduct other transactions 24 hours a day, all year round from almost any location. In one case a pop star set up web cameras in every room in his house, so that he could check the status of his home by logging onto the Internet when he was away from home on tour. Customers not only have a whole range of products that they can choose from and customize, but also an international selection of suppliers. Customers can 'shop' around the world and conduct comparisons either directly by visiting different sites, or by visiting single items here prices are aggregated from a number of providers and compared (for example www.moneyextra.co.uk for financial products and services). Improved delivery processes. This can range from the immediate

Delivery of digitized or electronic goods such as software or audio-visual by downloading via the Internet, to the on-line tracking of the progress of packages being delivered by mail or courier. An environment of competition where substantial discounts can be found or value added, as different retailers vie for customers. It also allows many individual customers to aggregate their orders together into a single order presented to wholesalers or manufacturers and obtain a more competitive price (aggregate buying), for example www.letsbuyit.com.

Benefits of e-commerce to society

Enables more flexible working practices, which enhances the quality of life for a whole host of people in society, enabling them to work from home, not only is this more convenient and provides happier and less stressful working environments, it also potentially reduces environmental pollution as fewer people have to travel to work regularly. Enables people in developing countries and rural areas to enjoy and access products, services, information and other people which otherwise would not be so easily available to them. For example, health services available over the Internet (on-line consultation with doctors or nurses), paying taxes over the Internet through the Inland Revenue website.

COMPETITORS

COMPETITORS



Amazon is an Indian e-commerce company headquartered in Bangalore, Karnataka. It was founded by Sachin Bansal and Binny Bansal in 2007. In its initial years, Amazon focused on online sales of books but it later expanded to electronic goods and a variety of other products. Amazon offers multiple payment methods like credit card, debit card, net banking, e-gift voucher, and Cash on Delivery.

The cash-on-delivery model adopted by Amazon has proven to be of great significance since the credit card and net banking penetration is very low in India.

History

Amazon was founded in 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology Delhi. They worked for Amazon.com before quitting and founding their own company. Initially they used word of mouth marketing to popularize their company. A few months later, the company sold its first book on Amazon.com—John Woods' 'Leaving Microsoft to Change the World'. Today, as per Alexa traffic rankings, Amazon is among the top 20 Indian Web sites and has been credited with being India's largest online bookseller with over 11 million titles on offer. Amazon broke even in March 2010 and claims to have had at least 100% growth every quarter since its founding. The store started with selling books and in 2010 branched out

to selling CDs, DVDs, mobile phones and accessories, cameras, computers, computer accessories and peripherals, and in 2011, pens & stationery, other electronic items such as home appliances, kitchen appliances, personal care gadgets, health care products etc. Further in 2012, Amazon added A.C, air coolers, school supplies, office supplies, art supplies & life style products to its product portfolio. As of today, Amazon employs over 4500 people.

Funding

Initially funded by the Bansals themselves with 400,000, Amazon has raised funding from venture capital funds Accel India in 2009 and Tiger Global (US\$10 million in 2010 and US\$20 million in June 2011). Amazon.com, on August 24, 2012 announced the completion of its 4th round of \$150 million funding from MIH (part of Naspers Group) and ICONIQ Capital.

Acquisitions

- 2010: We Read, a social book discovery tool. The stated goal was to give Amazon a social recommendation platform for buyers to make informed decisions based on recommendations from people within their social network.
- 2011: Mime360, a digital content platform company.
- 2011: Chakpak.com is a Hollywood news site that offers updates, news, photos and videos. Amazon acquired the rights to Chakpak's digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings.

Amazon has categorically said that it will not be involved with the original site and will not use the brand name.

- 2012: Letsbuy.com is India's second largest e-retailer in electronics. Amazon has bought the company for an estimated US\$25 million. Letsbuy.com had been closed down and all the traffic of Lets buy is diverted to Amazon.

Amazon Marketing

It's being touted as India's answer to Amazon. Founded by Sachin Bansal and Benny Banal (not related to each other) in Oct 2007, Amazon has catapulted to one of India's Most popular e-commerce sites and undoubtedly as the most popular online destination For books within a short span of three years. With expected revenues of Rs. 75 crores this FY, Amazon plans to generate whopping Rs. 4,500 cores by FY 2015. Now that's Pretty impressive for any business.

Amazon's initial success can be pegged down to the experience of its founders, both of Who had worked with Amazon? They also successfully used word of mouth marketing And social media to get word out. But there are literally millions of retail websites. And not many have achieved even a fraction of the attention that Amazon has. So what is it? That makes Amazon stand out? For one, they offer a huge range of titles (more than 7 Million) which really sets them apart from the rest of the crowd.

But is simply offering so many titles enough? I don't think so. I mean, how difficult it is

For someone with deep pockets to simply replicate this? Not very. In fact, the Basils

Started their venture with just Rs. 5 lacs. So what does Amazon have that makes its

Model so robust? An amazingly well-oiled warehousing and delivery system. This ensures that deliveries occur within promised times all over India. And with a business volume of nearly 2 lakh books every year, one can imagine how important logistics is to this business.

So what's my take on Amazon? I personally didn't like the website interfaces much. And this one's supposed to be a newer one. It didn't inspire me at all. And they still haven't turned a profit yet. But on the positive side, they have the scope and the scale. They are adding new product lines such as movies, music, games, cameras and computers. They are coming up with creative ads and improving operations. They have just received another round of funding. All in all, there's no doubt that Amazon has tremendous potential.

Amazon began with selling books, since books are easy to procure, target market which reads books is in abundance, books provide more margin, are easy to pack and deliver, do not get damaged in transit and most importantly books are not very expensive, amount of money a customer has to spend to try out one's service for one time is very minimal. Amazon sold only books for the first two years. Amazon started with the consignment model (procurement based on demand) i.e. they had ties with 2 distributors in Bangalore, whenever a customer ordered a book, they used to personally procure the book from the dealer, pack the book in their office and then courier the same. In the initial months the founder's personal cell

numbers used to be the customer support numbers. So, in the start they tried their best to provide good service, focus on the website - easy to browse and order and hassle-free, and strove hard to resolve any

Customer issues. Since there were not any established players in the market, this allowed them a lot of space to grow, and they did in fact grew very rapidly.

Amazon had a revenue of 4 core in FY 2008 - 2009, 20 core in FY 2009 - 2010, 75 core in FY 2010 - 2011, and the revenue for FY 2011 - 2012 which ends on 31 Mar 2012 is expected to be 500 core. This is indeed massive growth. The company targets revenues of 5000 core by 2015.

The company started from 2 employees and now has around 4500 employees. Amazon started with consignment model as discussed above, since most of the customer issues like delivery delays etc. result from procurement model, the company started opening its own warehouses as it started getting more investments. The company opened its first warehouse in Bangalore and later on opened warehouses in Delhi, Kolkata and Mumbai. Today the company works with more than 500 suppliers. As on date more than 80% orders of Amazon are handled via warehouses which help in quick and efficient service.

A humble beginning from books, Amazon now has a gamut of products ranging from: Cell phones, laptops, computers, cameras, games, music, audio players, TV's, healthcare products, washing machines etc. etc. Still, Amazon derives around 50% of its revenue from selling books online. Amazon is the Indian market leader in selling books both offline and online, it enjoys an online share of around 80%. The electronic items have a large number of players like Napoli, Lets buy, India plaza, Trades, Infibeam, Yebhi etc. The electronic market share is distributed among them in different unknown proportions.

India has around 13.5 core internet users today where as the number of homes with Cable and Satellite (C&S) television is 10.5 core. The expected internet users will reach

Figure of 30 core by 2014 and C&S homes are expected to be 14 cores by 2014. Thus India has a tremendous internet growth and with the customers getting accustomed to e-commerce, the future of e-commerce sector is definitely rosy. An approximated 25 lac people have transacted online this year, the number is all set to increase with time.

Also to mention most of the Amazon customers use internet from PC's/Laptops to order goods. The use of mobile internet is very less at the moment, but with the advent of smart phones the use of mobile internet for e-commerce transactions will soar with time. India has 8 core mobile net users at the moment, the number is expected to swell to 22.5 core by 2014.

Let's discuss the factors that lead to the grand success of Amazon:

- 1.) They always strove to provide great customer service. Amazon customers are happier than with some of their competitors like Traducing, Indiaplaza.com; have I experienced this couple of times.
- 2.) Their website is great, easy to use, easy to browse through the products, add products to wishlist or to cart, get product reviews and opinions, pre-order products, make payments using different methods, in short hassle-free and convenient.
- 3.) A very important point is that they introduced the option of cash on delivery and card on delivery. This way people demonstrated more confidence in buying products. An interesting fact, today Amazon sells 20 products/min and has a massive customer base, still more than 60% of the Amazon's customers use Cash on Delivery and card on delivery methods. This is because of two reasons; one is many people do not know how

To make payments online. And secondly people do not have immense trust in e-commerce in India. Amazon also provides a 30 day replacement guarantee on its products and EMI options to its customers for making payments.

4.) Amazon's reason of success is that it has a great customer retention rate, it has around 15 lakh individual customers and more than 70% customers are repeat customers i.e. They shop various times each year. The company targets to have a customer base of 1 crore by 2015.

AMAZON MARKETING STRATEGY

Amazon has been mostly marketed by word of mouth **advertising**. Customer satisfaction has been their best marketing medium. Amazon very wisely used SEO(Search Engine Optimization) and Google Ad-words as the marketing tools to have a far reach in the online world. Amazon.com official Face book page has closeted 9 lakh 'likes'. Amazon recently launched a series of 3 ads with the tag line - "No Kidding No worries". Kids were used to create the adverts to send out the message - if a kid can do it, you can also do it.

The message is very clear to make people more comfortable with Amazon, to generate a great customer relationship and loyalty on the basis of great product prices and excellent customer service. All in all to create a great customer experience.

Future road map

Going forward electronics will be given more focus. Amazon has recently added a string of electronic items like calculators, water purifiers, microwave ovens, washing machines, dish washers, vacuum cleaners etc.

Amazon has opened a music store which select's and DVD's of movies' music releases and music albums. Amazon has also acquired Bollywood movie content from Champak. Since digital media is going to rise in near future, Amazon is geared up for the same. Soon it will start offering digital content like movies and songs online, as in the customers can pay and stream online digital content. Amazon will also provide e-books very soon.

Threats in future

There are no major foreseeable threats in the future.

The company has built a great brand name, they just have to maintain and enhance the same. It needs to keep introducing more products, adapting to the changing needs of the customer with time. The entry of Amazon.com in 2012 in the Indian e-commerce space has been cited as a big challenge to Amazon. However think that Amazon as a respected Brand name in India and should be able to compete with Amazon. Remember Amazon being a very big company can bring in serious competition to Amazon, since Amazon can bear more losses in the beginning to gain customer base. But again Indian markets growing at a rapid pace as access to internet increases and people become more aware of

commerce sites and start trusting the same; hence Indian market is sufficiently big at- least for these two giants to co-exist beneficially.

Thus in the end would like to congratulate Amazon founders for the determination and hard work they have put in to realize their dream. The rewards they are reaping are a natural follow up. The company is currently valued at around 1 billion dollars i.e. 5000 core. More importantly Amazon has ushered in the e-commerce era in India. This has generated massive interest in e-commerce sector; people are opening websites to sell anything from shoes to apparels to jewels to baby care products etc. This has helped in creating a lot of job opportunities and thus helps the Indian Inc. growth story as well.

Cash-on-Delivery a good strategic move

On the face of it, it has increased sales. But

- 1.) It has eroded margins by increasing cost of delivery and payment collection.
- 2.) It allowed for other less-trusted players to enter the market - had Cod not been offered, Amazon could have commanded higher prices for the trust they had built. Now with everyone offering Cod, trust has a lesser role to play in buying decisions ("hey I anyway don't have to pay until they actually deliver") - making it easier for customers to migrate/try out less-trusted sellers.

Development of marketing strategy

Primarily, Customer Focus. It seems like something Captain Obvious might say, but it's an easy component to overlook, unintentionally. Even technologically; developers are probably the most in a vacuum ... in that they don't directly interact with customers or

Books or suppliers. But every little change impacts the end user in a big way. Impact in that regard is another value we look for. The same can be said for Customer Support as well, because they impact customers directly. Selflessness is also what we look for. Again, given that we "reverse engineer" from the customer's point of view, we need people who'll volunteer for tasks at hand, even if it's "not their job" or if they have a lot on their plate. And everyone does it (without being told, in as many words as I just have). Communication and Honesty are also implicit traits. By nature, we aren't an organization that witch-hunts, probably because we've learned by making mistakes. It's not mistakes that worry us, its cover-ups and not owning up. This also holds true in terms of giving feedback, either to your bosses/peers or about a particular strategy or piece of technology employed by Amazon. Most of all, we don't want anybody in an "I told you so" position. And lastly, Innovation. Sure, it's a misunderstood buzzword ... but a lot of problems we solve at Amazon are by innovation, and most of it is under the hood. It's not brilliant or stunning, but it's innovative in the given context.

Some other marketing strategies

Amazon.com bases its marketing stratagem on six pillars.

1. It freely proffers products and services.
2. It uses a customer-friendly interface.
3. It scales easily from small to large.
4. It exploits its affiliate's products and resources.

5. It uses existing communication systems.
6. It utilizes universal behaviors and mentalities.

MARKETING STRATEGIES: SNAPDEAL



❖ Hitting the right spot!

Buy it or not- we believe in doing things the BIG way and exposing it to the wide audience. Buzz and hit the right spot describes our first marketing strategy.

❖ Gull Paragon Discount!

Snap deal created a lot of excitement the last Valentine's Day with an innovative 'Date with Me'-Gul Pan a gcampaign. The offer was quite simple, stating anyone can buy a date with Gull Panama a special price. But, the kind of buzz it created in the market was incomparable.

❖ 'Owning the space'

Snapdeal's next big thing is to hit the outdoors. This year the team came up with a massive Snapdeal banner which stands imprinted on a building in Gorgon's-DLF Cyber City. Many

thought and still think that it is Snapdeal's office! That's what you call

“Owning the space” and the “mind”. Quite audacious an attempt since it has never even been tried before by an online portal!

❖ **It’s close to our heart!**

And how can we forget the best thing the team did this year. Very close to the heart and special. Wondering what? Read below and you will get to know!

Snapdeal.com Nagar-does this ring bell? Since we were planning to do something in our own small way to the society, we thought it was a good opportunity to support a village, where one of our colleagues comes from, by enabling easy access to portable drinking water and the villagers expressed their gratitude by naming the village after Snap deal! So, here it is – Snapdeal.com Nagar

Overcool and bold area few understatements for Snapdeal’s excellent marketing strategies. We know the tricks and techniques of the trade. But going to the ground level and executing it; is really, really tough and so it is more fun!

In short, Snapdeal’s dynamic marketing approach includes doing things the big way and creating the buzz through innovative ways.

❖ **You live only once!**

A sneak peek before I log off - Snapdeal just launched its TVC this week...Take a look at— Yam dude campaign And, if you haven’t come across an interesting e-commerce website, what are you waiting for? Take a look at Snapdeal.

❖ Customer asking

Many risk-averse Indians think twice before leaping into heavily discounted deal. Many ask: how do retailers gain if they give out products and services at such discounts? Snapdeal's clients are able to do it because they receive far more customers through the channel than through traditional channels. "Many of our brands have over 1,000 customers coming to them on a single day. Merchants spend only on prospective clients rather than spending upfront on traditional forms of media that do not guarantee any return on investment or customers. And retailers pass on the customer acquisition cost in the form of a discount offer." Bahlh as focused on creating customer delight. "For instance, all customer emails to the Snap deal help desk are responded to the same day they are received. The 100% growth month-on-month since inception is mainly because of our customer centricity."

They manage the brand through Face book, Foursquare, Twitter and blogs. "There weave discussions and contests. We have over 3.5 lakhy followers on Face book who see and receive updates on deals daily. We have noticed that a good number of customers come to Snapdeal after seeing the deals on Face book."

Snap deal eyes rival Amazon's specialty space of books

Online retail player Amazon may have to brace itself for competition in the area that it is known best for – books. Snapdeal.com, a 'daily deals' e-commerce company spanning categories like apparels, gizmos, dining, travel and spas, may soon take a call on the media space, that includes books, music and movies. Rival Amazon began as a books major and then diversified into other areas, digital music being the latest.

While the two companies follow different business models, their current revenue and sales projections are similar. Both are chasing the magic figure of \$1 billion in sales in the next two to three years. But, even as Amazon has maintained it has no sell-off plans, Snapdeal is candid about exiting the business at the right time.

“Media is an interesting category, and we are not in it. But we are thinking about it now. He added the company was looking for the right model and would take a call soon on entering the books and music space. According to Bah, the books business is a big money loser, and the company stayed away from it till now because it’s a “conservative organization”.

Amazon could not be contacted for comment on the competition that Snapdeal may pose if it chooses to enter the media space. To a query on facing competition from the likes of Amazon, Bah said, “We don’t spend much time looking over our shoulders”.

Snap deal, a barely two-year old company, pegs its current revenue at Rs500 crore and projects sales worth \$1 billion (roughly Rs5, 100 crore at the current fore value) by the year 2015. Amazon that had gone live in 2007 has crossed the Rs500-crore mark in revenue in 2011-12, and is looking at clocking \$1 billion ahead of the 2015 deadline that it had set for itself, as CEO Sachin Bansal had told this newspaper recently.

Even as Snapdeal is exploring stock market listing opportunities, Bah said, “For us, listing is just a financial event. We are much more focused on the \$1-billion target”.

The execution of the decision (to list the company) is likely around 2014. “Eventually, we would look at exiting like any responsible entrepreneur,” Bah said, adding that the

Company was “not in a hurry” to sell. Banal of Amazon had, however, said that selling the business was not part of the company’s future plans, and had spoken of building Amazon as the largest retailer (not just online) in the country.

Snapdeal is a discount platform for consumers. But Balsas, “We are not a deals/group buying company; we are an e-commerce company.” He added that though the company’s philosophy was to offer “best products at best prices”, that does not necessarily mean everything is on a “deal”.

Secret of Snap Deal’s success without any marketing

The services inherently viral in nature. We firmly believe that if consumers see value in a service or product, and it can be absolutely anything, they will talk about it. This is how our Face book community www.facebook.com/snapdeal zoomed to 20,000+ in less than 60 days – I am sure it’s some sort of record. We have engaged in certain strategic marketing activities which gave the initial momentum to the service’s awareness. The explosion took place thereafter. Various media channels reached out to us because our customers sent them mails to write about Snap Deal– it is an interesting phenomenon for us as well. A prominent journalist, who I won’t name, used the service as a customer to get an adventure sport deal for his family and was so pleased with the service, that he insisted on doing a feature story on Snap Deal. We can’t be selling a product or service 24/7 (it is just too tiring) – products need to sell themselves if they are to become good sized businesses quickly; we can just build the right foundations and help them on their way.

Email marketing strategies

E commerce companies are a dime a dozen today, but very few have been able to actually cash in on the revolutionary concept. Companies like SnapDeal.com, Myntra.com, MyDala.com, Fashionandyou.com, dealandyou.com have all managed to attain optimal success not simply out of the sales but also with thoroughly calculated and designed Email Marketing campaigns. According to their reports, E-mail marketing budget made by e-commerce companies has been growing tremendously; it increased by 100 percent in this FY. It has become an imperative marketing communication tool for e-commerce brands that majority of them are deriving approximately 30 percent of their overall ROI through solely e-mail marketing.

Commercial email marketing reigns supreme as the best channel for marketers. According to this year's Direct Marketing Association's Power of Direct economic impact study, email returns higher ROI than search, display, social networking and mobile. Email is bringing in Rs30.56 for every rupee spent on it. This is compared to catalogs' ROI of Rs7.30, search's return of Rs22.24, Internet display advertising's return of Rs19.72 and mobile's return of Rs10.51. It is the highly effective marketing medium over all other digital marketing communication channels be it social networking, Mobile Marketing. The experts expect digital channels to continue to increase their share of the marketing budget from 19% in 2011 to 21% in 2012. The total spend on digital marketing has increased many folds since 2006, out of which e-mail marketing contributes maximum.

Email is the only channel where recipients raise their hand and request marketing content. Users give permission for marketers to contact them, and that relationship produces results. And Email is one on one conversation, when you are reading an Email your sole

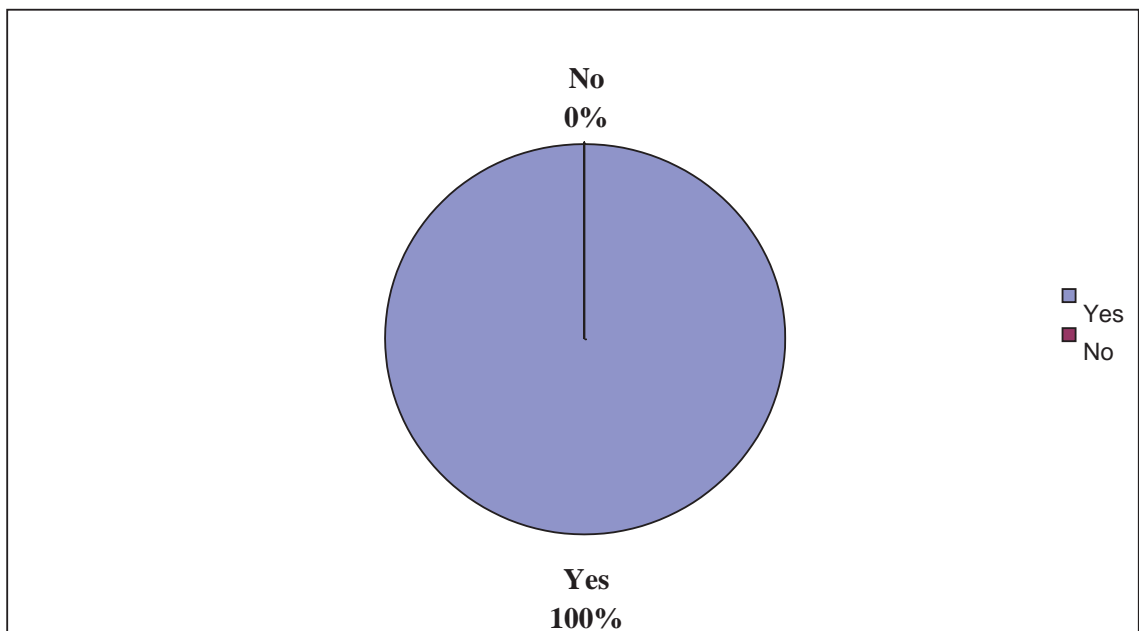
attention goes into the email content and if the product proposition presented is really engaging meeting your specific requirements, can generate immediate revenue to the marketer. Interesting Email is 100 % trackable too.

Email marketing is the best resource for both start-up and established companies, especially e-retail ventures. Everyday updates, announcements, change in patterns, reviews, newsletters, and so many other factors make the foundation of such companies. Email marketing puts the ability to connect with potential and existing customers at the touch of a button. Despite this simplicity, however, deciding how to approach and manage the process of email marketing can still be a challenge for businesses looking to leverage the channel to communicate competently and achieve a high return on investment.

Ensuring the technology which can be seamlessly integrated with web and other social channels is very crucial to the success of your email programs. Proving a robust email marketing business model which helps your customers track the real ROI from your email programs requires strategic planning and in-depth understanding of the end-user behavior and servicing with specific product or content propositions.

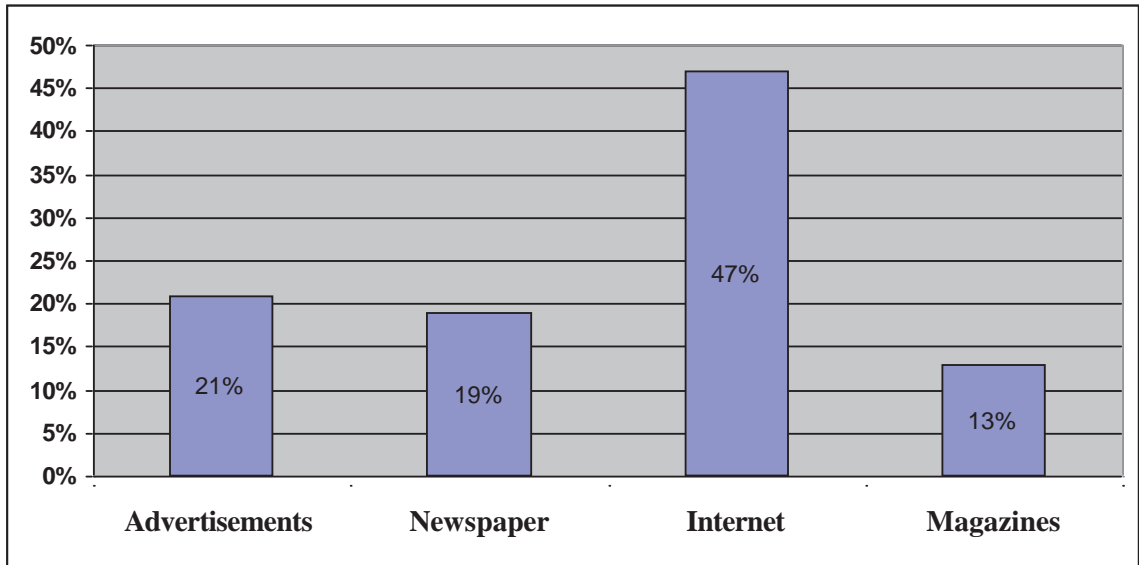
DATA ANALYSIS

Q1. Are you aware of online shopping?



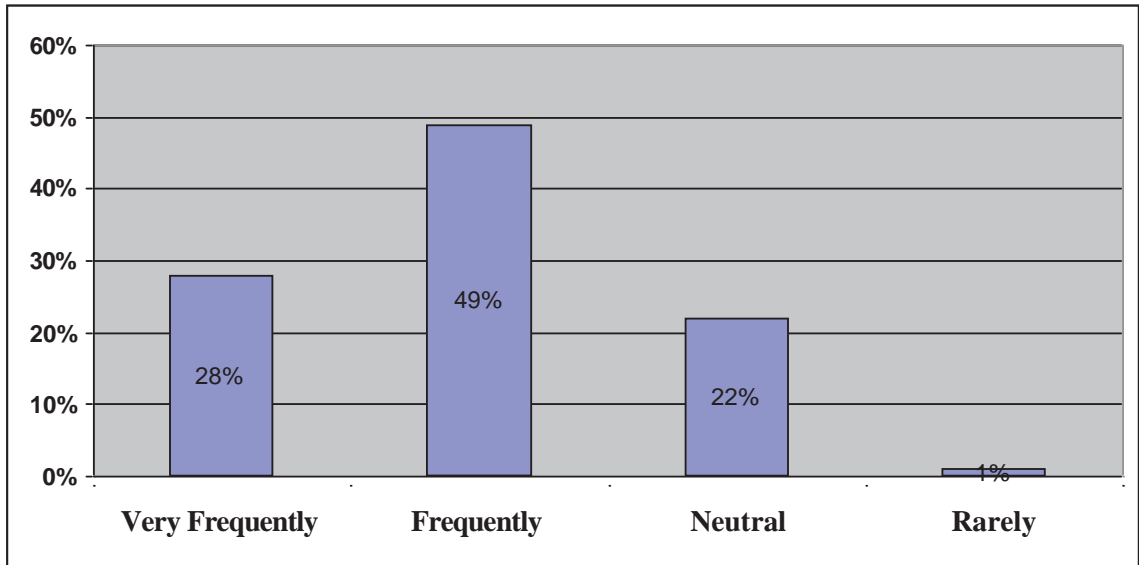
100% respondents replied yes that they are aware about online shopping

Q2. From where you come to know about online shopping?



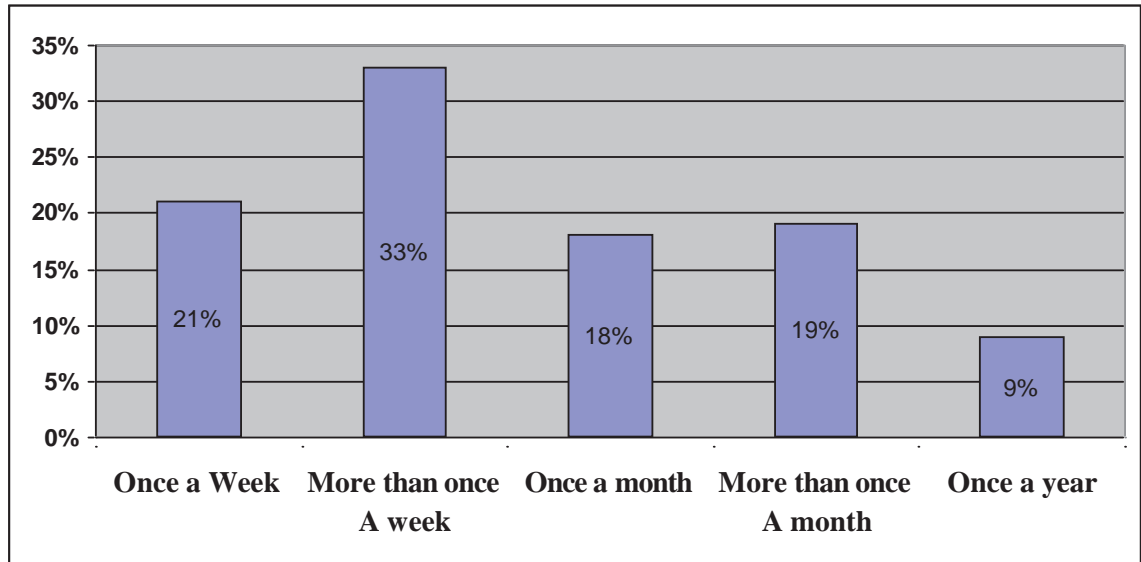
21% respondents replied that they came to know from advertisement but 47% respondents replied that they came to know from Internet

Q3. Have you ever done online shopping?



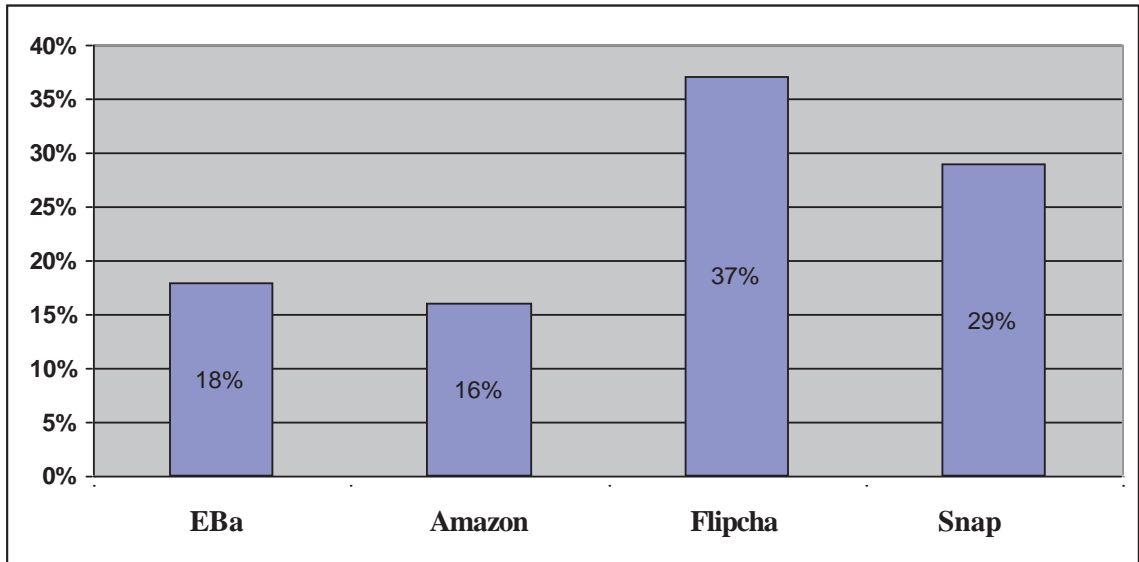
28% respondents did online shopping very frequently but 22% respondents did it frequently

Q4. How often you do online shopping?



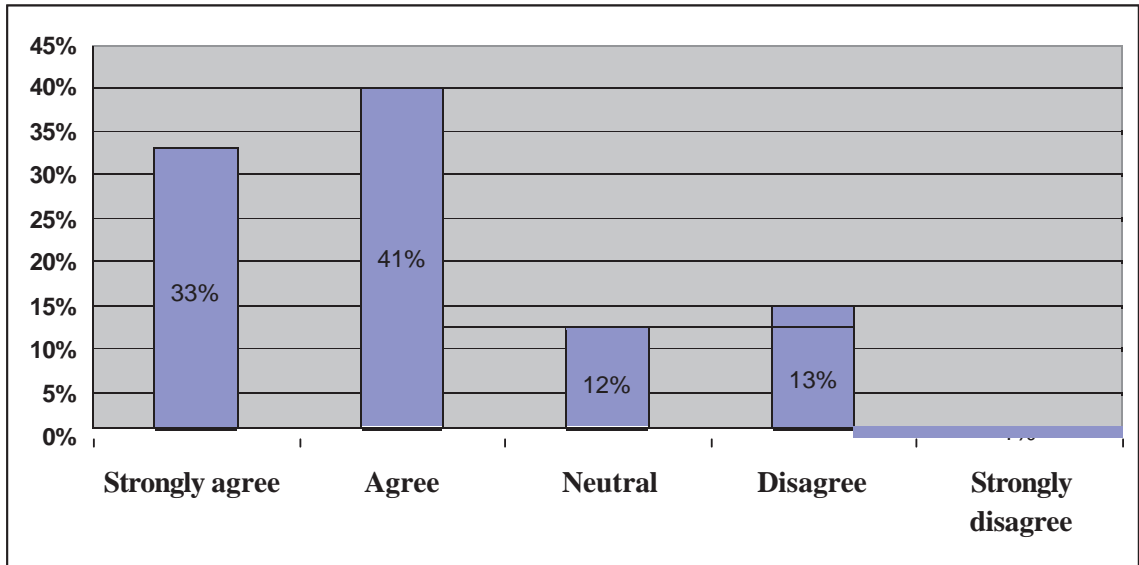
21% respondents replied that they do online shopping once a week but 18% respondents replied that they do online shopping once month

Q5. Which online shopping site you prefer?



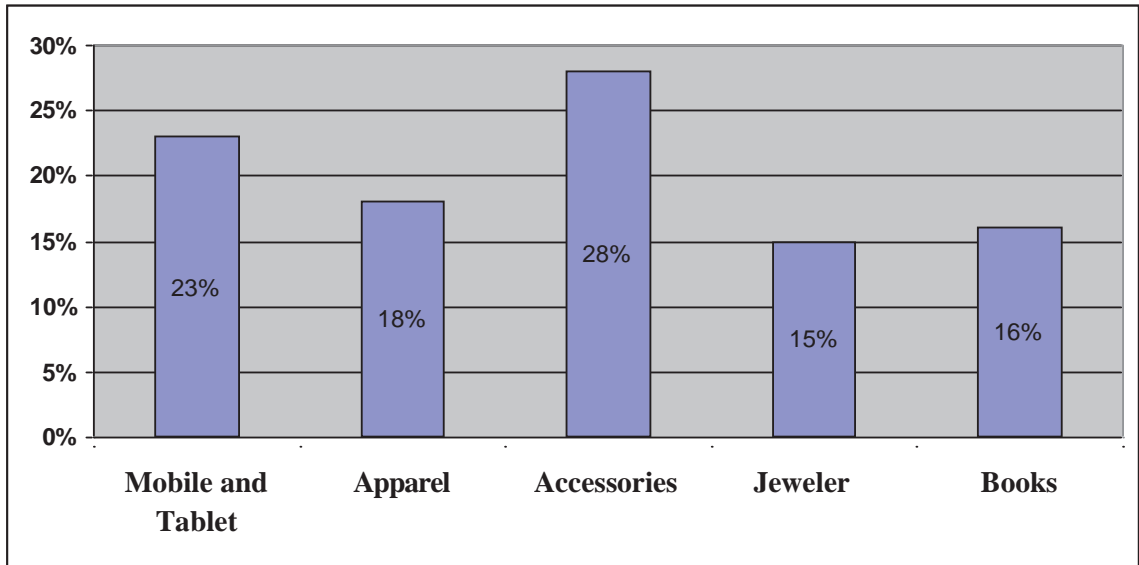
18% respondents prefer eBay but 37% respondents prefer Amazon

Q6. Do you think e-commerce has advantages over traditional shopping?



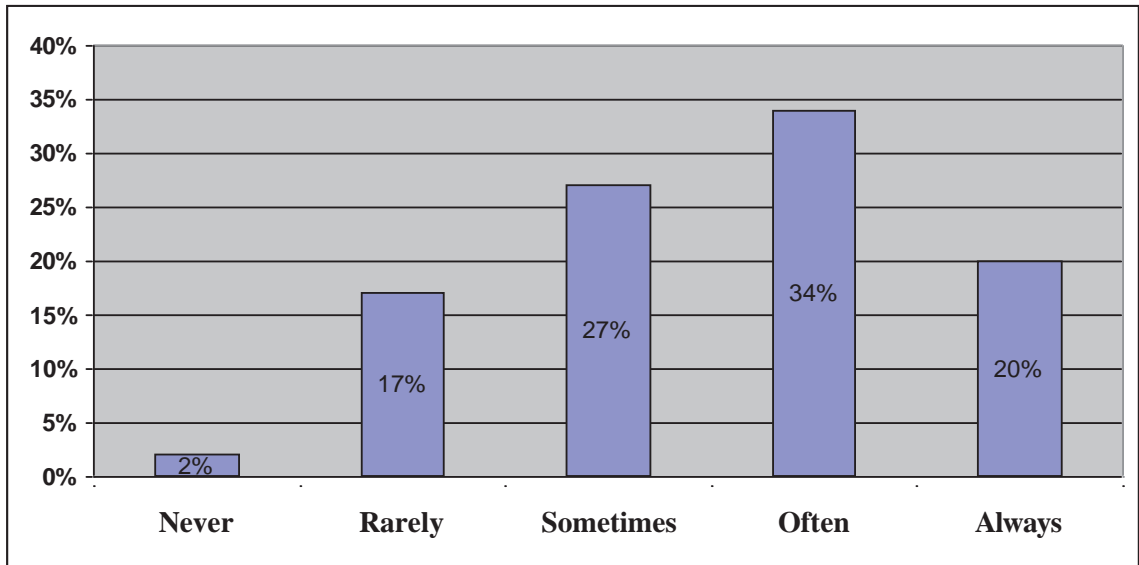
33% respondents were strongly agreed but 41% respondents were agreed

Q7. What kind of products you buy online?



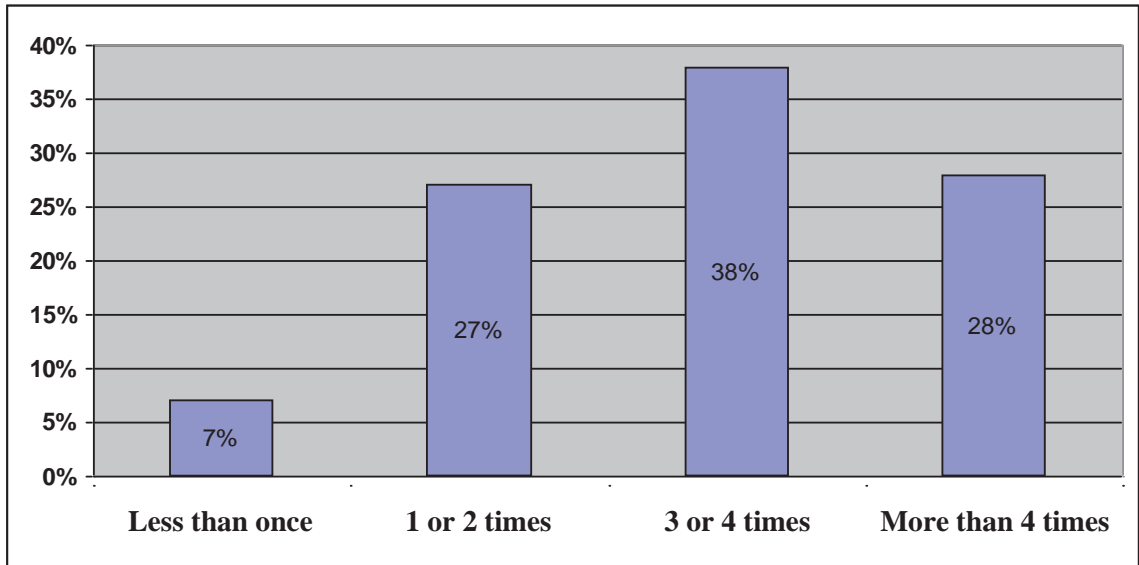
23% respondents normally buy mobile and tablet but 16% respondents normally buy books

Q8. Are you able to get all relevant information about the product when you shop online?



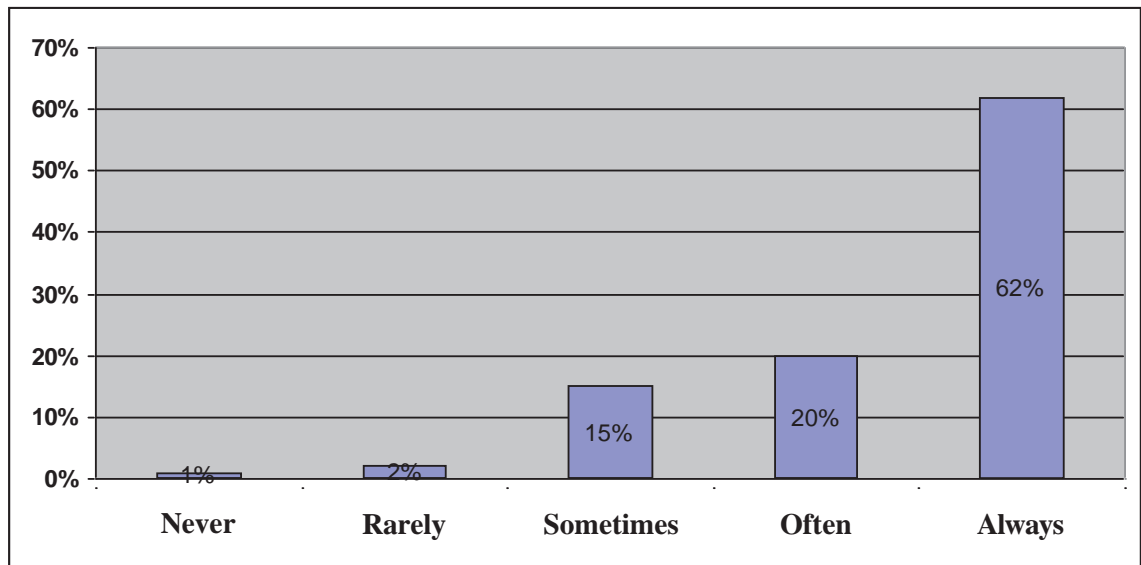
17% respondents replied that it happens rarely but 27% respondents replied that it happens sometimes

Q9. Have you ever come across with Amazon advertisements?



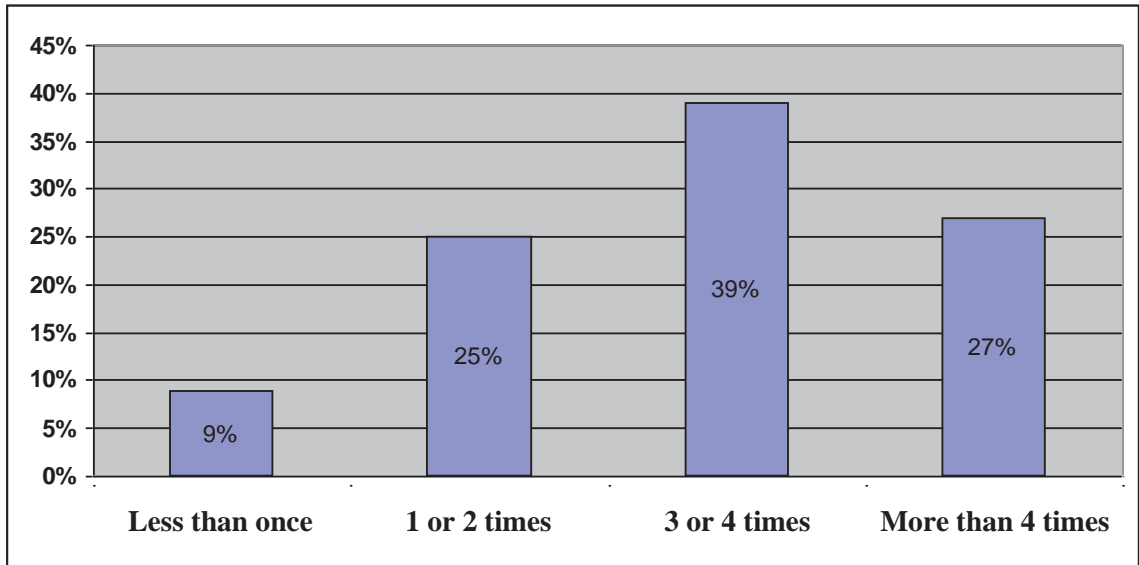
7% respondents replied that it was happened less than once but 38% respondents replied that it was happened 3 or 4times.

Q10. Does Amazon advertisement provide you the relevant information about the product?



2% respondents replied that it happens rarely but 15% respondents replied that it happens sometimes

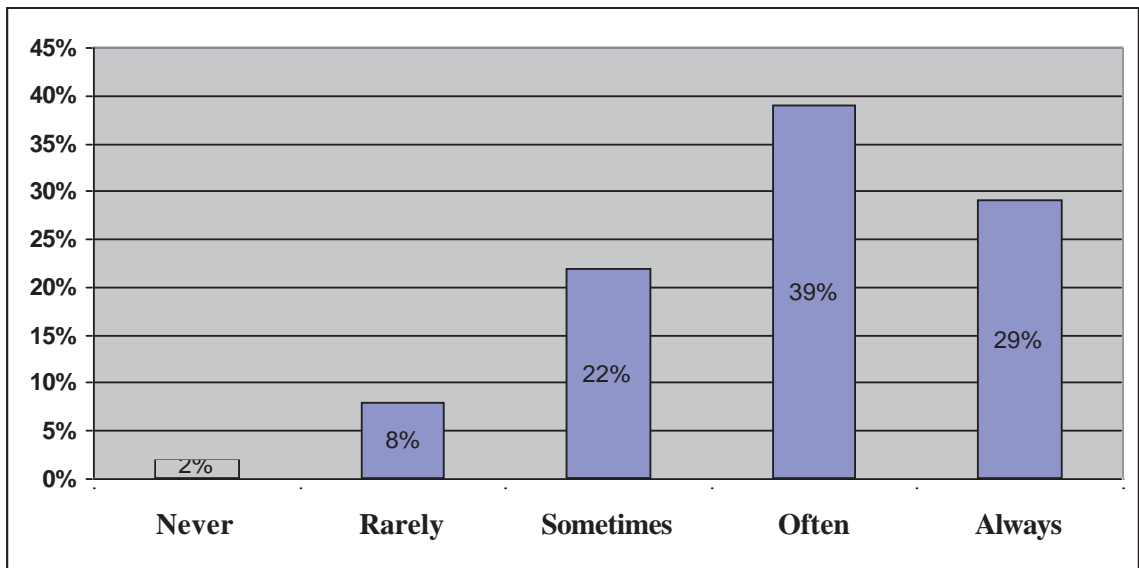
Q11. Have you ever done shopping on Amazon?



9% respondents replied that it was happened less than once but 39% respondents replied that it was happened 3 or 4times.

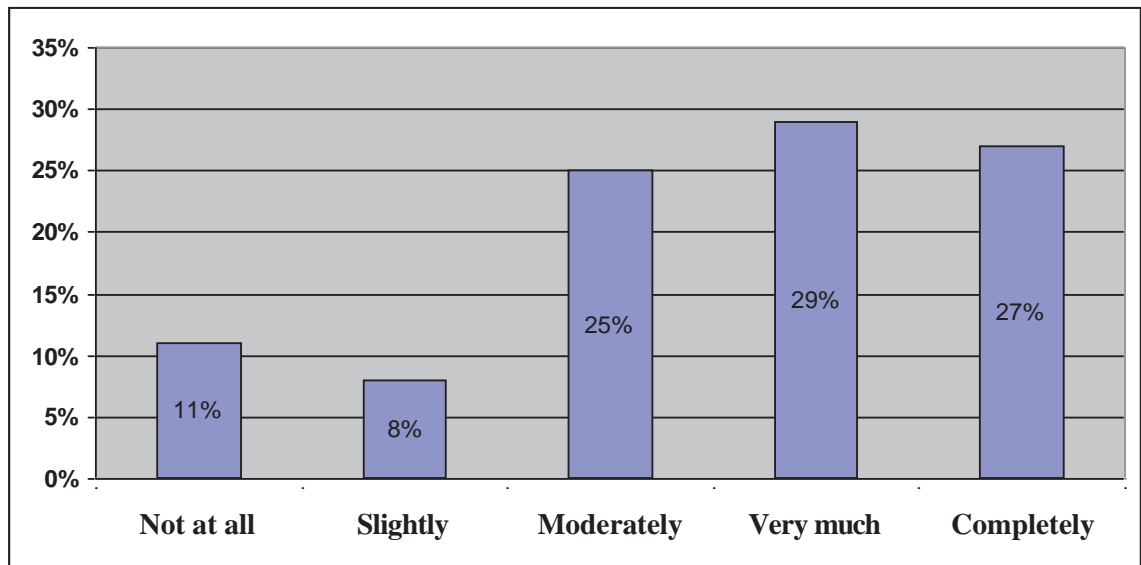
Q12. Were you able to find all relevant information about the product on the

Amazon site conveniently?



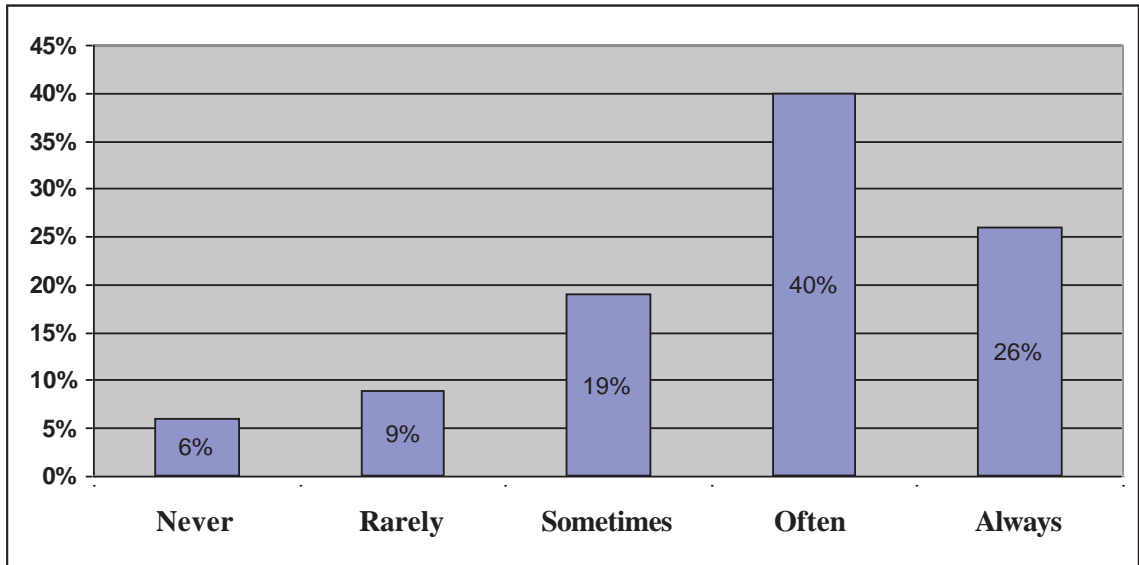
8% respondents replied that it happens rarely but 22% respondents replied that it happens sometimes

Q13. Were you comfortable with the process that you have to follow to order the product?



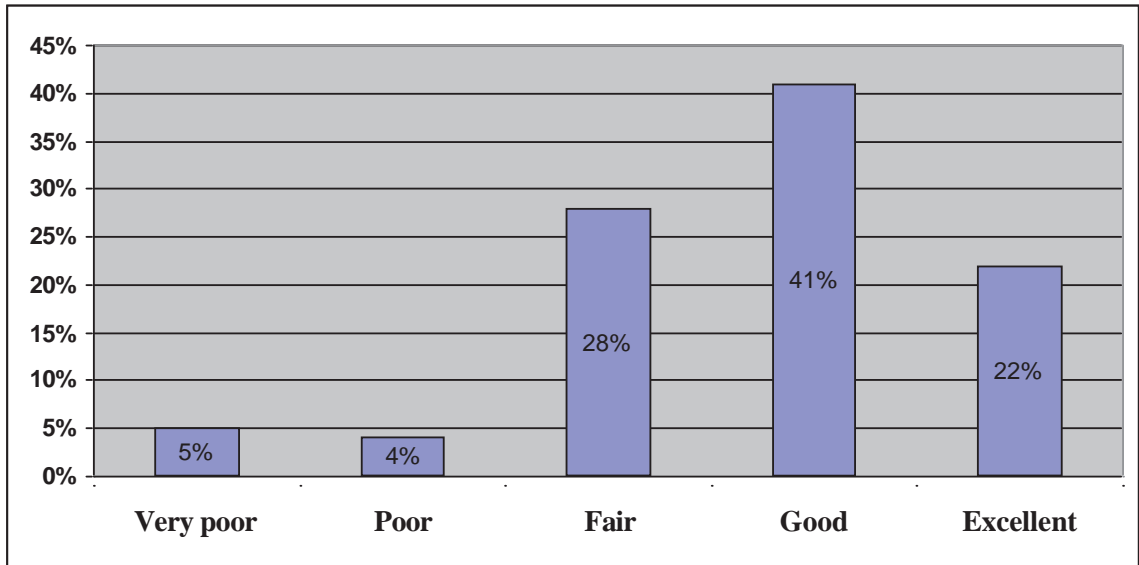
8% respondents replied that it is slightly but 25% respondents replied that it is moderately

Q14. Is the product delivered to you on time?



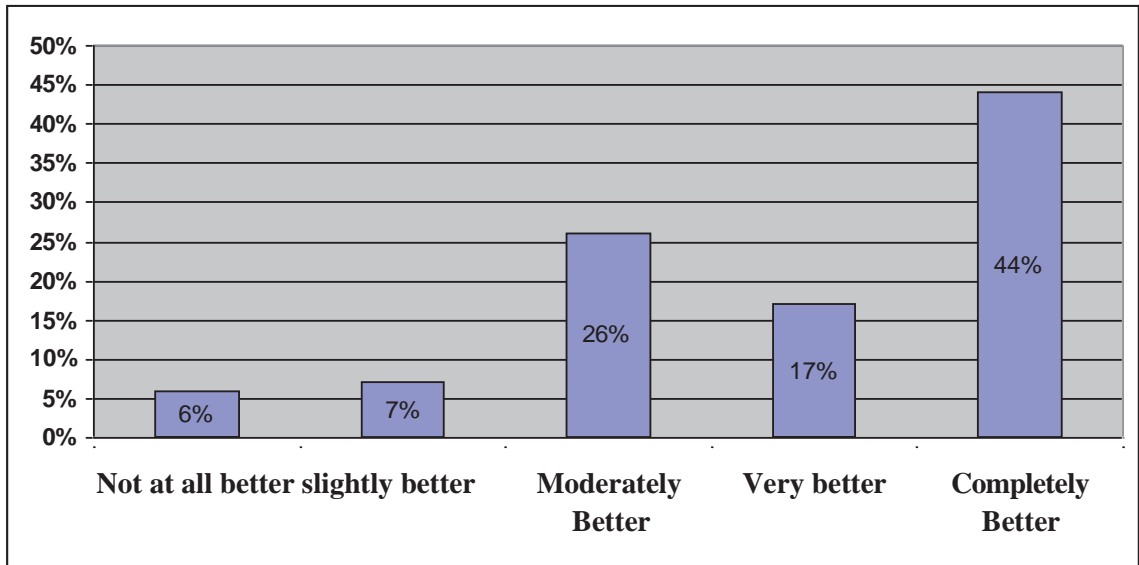
9% respondents replied that it happens rarely but 19% respondents replied that it happens sometimes

Q15. What was the condition of the product at the time of delivery?



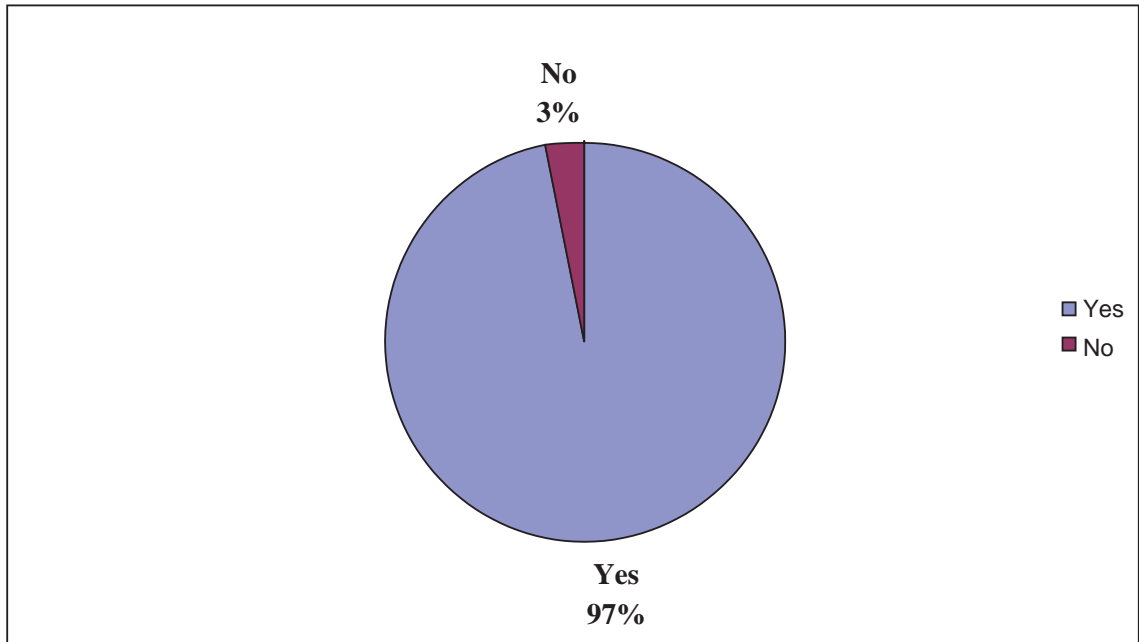
5% respondents replied that the condition was very poor but 41% respondents replied that the condition was good

Q16. Do you thing you get better deal on Amazon compare with other online shopping sites?



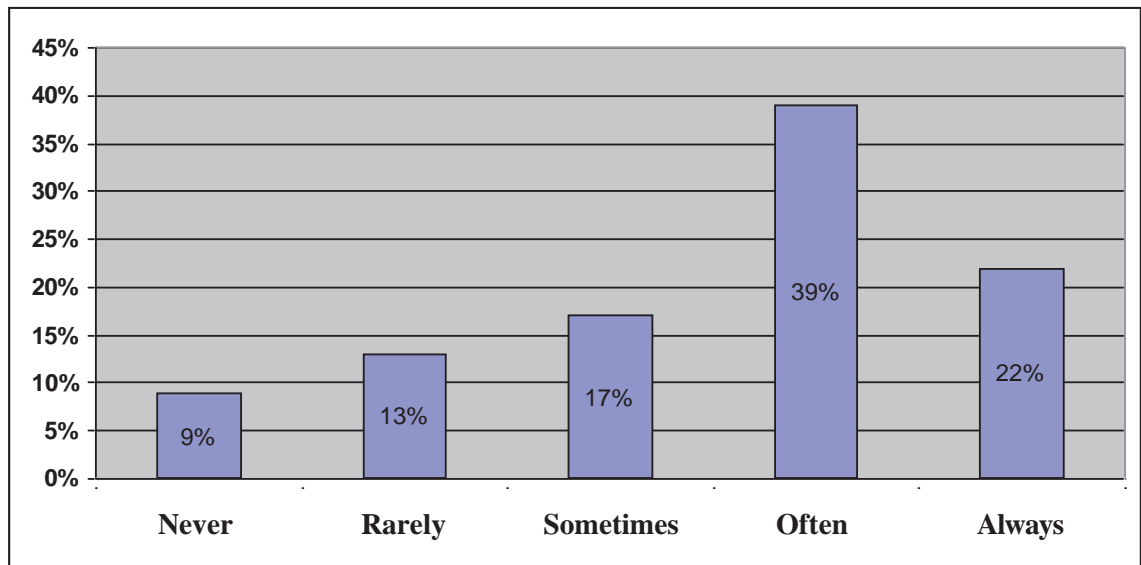
6% respondents replied that it is not at all better but 17% respondents replied that it is very better

Q17. Do you think Amazon should provide more variety of products



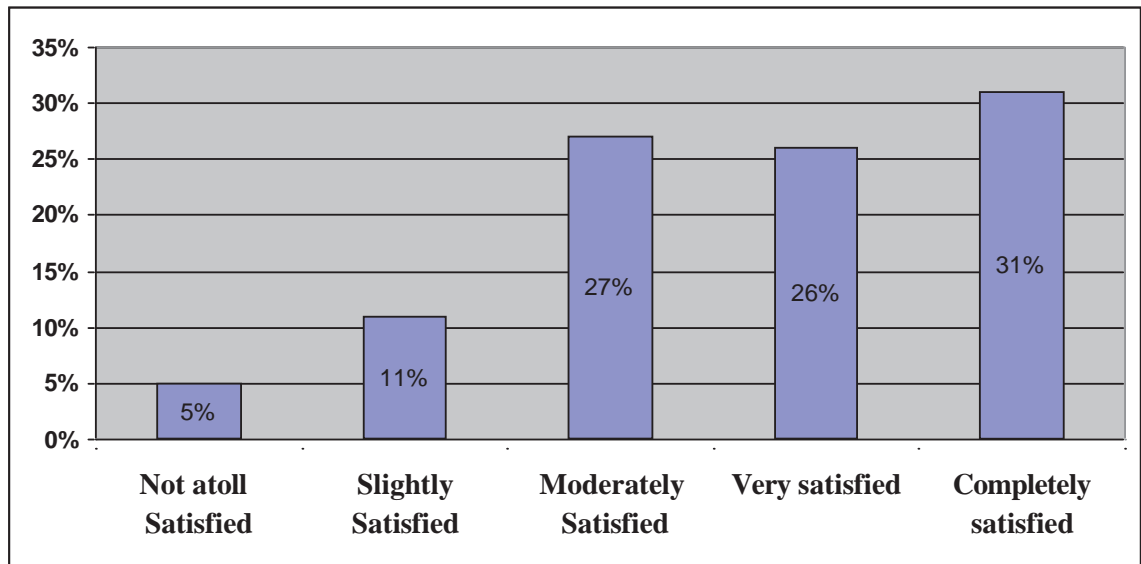
97% respondents replied yes that they should provide more variety of products

Q18. Have you ever faced any problem in shopping process on properly amicably solved?



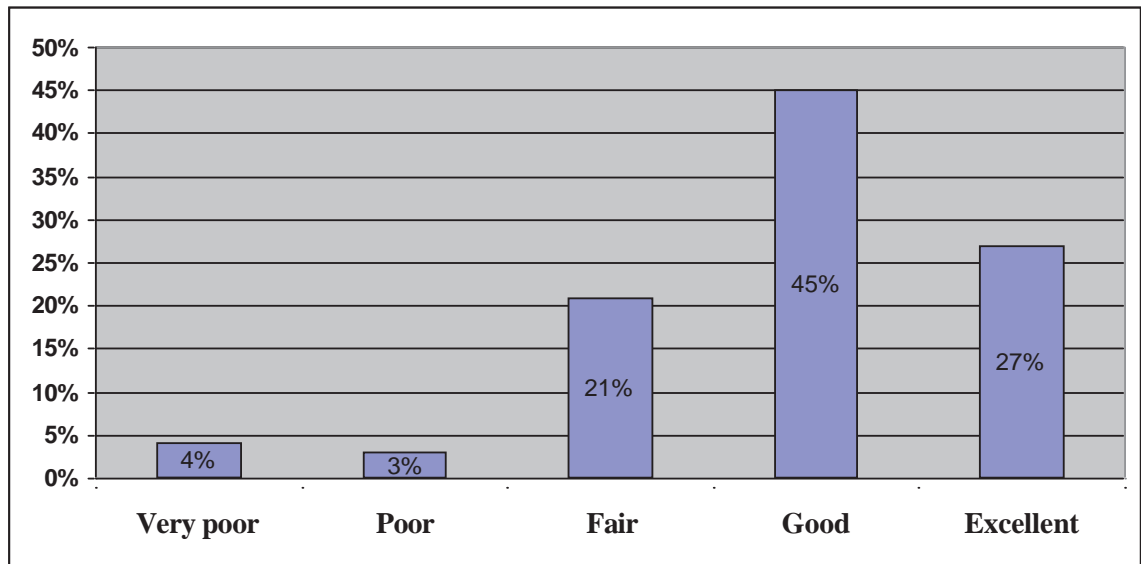
13% respondents replied that it happens rarely but 17% respondents replied that it happens sometimes

Q19. Were you satisfied with the solution that was provided to you?



5% respondents replied that they were not at all satisfied but 26% respondents replied that they were very satisfied

Q20. How was the overall experience with Amazon?



CHAPTER – 5
CONCLUSIONS
&
IMPLICATIONS

CONCLUSION & IMPLICATIONS

India has around 13.5 core internet users today where as the number of homes with Cable and Satellite (C&S) television is 10.5 core. The expected internet users will reach a figure of 30 core by 2014 and C&S are expected to be 14 core in 2014. Thus India has a tremendous internet growth and with the customers getting accustomed to e-commerce, the future of e-commerce sites is definitely rosy. An approximated 25 lacs people have transacted online this year, the number is all set to increase with time. Also to mention most of the Amazon customers use internet from PC's/Laptops to order goods. The use of mobile internet is very less at the moment, but with the advent of smart phones the use of mobile internet for e-commerce transactions will soar with time. India has 8 core mobile net users at the moment, the number is expected to swell to 22.5 core by 2014. Amazon has been mostly marketed by word of mouth advertising. Customer satisfaction has been their best marketing medium. Amazon very wisely used SEO (Search Engine Optimization) and Google Ad-words as the marketing tools to have a far reach in the online world. Amazon.com official Facebook page has close to 9 lacs 'likes'. Amazon recently launched a series of 3 ads with the tag line - "No Kidding No worries" The message is very clear to make people more comfortable with Amazon, to generate a great customer relationship and loyalty on the basis of great product prices and excellent customer service. All in all to create a great customer experience. Going forward electronics will be given more focus. Amazon has recently added a string of electronic items like calculators, water purifiers, microwave ovens, washing machines, dish washers, vacuum cleaners etc. Amazon has opened a music store which sells CD's and DVD's of movies' music releases and music albums. Amazon has also

Acquired Bollywood movie content from Champak. Since digital media is going to rise in near future, Amazon is geared up for the same. Soon it will start offering digital content like movies and songs online, as in the customers can pay and stream online digital content. Amazon will also provide e-books very soon.

CHAPTER-6

RECOMMENDATIONS

RECOMMENDATIONS

Amazon.com aims mostly at people who would like to buy books online in India. What the company calls the “steroids” for its website are low prices, free shipping and an intuitive interface that makes it very convenient to search for books. The site has a young and trendy look and feel. Amazon.com was launched by a passionate group of professionals who aimed at giving Indians a good online shopping experience and excellent customer service. Technological initiatives were focused on making the search for books faster and more convenient.

In its social media initiatives, Amazon aims at facilitating an easier conversation channel for customers and users. Conversations are to the point and are targeted at specific issues, thoughts and ideas. Amazon.com began activities to make its presence felt on Facebook and Twitter about a year ago. The company has also used LinkedIn to connect with people. The popularity of the site has grown through recommendations... people recommending the site to their family, friends and co-workers. And what better platform than social media to leverage ‘word-of-mouth’! Amazon.com recognized that using social media is about being human. The people who manage their channel fuse Amazon's culture and personality in what they do or say in tandem with their own personality.

This industry is in the upswing phase of the business cycle. Thus more competitors will enter into the field to make profit. For instance Amazon.com is entering into India which will be a major threat to Amazon. Also as more customers are changing to shop online

There will be an increase in the customer target for this industry. Also the advent of mobile internet made it easy to target the rural mass of the country too. Amazon wants to venture into every product except grocery and automobile

CHAPTER-7

LIMITATIONS OF THIS

STUDY

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Limitations of e-commerce to organizations

Lack of sufficient system security, reliability, standards and communication protocols, there are numerous reports of websites and databases being hacked into, and security holes in software. For example, Microsoft has over the years issued many security notices and 'patches' for their software. Several banking and other business websites, including Barclays Bank, Powered and even the Consumers' Association in the UK, have experienced breaches in security where 'a technical oversight' or 'a fault in its systems' led to confidential client information becoming available to all. Rapidly evolving and changing technology, so there is always a feeling of trying to 'catch up' and not be left behind. Under pressure to innovate and develop business models to exploit the new opportunities which sometimes leads to strategies detrimental to the organization, the ease with which business models can be copied and emulated over the Internet increase that pressure and curtail longer-term competitive advantage. Facing increased competition from both national and international competitors often leads to price wars and subsequent unsustainable losses for the organization. There are problems where older business systems cannot communicate with web based and Internet infrastructures, leading to some organizations running almost two independent systems where data cannot be shared. This often leads to having to invest in new systems or an infrastructure, which bridges the different systems. In both cases this is both anemically costly as well as disruptive to the efficient running of organizations.

Limitations of e-commerce to consumers

Computing equipment is needed for individuals to participate in the new 'digital' economy, which means an initial capital cost to customers. A basic technical knowledge is required of both computing equipment and navigation of the Internet and the World Wide Web. Cost of access to the Internet, whether dial-up or broadband tariffs. Cost of computing equipment. Not just the initial cost of buying equipment but making sure that the technology is updated regularly to be compatible with the changing requirement of the Internet, websites and applications.

There is no real control of data that is collected over the Web or Internet. Data protection laws are not universal and so websites hosted in different countries may or may not have laws which protect privacy of personal data. Physical contact and relationships are replaced by electronic processes. Customers are unable to touch and feel goods being sold on-line or gauge voices and reactions of human beings. A lack of trust because they are interacting with faceless computers

Limitations of e-commerce to society

As people become more used to interacting electronically there could be an erosion of personal and social skills which might eventually be detrimental to the world we live in where people are more comfortable interacting with a screen than face to face. There is a potential danger that there will be an increase in the social divide between technical haves and have-nots – so people who do not have technical skills become unable to secure better-paid jobs and could form an underclass with potentially dangerous implications for social stability. Reliance on telecommunications infrastructure, power and IT skills, which in developing countries nuclides the beets when power, advanced telecommunications infrastructures and IT skills are unavailable or scarce or underdeveloped, as new technology dates quickly how you do dispose of all the old computers, keyboards, monitors, speakers and other hardware or software? This could potentially cripple an economy in times of crisis as stocks are kept to a minimum and delivery patterns are based on pre-set levels of stock which last for days rather than weeks. Difficulty in policing the Internet, which means that numerous crimes can be perpetrated and often go undetected, there is also an unpleasant rise in the availability and access of obscene material and ease with which pedophiles and others.

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BIBLIOGRAPHY

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ANNEXURE

COPY OF THE

QUESTIONNAIRE

ANNEXURE

COPY OF QUESTIONNAIRE

NAME

AGE

GENDER

ADDRESS

TELEPHONE NUMBER

STATE

- 1.) Are you aware of online shopping?
 - A.)Yes
 - b.) No
- 2.) From where you come to know about online shopping?
 - A.)Advertisements
 - b.) Newspaper
 - c.)Internet
 - d.) Magazines
 - e.)Other
- 3.) Have you ever done online shopping?
 - a.) Very Frequently
 - b.) Frequently
 - c.) Neutral
 - d.)Rarely
- 4.) How often you do online shopping?
 - a.) Once a week
 - b.) More than once a week
 - c.) Once a month
 - d.) More than once a month
 - e.) Once a year
- 5.) Which online shopping site you prefer?
 - A.)EBay

- b.) Amazon
 - c.) Amazon
 - d.) Snap deal
- 6.) Do you think e-commerce has advantages over traditional shopping?
- a.) Strongly agree
 - b.) Agree
 - c.) Neutral
 - d.) Disagree
 - e.) Strongly disagree
- 7.) What kind of products you buy online?
- a.) Mobile and Tablet
 - b.) Apparel
 - c.) Accessories
 - d.) Jewell
 - rye.)Books
 - f.) Other
- 8.) Are you able to get all relevant information about the product when you shop online?
- A.)Never
 - B.)Rarely
 - c.) Sometimes
 - d.) Often
 - E.)Always
- 9.) Have you ever come across with Amazon advertisements?
- a.) Less than once
 - b.) 1 or 2 times
 - c.) 3 or 4 times
 - d.) More than 4 times
- 10.) Does Amazon advertisement provide you the relevant information about the product?
- a.) Never
 - b.) Rarely
 - c.) Sometimes
 - d.) Often
 - E.)Always

- 11.) Have you ever done shopping on Amazon?
- a.) Less than once
 - b.) 1 or 2 time
 - c.) 3 or 4 times
 - d.) More than 4 times
- 12.) Were you able to find all relevant information about the product on the Amazon site conveniently?
- a.) Never
 - b.) Rarely
 - C.) Sometimes
 - d.) Often
 - e.) Always
- 13.) Were you comfortable with the process that you have to follow to order the product?
- a.) Not at all
 - b.) Slightly
 - c.) Moderately
 - d.) Very much
 - e.) Completely
- 14.) Is the product delivered to you on time?
- A.) Never
 - B.) Rarely
 - c.) Sometimes
 - d.) Often
 - E.) Always
- 15.) What was the condition of the product at the time of delivery? a.)
- Very poor
 - b.) Poor
 - c.) Fair
 - d.) Good
 - E.) Excellent
- 16.) Do you thing you get better deal on Amazon compare with other online shopping sites?
- a.) Not at all better

- b.) Slightly better
- c.) Moderately better
- d.) Very better

e.) Completely better

17.) Do you think Amazon should provide more variety of products

- a.) Yes
- b.) No

If yes then in which category
Specify_____

18.) Have you ever faced any problem in shopping process on properly amicably solved?

- a.) Never
- b.) Rarely
- c.) Sometimes
- d.) Often
- e.) Always

19.) Were you satisfied with the solution that was provided to you? a.)

- Not at all satisfied
- b.) Slightly satisfied
- c.) moderately satisfied
- d.) Very satisfied
- e.) Completely satisfied

20.) How was the overall experience with Amazon?

- a.) Very poor
- b.) Poor
- c.) Fair
- d.) Good
- E.) Excellent

Thanks for the cooperation.

