



CONSUMER BUYING BEHAVIOUR TOWARDS ONLINE RETAIL MARKETERS A CASE STUDY OF FLIPKART AND AMAZON

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ABSTRACT:

Internet marketing, also referred to as I-marketing, web marketing, online marketing, or e-Marketing, is the marketing of products, or, services over the Internet. The Internet has brought media to a global audience. The interactive nature of Internet marketing, both, in terms of providing instant response and eliciting responses, is a unique quality of the medium. here are various tools/modes to internet marketing. However, choosing the right one is very important. Each of them has its own advantages and disadvantages. Choosing modes mainly depends upon the kind of product you have and your target audience. Consumer Marketing operated on mass marketing principles and business primarily concerned itself with how to build the best sales force. At the end of the century, there is an emerging global culture. This paper deals with the major difference between flipkart and Amazon provides to their customers.

KEYWORDS: Internet marketing, products, services, target audience, mass marketing, sales force.

INTRODUCTION TO THE INDUSTRY

"Consumer is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer."

- Adam Smith

The growing interdependence of the world economy and international character of many business practices have contributed to the development of universal emphasis on consumer. Modern technological developments have no doubt made a great impact on the quality, availability and safety of goods and services. A consumer person who



purchases or ultimately consumes goods and services. Growing practice of electronic transactions includes both e-commerce and e-consumers.

Internet is changing the way consumers shop and buys goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Even Government institutions have started replacing their paper work. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers.

Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular

store. Many experts are optimistic about the prospect of online business.

Online shopping is definitely a great way to shop with everything available on the websites from clothes, gift items, food, home needs, medicines, and many more, this mode of shopping allows one to shop conveniently without hassle on spending hours in a supermarket or shopping areas. The Internet with its wide array of information nooks, allows the customer to go through various reviews of the product or service before actually heading for purchases. These online shopping websites also have daily deals for the customer looking for discounts and store offerings.

Profits and growth can be sustained only by adopting ethical methods of doing business. Most of the products or services which consumers buy or pay for, are durables and services. Rather than earning short term profit, the focus should be more on achieving long term goals.

Consumer behaviour is said to be an applied discipline as some decisions are significantly affected by their behaviour or expected actions. The online purchasing behaviour of online shoppers and factor influencing online shopping behaviour and its future perspective. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities the will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business.

A consumer before buying any product online, he will check the authenticity of the online shopping website as how much the site is trustworthy and reliable as in online shopping the consumer or buyer is not able to see the seller and cannot check the product until it has been delivered to him.

GAINT PLAYERS IN INDIAN ONLINE SHOPPING



Flipkart is an electronic trade organization headquartered in Bangalore, Karnataka. Flipkart was established in 2007 by Sachin Bansal and Binny Bansal, the two graduated class of the Indian Institute of Technology Delhi. They worked for Amazon.com, and left to make their new organization fused in October 2007 as Flipkart Online Services Pvt. Ltd. The primary item they sold was the book Leaving Microsoft To Change The World to a client from Hyderabad. Flipkart currently utilizes in excess of 33,000 individuals.

After the disappointment of its 2014 Big Billion Sale, Flipkart did a second Big Billion Sale. where it is accounted for that they saw a business turnover of \$300 million in net stock volume. Flipkart.com ranks #502 in world according to Alexa traffic rankings. In Google page it ranks #6. It receives 2.2 million page views in a day and generates \$6,574 in advertising revenue every day. Moreover it has certain losses 0.60% in traffic ranking. Loading time of an average page is 2.1 sec as it is much faster than 29% of sites around the world. The mode of payments include Credit card, Debit card, Net-banking, e-gift vouchers, cash on delivery.

MARKET TREND ANALYSIS

- Current size of e-commerce market in India is \$11.2 billion.
- 360 e-commerce portal offering services in India (tripled since 2010)
- Internet users in India is expected to grow to 376 million by 2015

SWOT Analysis of Flipkart

Strengths:

- Industry condition: Established brand
- Established investor's relations
- Services and warehousing
- Payment options

Weakness:

- Customers are not comfortable with online payment
- Not profitable operationally
- Middle management retention issues

Opportunities

- Development of m-commerce in the e-market
- Increasing internet penetration
- Target social media to reach young population

Threats:

- High competition from major online retailers
- Capture of alternative market by competitors



The International giant e-commerce retailer recently stepped into India with an Indian version site www.amazon.in, since the launch, amazon.in has seen a nice growth in the number of customers. Amazon.com too had a huge number of Indian customers even before it launched store in India. The store hosts wide range of products like Electronics, Mobiles, Laptops, Books, Fashion, Jewellery, Kitchenware and more.

It is an American electronic business organization with base camp in Seattle, Washington. It is the biggest web based retailer in the United States. It began as an online book shop, yet before long differentiated offering DVD's, Blue-beams, CD's, Videos' downloading, MP3 downloading, Software, videogames, gadgets, attire, furniture, sustenance, toys and adornments. It was separate retail sites for the United States, United Kingdom and Ireland, France, Canada, Germany, Italy, Spain, Netherland, Australia, Brazil, Japan, China, India, Mexico. Amazon additionally offers universal transportation to specific nations for a portion of its items. In 2011 it had claimed a goal to dispatch its site in Poland and Sweden.

Amazon's Business Strategy

Amazon is basing its business strategy on 3 pillars:

- Vast selection
- Low cost
- Fast delivery

SWOT Analysis of Amazon

Strengths:

- Brand well known along with a strong customer base in many parts of the world.
- Diverse product offerings
- Free home delivery above a minimum purchase
- Working with minimum profit and gaining from economies of scale
- Strong business relationships with publishing houses, major electronic companies etc.
- Experience of almost a decade in online shopping industry

Weakness:

- Operates at very low margin
- Criticism for its working conditions
- 'KINDLE' is not up to the mark of its competitors

Opportunities:

- Acquiring more small business enterprises, enabling them to expand
- Opening physical stores so as to give the customers a feel of touch and experience
- Indian retail industry is estimated to be \$450 Billion
- Expand into more product segments
- Tie ups with major players of untapped market

Threats:

- Online security threats
- Regional low-cost retailers
- Strong online presence of Indian competitors like Flipkart and Myntra
- Flexible rules against FDI enabling other major players like Wal-Mart etc. to enter

RESEARCH OBJECTIVE

To know and understand the consumer's preference of shopping from Flipkart & Amazon. This will help to know the preference of consumers towards online store and what are the factors which shape the consumer's preferences towards that online store. Also what are key concerns from the point of view of consumer while online shopping?

DATA COLLECTION METHOD

Primary Data

It is original primary data, for specific purpose of research project. For this project, I have to use the common research instrument or tool- Questionnaire.

Secondary Data

It will be collected to add the value to the primary data. This may be used to collect necessary data and records by different websites, magazines, annual reports, journals, reference books, and newspapers, etc.

SAMPLE DESIGN

Sample Unit

For studying consumer preference towards on online shopping platforms, samples were randomly selected from Hyderabad.

Sample Media

Questionnaire in the form of Google forms.

Sampling Methods –

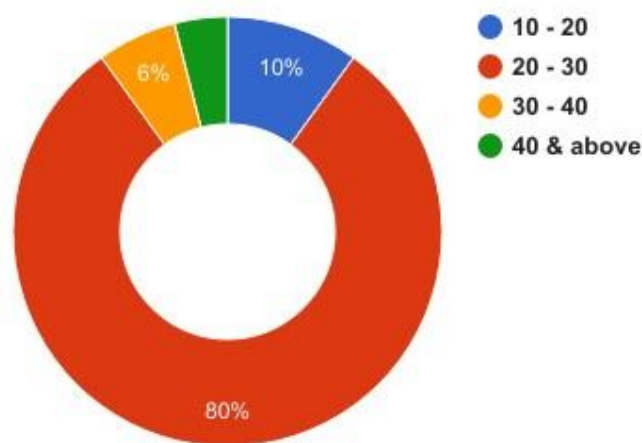
- Random sampling
- Convenient sampling

Sample size - 100

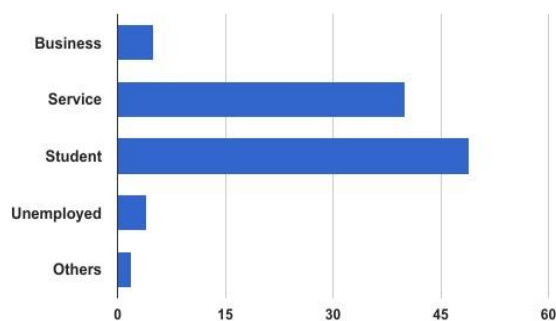
Research place – Hyderabad

DATA ANALYSIS

The objectives of the research were studied with respect to a regular online shopper who shopped more than once because they would be the right respondent to give an insight about the online shopping. Therefore it is firstly important to understand who is a regular online shopper. In the survey the respondents were asked the following questions which helped to know about a regular shopper.

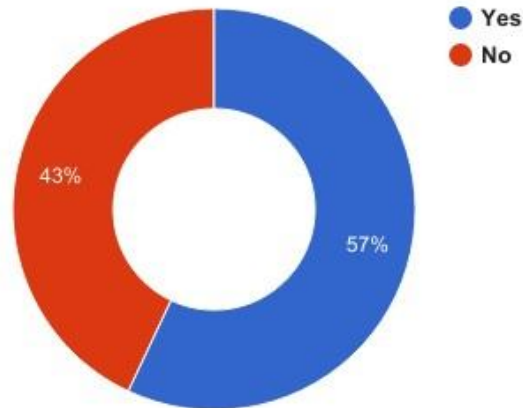
1. What age-group do you fall into?

- As per the data collected, 80% of the respondents fall into 10 – 20 & 20 – 30 age groups which indicates that the majority of the online shoppers are young generation.

2. What do you do currently?

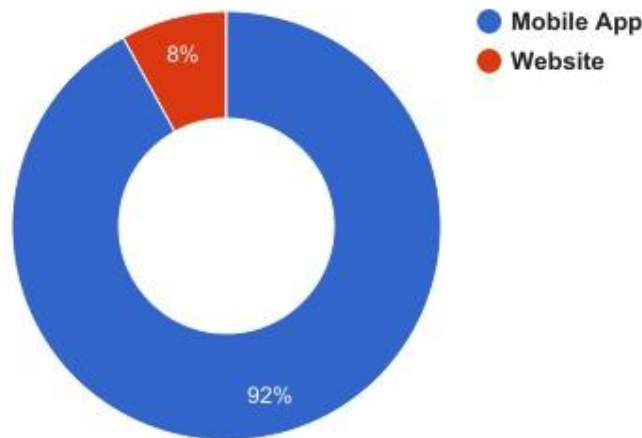
- As per the survey, majority of the respondents are students & servicemen who fall in the above mentioned age groups who are the powerful internet users in the country.

3. Are you a frequent online shopper?

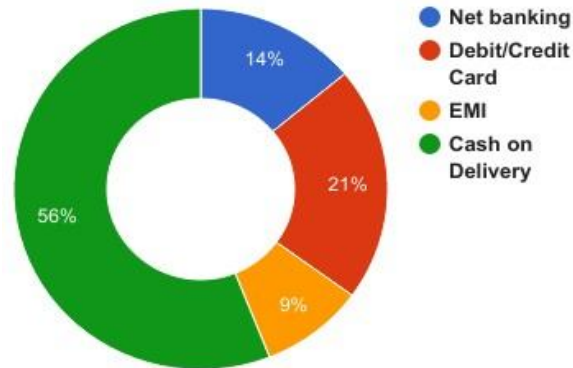


- As per the data collected, 57% of the people are regular online customers, these are mainly working people who do not have time to go to shop and make purchase and also the younger generation are depended on online purchase as they seek variety of alternatives for the same product.
- 43% of the people are not regular online customers because the quality of the products cannot be known and some people are not flexible to shop online.

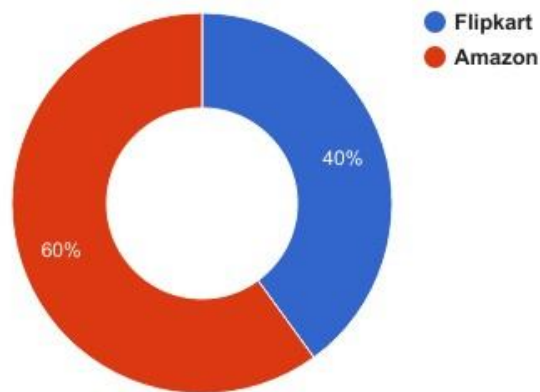
4. Which platform do you prefer for your online shopping?



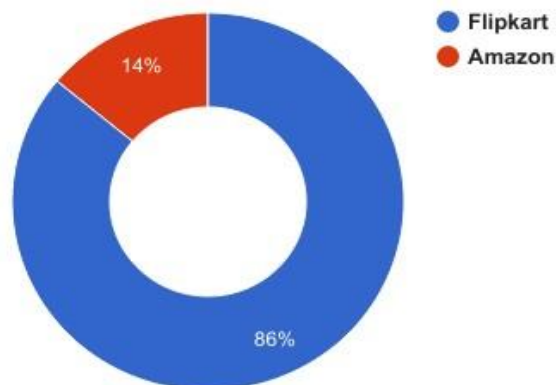
- The data indicates that most people find it convenient to shop with mobile application rather than the official website version.

5. What is your most preferred mode of payment while you purchase from online?

- As per the survey, the most preferred mode of payment is CoD
- Other preferences like Debit/Credit card payment & Net banking is slowly gaining momentum.

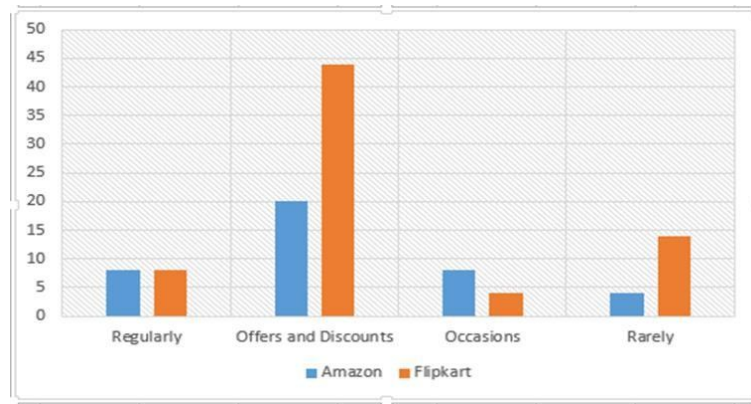
6. What is your most preferred online shopping site?

- As per the data collected, vast majority of respondents prefer Amazon to do their online shopping.

7. Which online store has a better & effective mobile app layout for your ease of shopping?

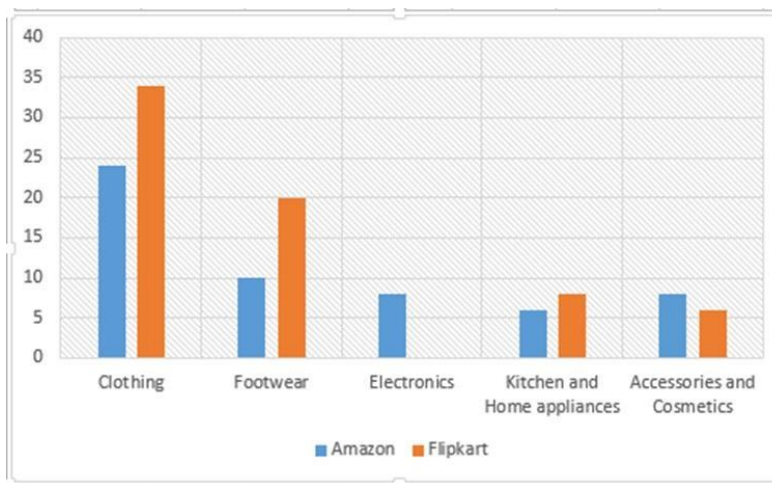
- As per the survey, 86% of the respondents prefer the Flipkart mobile app over Amazon's because it eases the shopping experience of the customers.

8. When do you mostly shop from your preferred online store?



- As per the survey, online shopping is most preferred by the customers at the time of availability of 'offers and discounts'.
- A very few percentage shop regularly

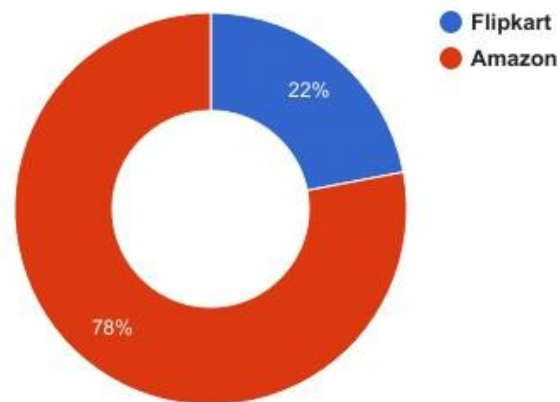
9. Which is the most frequently purchased product from your preferred online store?



- Clothing:** As per the research conducted, 34% of the people purchase clothes from Flipkart because of their good quality & 24% of the people purchase clothes from Amazon.
- Footwear:** The study shows that 20% of the people prefer Flipkart to purchase foot wears as fashionable footwear's are available for both men and women & just 10% -14% of the people choose Amazon to have trendy & stylish foot wear.
- Electronics:** As per the survey conducted, 30%-16% of the people choose Flipkart to purchase electronic items as good discounts are provided. And, only 8% people purchase electronics from Amazon.

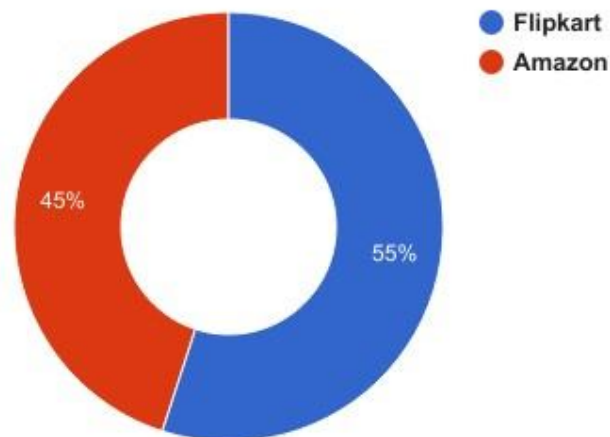
- Kitchen and home appliances: As per the information collected, 8%-6% of the people purchase kitchen and home appliances from online and it may only include those products which are not easily available in shops and also the other reason may be that the online price is less than ordinary shopping price. Overall only 22% people purchase kitchen and home appliances through online. One reason will be that they are addicted to purchase these products through shops.
- Accessories and cosmetics: As per the research, 10%-8% people prefer Amazon to purchase these products may be due to the fashionable trend provided by them. And
- only 6%-2% of the people choose other sites to purchase these products, as they do not provide branded items in this sector. Overall only 34% people prefer online sites to purchase accessories and cosmetics. Because these products are easily available on the near-by shops and more over people do not have patience to wait for these products until they are delivered to them.

10. Which online store has products at a lower price as compared to the other?



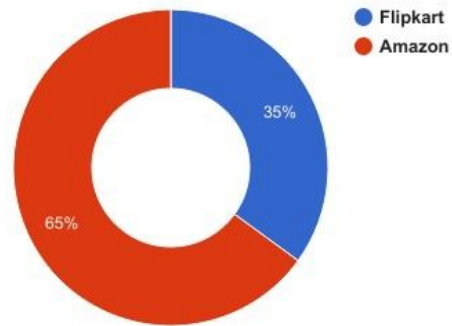
- As per the survey, majority of the respondents prefer Amazon over Flipkart for giving best bang for their buck & helps them to save a bit extra on purchases.

11. Which online store has a better product display & description?



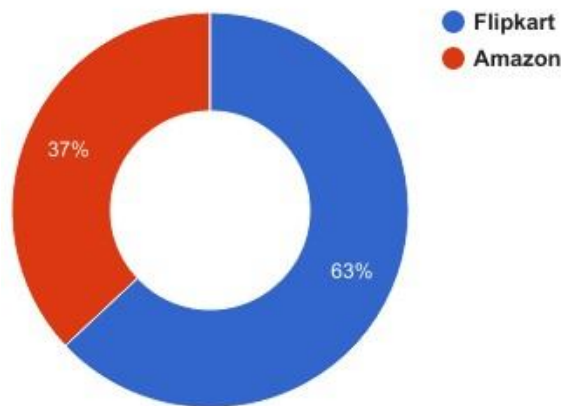
- As per survey, the Both Flipkart & Amazon have good product visibility & detailed description (like price, discount & offers, pictures, feel, specifications, dimensions, contents of package, etc.) But, Flipkart has a slight edge over Amazon.

12. Which online store has a variety of product choices in-terms of sorting & filtering as per individual requirements & seller ratings?



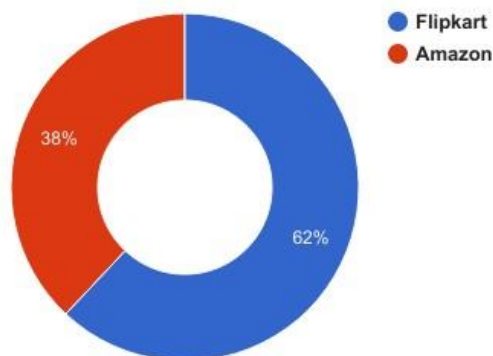
- As per the data collected, Amazon stands out to be the provider of a variety of product choices which allows shoppers to sort & filter out products according their requirements (like gender, age, price, availability, size, features, colour, etc.)& seller ratings given by other customers.

13. Which online store gives you a better customer feedback, rating & reviewing system?



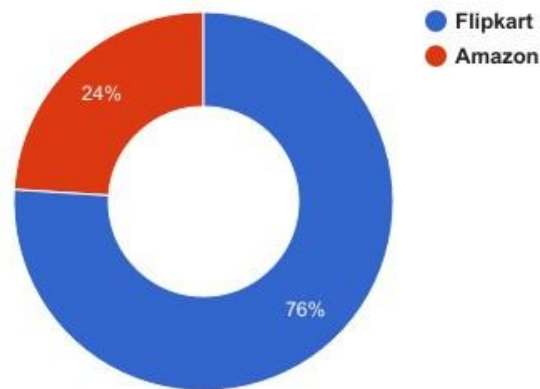
- As per the survey, 63% respondents indicate that Flipkart has better customer feedback, rating & reviewing system over Amazon.

14. Which online store has a better 'After-sales service'?



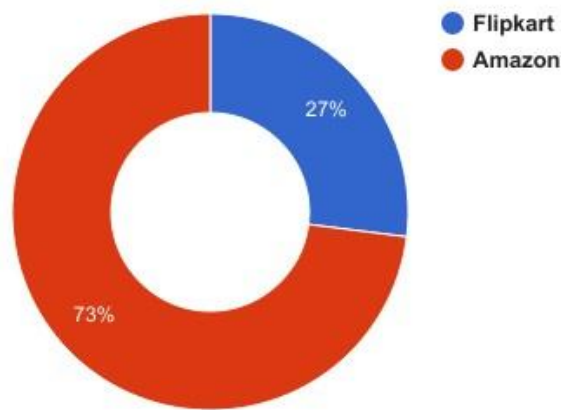
- As per the survey, 62% of the respondents express that Flipkart has a better 'After-sales service' over Amazon.

15. Which online store has a better customer-friendly 'exchange/ return/replacement and/or refund policy'?



- 76% respondents find Flipkart's 'Exchange/Return/Replacement & Refund policy' more convenient & customer-friendly in comparison to 24% respondents who feel otherwise.

16. Which online store has a swift delivery system?



- As per the survey, vast majority of respondents prefer Amazon's swift product delivery system over Flipkart.

FINDINGS

As per the survey data, my findings as follows:

- Majority of the online shoppers are students & servicemen who between 10 years to 30 years of age who are powerful internet users in the country.
- People prefer to shop with Mobile application rather than logging into the official website solely due to the shopping experience.
- The most preferred mode of payment while purchasing online is Cash on Delivery & Card transactions
- Amazon is more preferred by the people over Flipkart for online shopping due to various factors
- People prefer to shop with Flipkart over Amazon because of the ease of shopping experience through its official website & mobile application
- Online shopping is most preferred by the customers at the time of availability of 'offers and discounts'
- Majorly selling product categories are clothing, footwear & electronics

- Amazon has the edge over Flipkart in-terms of lower product cost, product choices & swift product delivery
- Flipkart has a better Product description & display, Customer feedback & Rating system, Exchange/Return/Replacement & Refund policy & after-sales service

SUGGESTIONS

- Amazon needs to improve its mobile application for improving the shopping experience of their customers & to attract more customers.
- EMI facility can be implemented at the time 'sale' to increase the tendency of shopping.
- Amazon has wide range of products but it should work on improving its after-sales service by tweaking some of its customer relations policies & by better training of their customer agents.
- Amazon should improve the product visibility, description & display to make the shopping experience more intuitive.
- Flipkart has good service quality but should work on lowering its product cost to be more competitive.
- Flipkart should focus on increasing the variety of products available for all social & demographic groups.

CONCLUSION

This research shows that online shopping is having very bright future in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and safe payment options. Consumers can do comparison shopping between products, as well as, online stores. Online shopping even after gaining popularity won't completely eliminate traditional shopping. There are still areas where we prefer to go into a shop and select items. The advent of plastic money and the tremendous usage of debit and credit cards have brought shops from around the world to the tip of customers' finger or to the website. But there's no going back, and online shopping will become an even more crucial part of our lives, growing more sophisticated with each passing year. Over all the factors from the internet that influenced or prevented online consumer behaviour and attitude need to be carefully concerned by the online retailers, who can utilize the appropriate marketing communications to support the customers purchase decision making process and improve their performance.

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