



# A COMPARATIVE STUDY BETWEEN AMAZON AND FLIPKART INDIA

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## ABSTARCT

Internet became more powerful and basic tool for every person's need and the way people work. By integrating various online information management tools using Internet, various innovative companies have set up systems for taking customer orders, facilitate making of payments, customer service, collection of marketing data, and online feedback respectively. These activities have collectively known as e-commerce or Internet commerce. Online shopping made so easy for everyone with their product variations and simple way to buy things. An attempt has been made to critically examine various corporate and business level strategies of two big e-tailers and those are Flipkart and Amazon. Comparison have been done considering e-commerce challenges, their business model, funding, revenue generation, growth, survival strategies, Shoppers' online shopping experience, value added differentiation, and product offerings. Both these big players made their own mark in India, but who is going to be ultimate winner or be the top one is going to be. A comparative study of Flipkart.com with one of the close competitor Amazon.com delivers the information about the different strategies to succeed in e-commerce market and different opportunities available in India. Keywords: E-commerce, E-tailers, Online Shopping, Shopping Experiences, Strategies.

## 1 .INTRODUCTION

Amazon is an American multinational technology company. It is an e-commerce platform based in Seattle, Washington, founded by Jeff Bezos on July 5, 1994. Amazon is among the big five companies in the U.S. information technology industry. The company initially started as an online bookselling company, but eventually, it has drastically expanded and now sells [electronics](#), software, video games, apparel, furniture, food, toys, jewelry, and many more.

Amazon currently is the largest e-commerce company and the most valuable company in the world. Amazon allows downloading and streaming of videos, music, and audio books via prime video, [amazon music](#), twitch, and audible subsidiaries. Over 40 subsidiaries are owned by amazon which the users can choose from according to their needs and requirement. Amazon also has a publishing [forum](#) amazon publishing, a film and television studio on amazon studio and cloud computing subsidiary, amazon web series. Amazon also produces consumer electronics such as kindle, fire tablet, fire TV, and [echo](#) devices.

Amazon for few countries has a special retail website and also often provides international shipping for a few of its products. The amazon website had been visited by 615 million users annually in 2008 however, in 2016 130 million users were just visiting the U.S. website itself each month. A huge amount has been invested by amazon on its server capacity for its website as often there is too much traffic causing the server to crash.

Flipkart is a Singaporean e-commerce company. It was founded in the year 2007 by Sachin Bansal and Binny Bansal. The headquarters of the company is located in Bangalore, Karnataka. Initially, the company started as an online bookselling company but later on ventured into selling several other products such as electronics, apparel, home essential, groceries, and lifestyle.

In 2017 March flipkart held 39.5% of the market shares in India's e-commerce industry. Flipkart has a more superior position in the apparel section giving tough competition to fellow company [myntra](#). In August 2018, 81% stakes of flipkart were owned by U.S. based retail chain [walmart](#). The company valuing at \$20 billion walmart bought the stakes for \$16 billion.

The subsidiaries of flipkart that the users can enjoy according to preference are myntra, jabong.com, phonepe, ekart, and 2gud. Flipkart is an Indian company and it does not ship its products outside India. It is majorly based in India.

## 2 . OBJECTIVE

To understand and estimate the consumer perception and factors affecting their behavior for choosing e-commerce sites.

To understand tactics and methods those are used by e-commerce players to grab the customers in India.

To know how consumers are evaluating e-commerce sites for their purchases.

To understand the work flow of Amazon and Flipkart in India.

To study complexities and barriers those are there in between e-commerce sites and customers.

To find out new opportunities and to succeed in those procedures.

## PROBLEM DEFINITION

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

## DATA COLLECTION

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

## PRIMARY DATA

Primary data was collected from various people and their opinion and information for the specific purposes of study helped to run the analysis. In essence, the questions asked were tailored to elicit the data that will help for

study. The data was collected through questionnaire to understand their experience and preference towards their loyal company.

## Secondary Data

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

## Limitation

There was so much confidential data of companies that are not exposed.

Survey was restricted to particular age group because respondents willing to fill are college students.

Analysis was done based upon personal opinion of respondents individually, not from any focus groups or experts.

## LITERATURE REVIEW AND THEORITICAL FRAMEWORK

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

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

Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. Today e-commerce has become an integral part of our daily life. There are websites providing any number of goods and services. The e-commerce portals provide goods and services in a variety of categories. To name a few: apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, software, consumer electronics, household appliances, jewelry, audio, video, entertainment, goods, gift articles, real estate and services.

**Samadi and ali (2010)** compared the perceived risk level between internet and store shopping, and revisit the relationships among past positive experience, perceived risk level, and future purchase intention within the internet shopping environment.

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

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

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

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

### 3. ABOUT COMPANY:

#### FLIPKART

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

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

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

**ACQUISITIONS** 2010: weread, a social book discovery tool.

2011: mime360, a digital content platform company.

2011: chakpak.com, a bollywood news site that offers updates, news, photos and videos.

Flipkart acquired the rights to chakpak's digital catalogue which includes 40,000 filmographies, 10,000 movies and close to 50,000 ratings. Flipkart has categorically said that it will not be involved with the original site and will not use the brand name.

2012: letsbuy.com, an Indian e-retailer in electronics. Flipkart has bought the company for an estimated us\$25 million. Letsbuy.com was closed down and all traffic to letsbuy has been diverted to flipkart.

## AMAZON

Amazon is the largest internet based company in the united states. Amazon.com started as an online bookstore, but soon diversified, selling dvds, vhss, cds, video and mp3downloads/streaming, software, video games, electronics, apparel, furniture, food, toys, and jewellery. The company also produces consumer electronics notably, kindle, fire tablets, fire tv and phone and is a major provider of cloud computing services. Amazon has separate retail websites for united states, united kingdom & ireland, france, canada, germany, the netherlands, italy, spain, australia, brazil, japan, china, India and mexico, with sites for sri lanka and south east asian countries coming soon. Amazon also offers international shipping to certain other countries for some of its products. In the year 2011, it had professed an intention to launch its websites in poland, and sweden. In early june 2013, Amazon.com had launched their Amazon India marketplace without any marketing campaigns. In july, 2013, Amazon had announced to invest \$2 billion (rs 12,000 crores) in India to expand business, after its largest Indian rival Flipkart too had announced to invest\$1 billion.

### ACHIEVEMENTS IN E- COMMERCE

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

### FAILURE

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

### ACQUISITIONS

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

#### 4. METHOD OF DATA ANALYSIS

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

### DEMOGRAPHY

**:-Does promotional activities impact your purchasing decision?**

OPTIONS	RESPONDENTS	%AGE
Strongly agree	19	38%
Agree	14	28%
Neither agree nor disagree	11	22%
Disagree	4	8%
Strongly disagree	2	4%
<b>Total</b>	<b>50</b>	<b>100%</b>

#### INTERPRETATION:-

38% of peoples are strongly agree with they make purchasing decisions due to promotional activities, 28% of peoples are agree, 22% of peoples are neither agree nor disagree, 8% of peoples are disagree, and 4% of peoples are strongly disagree.

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

OPTIONS	RESPONDENTS	%AGE
Extremely confident	17	34%
Quite confident	13	26%
Moderately confident	8	16%
Slightly confident	2	4%
Not at all confident	10	20%
<b>Total</b>	<b>50</b>	<b>100%</b>

#### INTERPRETATION:-

34% of peoples are extremely confident with their personal information is kept confidential when purchasing online, 26% of peoples quite confident , 16% of peoples are moderately confident , 4% of peoples are slightly confident, 20% of peoples not at all confident.

which company are you satisfied most for receiving after sales assistance?if any

OPTIONS	RESPONDENTS	%AGE
Flipkart	12	24%
Amazon	18	36%
Snapdeal	10	20%
Others	10	20%
<b>Total</b>	<b>50</b>	<b>100%</b>

#### INTERPRETATION:-

24% of peoples are satisfied with flipkart ,36% of peoples with amazon,20% with snapdeal, and 20% of peoples with others are satisfied most for receiving after sales assistance.

#### 5. FINDINGS

Female respondents are showing more interest to do online shopping than male respondents.

Customers are preferring quality product from e-commerce sites, even it is bit expensive.

Flipkart is trying very hard to reach the top position but Amazon India is giving very tough competition.

Amazon is leading in every aspect of survey such as price, preferred and also suggesting to friends.

Undoubtedly Flipkart and Amazon made their impact on customers very strongly and captured loyalcustomers. And they are ready suggesting their online shopping site to rest of their friends. Both Flipkart and Amazon India advertisings were very innovative and attractive.

Both companies are expending so much money on advertising and promotions. Every age group people are interested in offers, if they are in need or not they want to purchase.

## 6. SUGGESTIONS

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

## 7. CONCLUSION

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

## 8. REFERENCES Journals and papers

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### Text books

Marketing management by philip kotler, kevin lane keller, abraham koshy and mithileshwar jha.