Project Dissertation

Analysis of the effects of advertising and promotional activities on the sales of e-commerce industry

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CERTIFICATE FROM THE INSTITUTE

This is to certify that the Project Report titled **Analysis of the effects of advertising and promotional activities on the sales of e-commerce industry**, is a bonafide work carried out by **Mr. Amardeep Shokeen** of MBA 2015-17 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Dr. Rajan Yadav   Dr. Rajan Yadav

Signature of Guide   Signature of Head (DSM)

                                                                        Seal of Head

Place:

Date:

i

DECLARATION

I **Amardeep Shokeen**, student of MBA 2015-17 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Project Report on **Analysis of the effects of advertising and promotional activities on the sales of e-commerce industry** submitted in partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship

Amardeep Shokeen

Place:

Date:

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<u>Executive Summary</u>

Retail E-commerce has shown an impressive growth in recent years, and is expected to grow in coming future. Today the market share is shared by few top companies, but new entrants are expected to come up with new innovative ideas and increase the competition level. All the story goes with, that how one company can increases its online customer base when the number of internet and smart phone user is increasing day by day.

This report aims to study the factors that affects consumer online shopping frequency, further the comparative study is conducted on the performance of the e-retail companies over these factors.

Promotion is one of the effective tool of communicating with the target customers, and the innovation in promotional activity can create the company future. Thus this report also aims to find out the promotional activities that customer values the most before making online purchase. Further the comparative study is conducted on how well e-retail companies are performing in these activities as experienced by the consumers.

The analysis shows that Ease to place order, Search time, Product availability, Product reviews, After sale services, Ease of payment mode, Delivery time, Return Policy, Promotional activities and Product satisfaction contribute to consumers online purchasing behavior. Among these Search time, Delivery time, Return policy and Ease to place order are the most discriminating factor and Amazon is doing better on Delivery time while Flipkart is doing better in Ease to place order. Return policy and Search time has almost the same competitive performance for both the e-retail.

Further promotional activities like Free shipping, Discount, Seasonal sale, Flash sale and Loyalty points are the most discriminating factor and again Amazon is doing better in Free shipping and Discount while Flipkart is doing better in Seasonal sale, Flash sale and Loyalty points.

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1. Introduction

1.1 E-Commerce Industry

The E-Commerce industry have shown the unparalleled growth during the recent past years. This growth was followed by the increasing number of internet user and the advancement in technology. Increasing number of smartphone and tablet user has led this industry to build a huge online customer base. Companies like Flipkart, Snapdeal and Amazon have been continuously involved in this online business, is coming up with new ideas to gain more and more market share. Further these companies have already built up a brand and gained investors interest, which helped to increase their business. Such heavy investment clearly shows the immense potential of the Ecommerce sector.

Recent year has shown the remarkable transformation in the buying behavior of the consumer, and this Ecommerce sector has shown the extraordinary growth. The sector has grown three times in the past four years to 12.6 billion USD (2013) and is expected to grow by more than 7 percent in coming four years.

In 2013 Asia-pacific became the largest B2C E-Commerce geography in the world, with the total sale of 567.3 billion USD ahead of Europe (482.3 billion USD) and North America (452.4 billion USD). The US, UK and China accounts for 57% of the world's total B2C sale, where China alone recorded the sale of 328.4 billion USD compared to that of India was only 10.7 billion USD. Thus coming future for Ecommerce in India shows great opportunity to grow vertically.

Ecommerce retail in India is only a small fraction of the total ecommerce industry, but with the increase in the disposable income, increasing number of internet and smartphone user has shown significant growth over the years. Further with the entry of Ecommerce giants like Amazon and Alibaba in India has increased the competition level and led the smart way of business with their prior experience and huge pocket size.
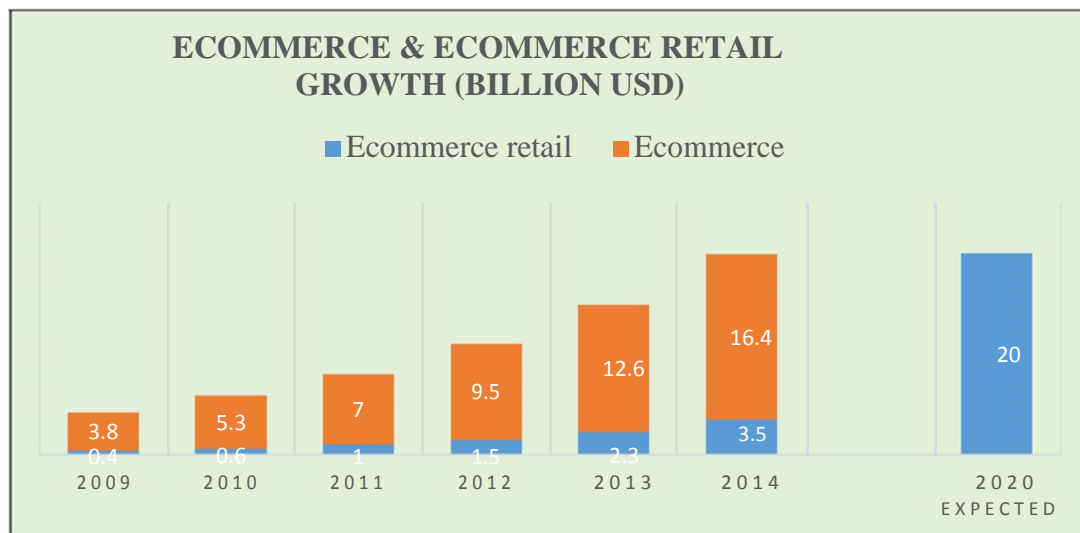
ECOMMERCE & ECOMMERCE RETAIL GROWTH (BILLION USD)

- Ecommerce retail
- Ecommerce

Year	Values
2009	3.8 / 0.4
2010	5.3 / 0.6
2011	7 / 1
2012	9.5 / 1.5
2013	12.6 / 2.3
2014	16.4 / 3.5
2020 EXPECTED	20

Fig. 1.1 Source- CRISIL, IAMAI

E-travel accounts for 70% of the total ecommerce, and e-retail which is only a small part has become the fastest growing part of the industry (CAGR 56%, 2009-2014). E-retail has grown from 0.4 billion USD to 3.5 billion USD over 5 years, and is expected to reach the 20 billion USD mark by the year 2020. Further this e-retail can be viewed in various segment as shown below,
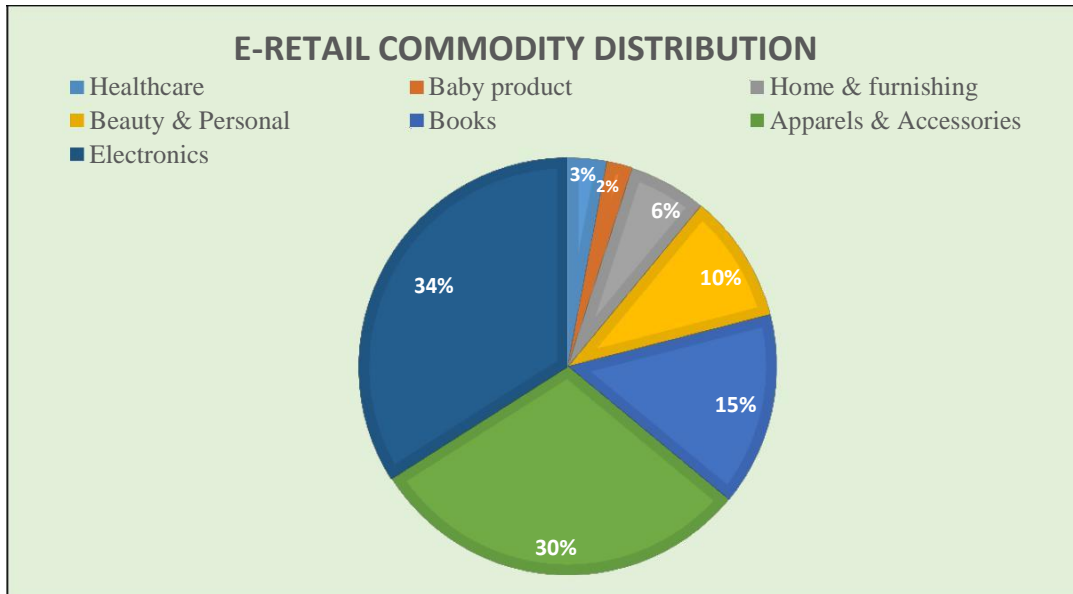

Fig. 1.2 Source- CRISIL, IAMAI

The major part of e-retail comprised of Electronics and Apparels & Accessories, these two segment alone accounts for 64% of the total e-retail business followed by Books (15%) and Beauty products (10%). Baby product and Healthcare are the two segment still to explore and grow, these two segment including Home furnishing has a vast scope to develop and become a major part of e-retail.
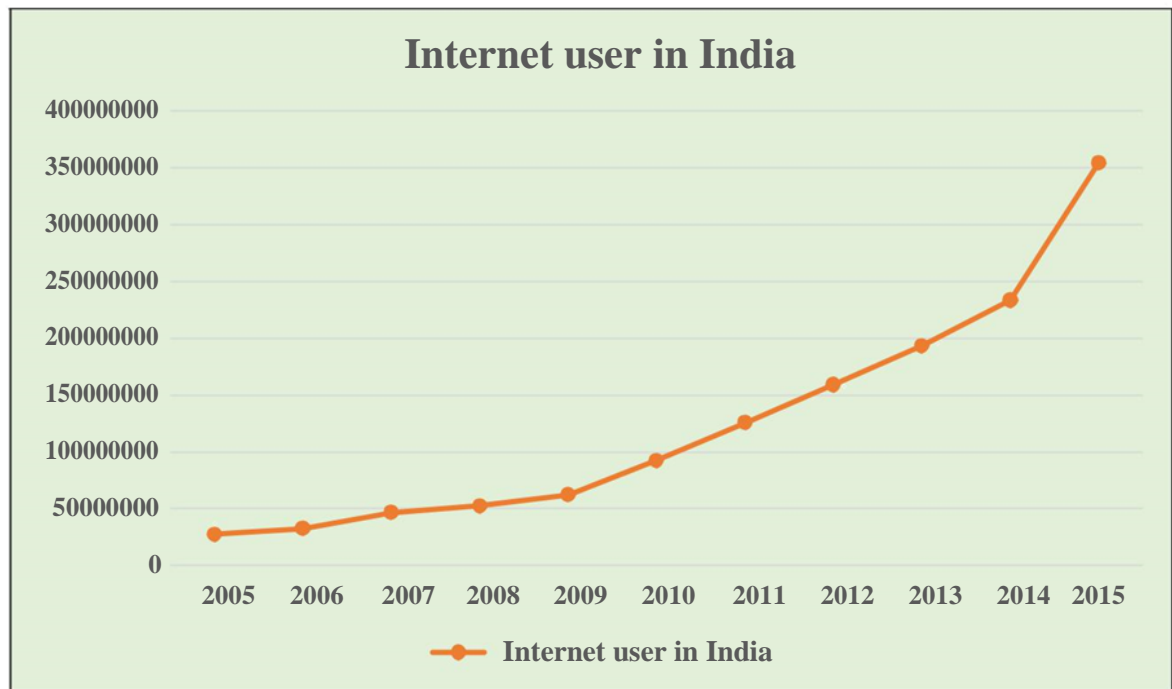
Internet user in India

Fig 1.3 Source- Internet live stats

Internet user in India has reached around 355 million mark, India has surpassed US (284 million) and is now the second largest internet user base in the world after china (706 million). Internet user is increasing year on year and has recorded the maximum growth of 52% over the year 2014-15.
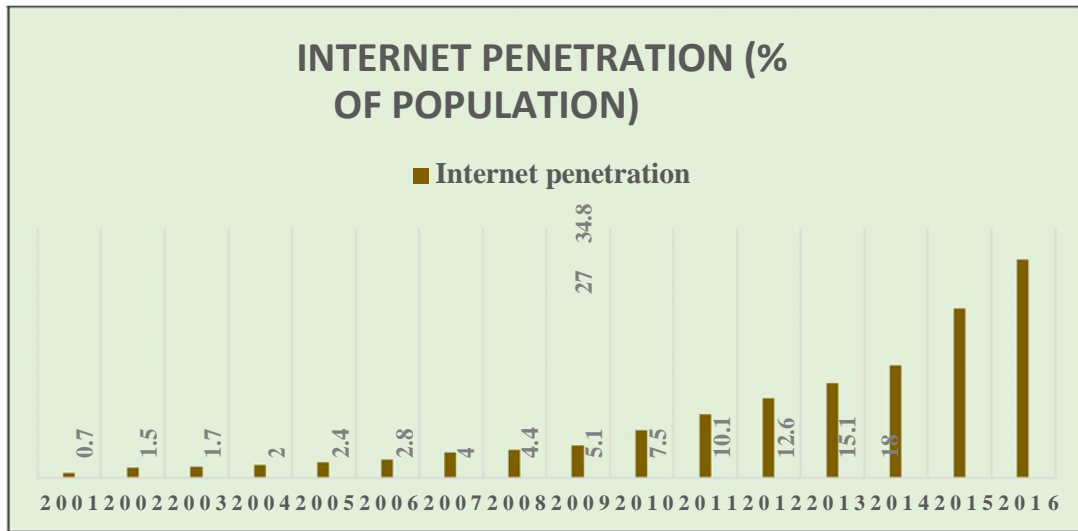
INTERNET PENETRATION (% OF POPULATION)

■ Internet penetration

Values by year: 2001: 0.7, 2002: 1.5, 2003: 1.7, 2004: 2, 2005: 2.4, 2006: 2.8, 2007: 4, 2008: 4.4, 2009: 5.1, 2010: 7.5, 2011: 10.1, 2012: 12.6, 2013: 15.1, 2014: 18, 2015: 27, 2016: 34.8

Fig. 1.4 Source- World Bank

Though India has second largest internet population but the internet penetration is quite low compared to the world average of 40.7%. While china and the United States penetration is far above the world's average that is 74.56% and 87.36% respectively (2014 World Bank data). Though the penetration is low, but has shown significant growth over the years and is expected to reach 34.8% in the year 2016.
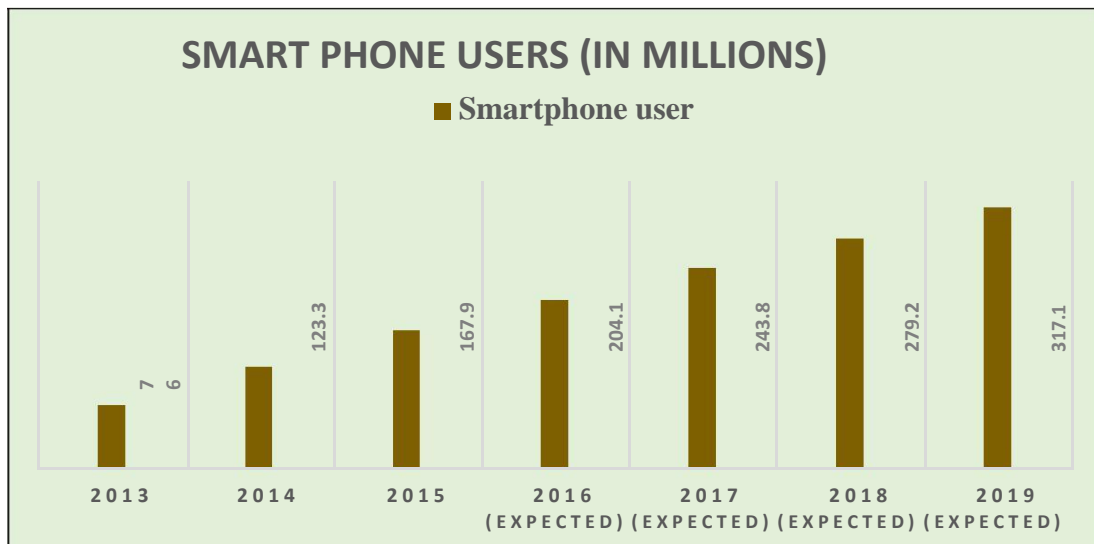
SMART PHONE USERS (IN MILLIONS)

■ Smartphone user

Values by year: 2013: 76, 2014: 123.3, 2015: 167.9, 2016 (Expected): 204.1, 2017 (Expected): 243.8, 2018 (Expected): 279.2, 2019 (Expected): 317.1

Fig. 1.5 Source- Statista Portal, IAMAI

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Also the total number of smart phone users in India is significantly low, when compared to US and China. Above graph shows that India has 167.9 million smart phone users in the year 2015, while china and USA has 525 million and 191 million respectively. Further this statistic is expected to increase to 317 million by 2019.

Thus the significantly low internet penetration and fast growing internet and smart phone users indicates the high opportunities and growth in e-commerce industry. Also this stats is likely to improve considering the demographic profile of India, where more than 70% of the population is below 35 years of age. Moreover the government's ambitious project of "Digital India" and the increased FDI flow will help in modernization of both the industries and the customers. Aiming to this market opportunity many new players may enter to gain market share, which today is shared by only few major players.

E-retail companies are coming up with innovative ideas and new technology driven business models so as to increase the customer base and gain market share. Ease of payment, after sale services, free delivery, and cash on delivery, discount structures, easy return policy, user friendly application, feedback mechanism, product availability, cash back and coupons, festive sale etc. are certain innovative ideas that drive customer to shop online. Such scheme and policies are the factors that drive customer from one e-retail to other and thus the ecommerce industry is in the state of competitive war. The only way to retain their customers and to gain new ones is make shopping experience better than what he/she experiences from other websites.

This report aims to study what are the factors that drive customer to shop online and the factors in which one e-retail is doing better than other. This project takes into account the experience of the customer shopping online from different e-retail platform and develops the model that drives the discriminating factor that he/she values the most. Further the objective is to capture the effect of innovative promotional activities led by these ecommerce companies and how they are performing in such activities. The objective is led by comparing the innovative approaches and promotional activities adopted by two ecommerce major, Flipkart and Amazon.

1.2 <u>Industry Overview</u> – <u>Flipkart</u>

Flipkart was founded on 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology Delhi. They worked for Amazon.com, and left to create their new company incorporated in October 2007 as Flipkart Online Services Pvt. Ltd. The first product they sold was the book Leaving Microsoft To Change The World to a customer from Hyderabad. Flipkart now employs more than 33,000 people.

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.

How it started

Flipkart began selling books to begin with. It soon expanded and began offering a wide variety of goods. Innovating right from the start, Flipkart has been home to few of the striking features of Indian e-commerce.

Evolution

Back at the time when Flipkart was launched, any e-commerce company faced two major difficulties. One was the problem of online payment gateways. Not many people preferred online payment and the gateways were not easy to set up. Flipkart tackled this problem by introducing cash on delivery and payment by card on delivery in addition to others. Flipkart was the first to implement the popular 'Cash On Delivery' facility, which every online shopping website in India offers as an option today.

The second problem was the entire supply chain system. Delivering goods on time is one of the most important factor that determines the success of an ecommerce company. Flipkart addressed this issue by launching their own supply chain management system to deliver orders in a timely fashion.

Today as it stands, Sachin Bansal is the Chairman of the company and Binny Bansal is the CEO of Flipkart.

1.3 <u>Industry Overview</u> – <u>Amazon</u>

The company was founded in 1994, spurred by what Amazon founder Jeff Bezos called his "regret minimization framework," which described his efforts to fend off any regrets for not participating sooner in the Internet business boom during that time. In 1994, Bezos left his employment as vice-president of D. E. Shaw & Co., a Wall Street firm and moved to Seattle. He began to work on a business plan for what would eventually become Amazon.com.

Bezos incorporated the company as "Cadabra" on July 5, 1994. Bezos changed the name to Amazon a year later after a lawyer misheard its original name as "cadaver". In September 1994, Bezos purchased the URL Relentless.com and briefly considered naming his online store Relentless, but friends told him the name sounded a bit sinister. The domain is still owned by Bezos and still redirects to the retailer. The company went online as Amazon.com in 1995.

Bezos selected the name Amazon by looking through the dictionary and settled on "Amazon" because it was a place that was "exotic and different" just as he envisioned for his Internet enterprise; the Amazon river, he noted was by far the "biggest" river in the world and he planned to make his store the biggest in the world. Bezos placed a premium on his head start in building a brand, telling a reporter, "There's nothing about our model that can't be copied over time. But you know, McDonald's got copied. And it still built a huge, multibillion-dollar company. A lot of it comes down to the brand name. Brand names are more important online than they are in the physical world." Additionally, a name beginning with "A" was preferential due to the probability it would occur at the top of any list that was alphabetized.

Since June 19, 2000, Amazon's logotype has featured a curved arrow leading from A to Z, representing that the company carries every product from A to Z, with the arrow shaped like a smile.

After reading a report about the future of the Internet that projected annual Web commerce growth at 2,300%, Bezos created a list of 20 products that could be marketed

online. He narrowed the list to what he felt were the five most promising products, which included: compact discs, computer hardware, computer software, videos, and books. Bezos finally decided that his new business would sell books online, due to the large worldwide demand for literature, the low price points for books, along with the huge number of titles available in print. Amazon was founded in the garage of Bezos' home in Bellevue, Washington.

The company began as an online bookstore, an idea spurred off with a discussion with John Ingram of Ingram Book (now called Ingram Content Group), along with Keyur Patel who still holds a stake in Amazon. Amazon was able to access books at wholesale from Ingram. In the first two months of business, Amazon sold to all 50 states and over 45 countries. Within two months, Amazon's sales were up to $20,000/week. While the largest brick and mortar bookstores and mail order catalogs might offer 200,000 titles, an online bookstore could "carry" several times more, since it would have a practically unlimited virtual (not actual) warehouse: those of the actual product makers/suppliers.

Amazon was incorporated in 1994, in the state of Washington. In July 1995, the company began service and sold its first book on Amazon.com: Douglas Hofstadter's Fluid Concepts and Creative Analogies: Computer Models of the Fundamental Mechanisms of Thought. In October 1995, the company announced itself to the public. In 1996, it was reincorporated in Delaware. Amazon issued its initial public offering of stock on May 15, 1997, trading under the NASDAQ stock exchange symbol AMZN, at a price of US$18.00 per share ($1.50 after three stock splits in the late 1990s).[citation needed]

Amazon's initial business plan was unusual; it did not expect to make a profit for four to five years. This "slow" growth caused stockholders to complain about the company not reaching profitability fast enough to justify investing in, or to even survive in the long-term. When the dot-com bubble burst at the start of the 21st century, destroying many e-companies in the process, Amazon survived and grew on past the bubble burst to become

a huge player in online sales. It finally turned its first profit in the fourth quarter of 2001: $5 million (i.e., 1¢ per share), on revenues of more than $1 billion. This profit margin, though extremely modest, proved to skeptics that Bezos' unconventional business model could succeed. In 1999, Time magazine named Bezos the Person of the Year, recognizing the company's success in popularizing online shopping.

Barnes & Noble sued Amazon on May 12, 1997, alleging that Amazon's claim to be "the world's largest bookstore" was false because it "... isn't a bookstore at all. It's a book broker." The suit was later settled out of court and Amazon continued to make the same claim. Walmart sued Amazon on October 16, 1998, alleging that Amazon had stolen Walmart's trade secrets by hiring former Walmart executives. Although this suit was also settled out of court, it caused Amazon to implement internal restrictions and the reassignment of the former Walmart executives.

On October 11, 2016, Amazon announced plans to build convenience stores and develop curbside pickup locations for food. In December 2016, the Amazon Go store was opened to Amazon employees in Seattle. The store uses a variety of sensors and automatically charges a shopper's Amazon account as they walk out of the store, therefore there are no checkout lines. The store is planned to open for the general public in early 2017.

In 2017, Amazon built a new downtown Seattle campus. A local charity, Mary's Place, occupied the space and was going to have to move headquarters. Instead, Amazon offered to share its building with the charity and provide shelter for homeless men, women and children.

In 2011, Amazon had 30,000 full-time employees in the USA and by the end of 2016, it had 180,000 employees. The company employs 306,800 people worldwide in full and part-time jobs.

2. <u>Literature Review</u>

2.1 Literature Review 1

(Hossein Mohammad, Nourbakhsh Mojtaba, Rezaei Hossein & Reza Ahmad

University of Isfahan, Iran)

This report aim to find the factors that affects consumer's perception towards online shopping. This study is followed by the use of model that examines the factors like perceived risks, return policy and infrastructural variables. Further the innovativeness and online shopping attitude is the hypotheses of the study.
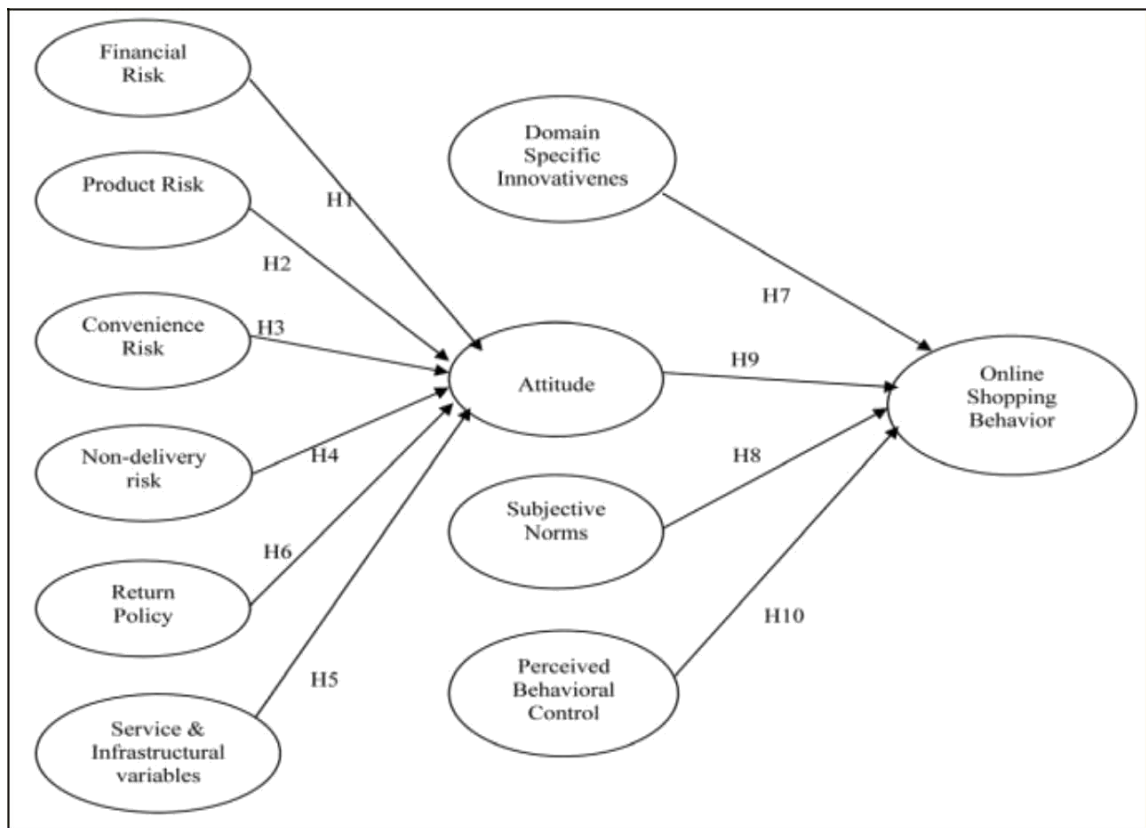
Conceptual Model-

Fig. 2.1

Independent variables- Non-delivery risk, Product risk, Return policy, Attitude, Infrastructural variables, financial risk, Convenience, Behavioral control and Domain specific innovativeness.

Dependent variables- Attitude and Online shopping behavior

Data collection- Investigation is followed by collecting 200 responses of the questionnaire among the Iran online stores.

Result- Regression model resulted that the financial risk and non-delivery risk is negatively related to online shopping attitude. Further finding shows that the domain innovativeness is positively related to online shopping behavior and online shopping attitude is positively related to consumer shopping behavior. The product and convenience risk on shopping attitude is insignificant, the reason behind in context of Iran appears to be the unwillingness and indifference of shoppers for online platform. The friend's opinion influences the consumers buying pattern and thus if consumer have significant attitude towards online shopping, it will affect the shopping behavior.

2.2 Literature Review 2
(Marketing conference services AM_2013_0383
Study on South African prospective) [b]

This report aims to measure consumers liking towards different promotional activities and to identify the statistically significant differences between demographic groups. Further objective is to investigate the influence of promotion techniques on consumer purchasing behavior and to identify the statistically significant differences between demographic groups.

The quantitative technique is used to collect the responses from 554 respondents, from different age group and mixed gender.

Variable used- Coupons, Buy one get one free, competitions, live shows, free sample, loyalty rewards, point sale promotion and promotional pamphlets.

Result- Study shows that consumers are inclined towards promotional offers pamphlet distribution (75.8%), buy one get one free (75.1%), coupons (70%), point sale promotion (64.6%), loyalty point (59.6%), and free samples (61.6%). Further study shows that most of the respondents are influenced by the promotional activities (62%).

2.3 Literature review 3

Ye, L.Richard (California State University)

Zhang, Hao-hang (South China University of Technology Guangzhou) [c]

This report aims to study the impact of promotional activity on consumer's perception making an online purchase. The report make use of Technology Acceptance Model (TAM) for this purpose, and study is carried out using factor analysis.

Conceptual Model-
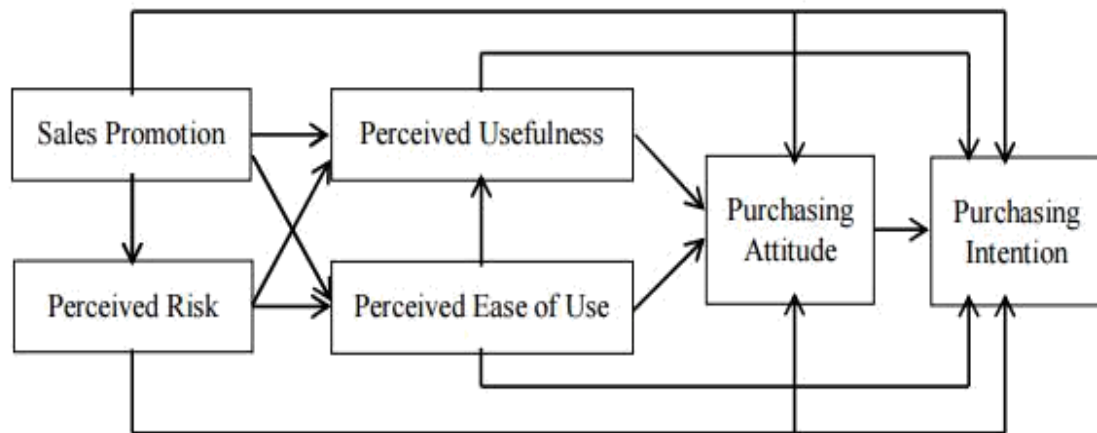
Fig. 2.2

Hypothesis - In e-commerce transactions, Sales Promotion has a positive influence on Perceived Usefulness, Perceived Ease of Use, Purchasing Attitude and Purchasing Intention, but a negative influence on Perceived Risk.

Result-
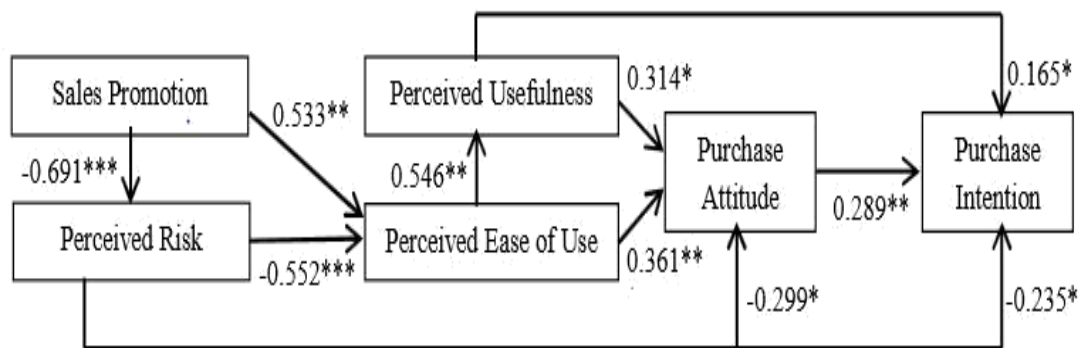
Figure 3: Hypothesis Test Result (***: P<0.001; **: P<0.01; *: P<0.05)

Fig. 2.3

The finding of this study suggests that, by increasing consumers perception of ease of use and by decreasing consumer's perceived risk, online sales promotion has a significant impact on their purchasing intention.

2.4 Literature Review 4

Monsuwe Ton-ita Perea, Dellaert Benedict G.C. and Ruyter Ko de

(Maastricht University, the Netherlands) [d]

This repot proposes a model that studies consumer's attitude towards online shopping.

This study is also based on technology acceptance model that suggest that, apart from ease of use, utility and enjoyment other factors like product characteristics, online shopping experience, consumer traits, trust in shopping online and situational factors also affects intention to shop online and buying behavior.

The framework uses the constructs of TAM as a basis, extended by exogenous factors and applies it to the online shopping context. Review shows that attitude toward online shopping and intention to shop online are not only affected by ease of use, usefulness, and enjoyment, but also by exogenous factors like consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping.

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3. <u>Objective</u>

1. To determine the factors that affects consumer's online buying behavior that is whether he/she is a frequent or non-frequent buyer.
2. To determine the factors that are responsible in decision making that whether the customer will buy from Flipkart or Amazon, (these two e-retail has been taken for analysis purpose).
3. To determine which company is performing well in the discriminating factor derived in the above objective.
4. To determine the promotional activities that affects consumer purchasing decision, whether to buy from Flipkart or Amazon.
5. To determine which company is performing well in the discriminating promotional activities that customer values the most.

4. <u>Methodology</u>

The study has been carried on the basis of questionnaire responses collected from 111 respondents, of different age group, profession and gender.

Further analysis is done using,

1. Descriptive analysis
2. Graphical analysis
3. Cross tabulation analysis

For **Descriptive Analysis**, the variable used are,

1. **Dependent variable-** Frequent buyer, Non-frequent buyer

   Independent Variable- Ease to place order, Search time, Product availability, Product reviews, After sale services, Ease of payment mode, Delivery time, Return Policy, Promotional activities and Product satisfaction.

2. **Dependent Variable**- Flipkart, Amazon

   Independent Variable- Ease to place order, Search time, Product availability, Product reviews, After sale services, Ease of payment mode, Delivery time, Return Policy, Promotional activities and Product satisfaction.

3. **Dependent Variable**- Flipkart, Amazon

   Independent Variable- Free shipping, Discount, Seasonal sale, Flash sale, Buy more and save more, Products giveaways, Loyalty points, Coupons giveaways, Price match promise and Holiday promotions.

For **Descriptive Analysis** mean score is calculate on all these independent variable used.

4.1 <u>Data Analysis</u>

Study has been conducted over 111 consumers of mixed age group, gender and profession. Response of the questionnaire is collected for the analysis part that include graphical analysis, discriminant analysis and cross tabulation analysis.

Graphical analysis of the response
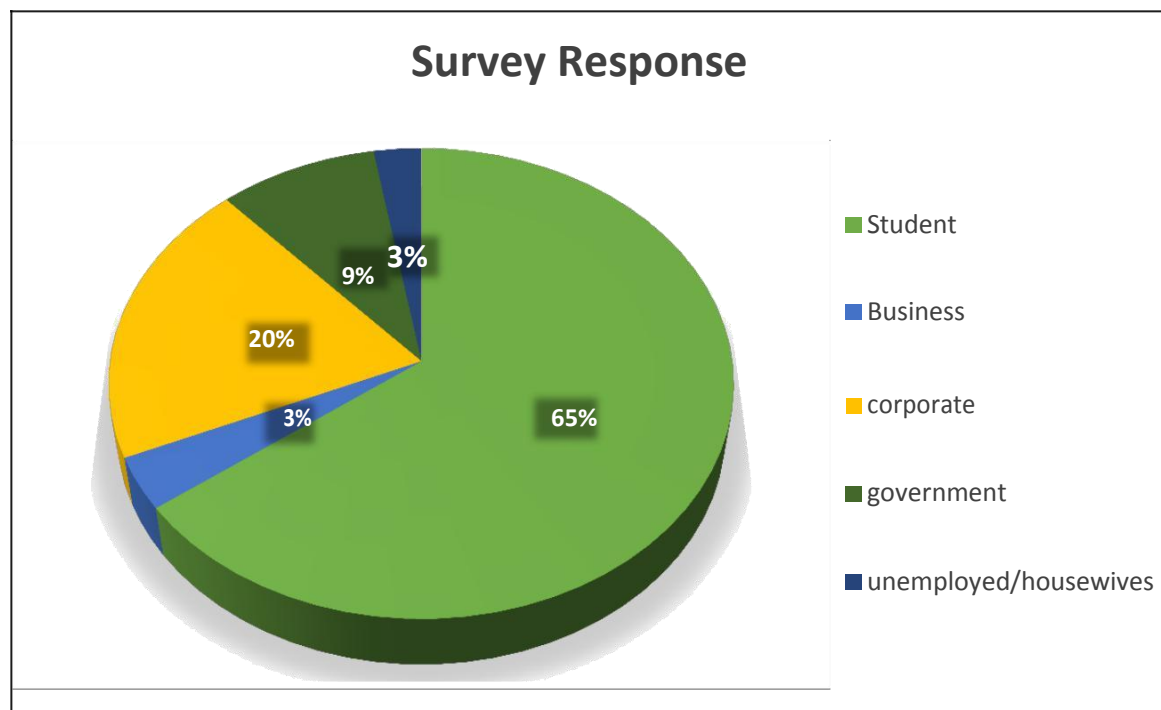
Fig. 4.1

The graph shows that the response are collected mostly from students and working corporate, these two constitute 85% of the response.
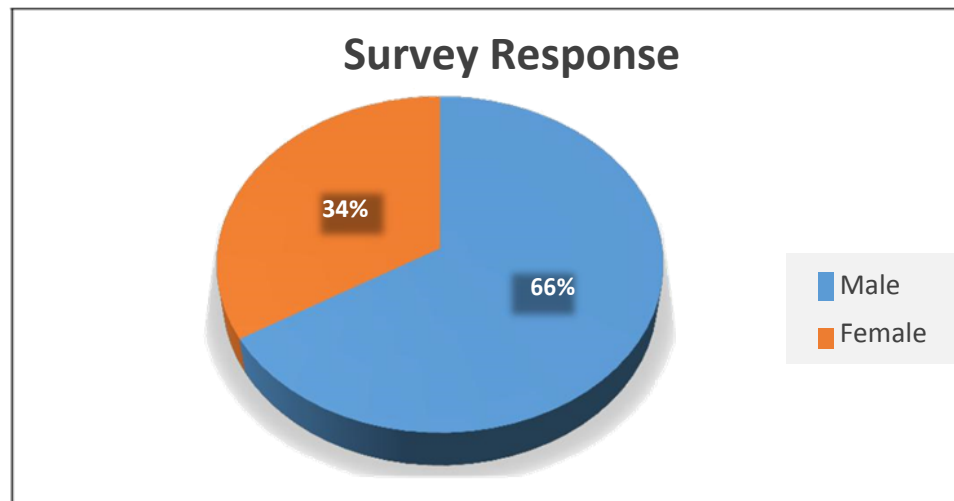
Fig. 4.2

This graph shows that survey response are high on male side.
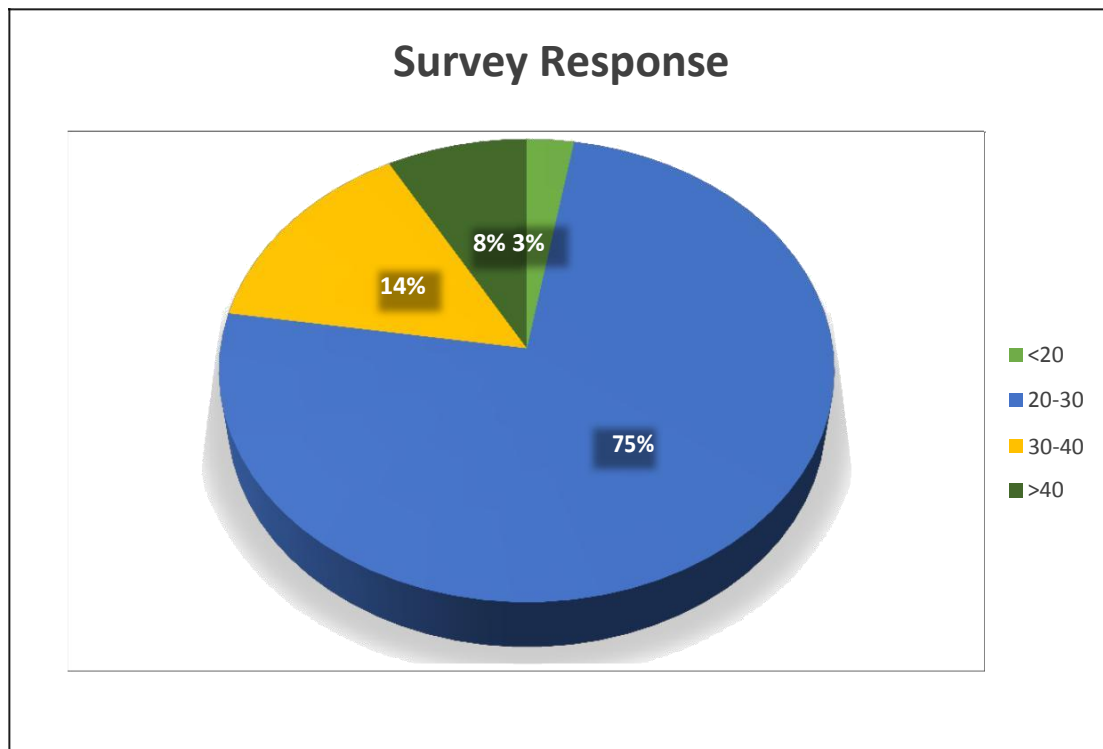
Fig. 4.3

This graph shows that the survey responses are collected mostly from the age group of 20-30 years that mostly belong to student or working corporate.

4.2 <u>Descriptive Analysis</u>

<u>-</u> To determine which e-retail is performing well with respect to promotional activities mentioned in literature review.

Mean score

Promotional activity	No. of respondents	Flipkart	Amazon
Free Shipping	111	3.630631	**3.846847**
Discount	111	3.765766	**3.891892**
Seasonal sale	111	**3.693694**	3.522523
Flash Sale	111	**3.675676**	3.324324
Buy More, Save More	111	3.468468	3.351351
Product Giveaways/ Gifts	111	3.477477	3.441441
Loyalty Points	111	**4.009009**	3.441441
Coupon Giveaway	111	**3.369369**	2.495495
Price Match Promise	111	**3.36036**	2.765766
Holiday Promotions	111	2.648649	2.531532

The mean score is derived according to the shopping experience of the customer from both the e-retail. This table shows that Amazon is doing better on the promotional activities- Free shipping and Discount while Flipkart is doing better in Seasonal sale. Further it can be seen that Flipkart is doing better in factors- Flash sale, Loyalty points, Coupons giveaways and Price match promise while both the firms are performing competitively on factors- Buy more and get more, holiday promotion and product giveaways. Thus Amazon is performing well on the most discriminating promotional activities, activity that consumer values the most.

High score indicating that the individual experience is better shopping in one e-retail than that of other.

4.3 <u>Cross Tabulation Analysis</u>

Flipkart /Amazon * Gender Cross tabulation				
Count				
		Gender		Total
		Male	Female	
	Flipkart	42	11	53
	Amazon	32	26	58
Total		74	37	111

This cross tabulation table between gender and the favorite e-retail shows that, 70.27% female prefer Amazon and 29.73% prefer Flipkart. While 56.76% of male prefer Flipkart and 43.24% prefer Amazon. Thus females are more likely to purchase from Amazon compared to males.

Flipkart /Amazon * Age Cross tabulation						
Count						
		Age				Total
		<20	20-30	30-40	>40	
	Flipkart	0	39	10	4	53
	Amazon	3	44	6	5	58
Total		3	83	16	9	111

This cross tabulation between the e-retail preference and age group shows that, Amazon is preferred more than Flipkart by the age group of 20-30 years and Flipkart is prefer mostly by the customer of age group 30-40 years.

Flipkart /Amazon * Profession Cross tabulation						
Count						
		Profession					Total
		Student	Business	Working corporate	Working government	Unemployed/ Housewives	
	Flipkart	32	4	11	6	0	53
	Amazon	40	0	11	4	3	58
Total		72	4	22	10	3	111

This cross tabulation between the e-retail preference and profession shows that, consumer working in corporate prefer both the e-retail equally while students mostly prefer buying from Amazon.

Frequent /Rarely * Gender Cross tabulation				
Count				
		Gender		Total
		Male	Female	
	Purchase rarely	28	6	34
	Purchase frequently	46	31	77
Total		74	37	111

This cross tabulation between the frequent /rarely buyer and gender shows that, 83.8% females are frequent buyer while only 62.2% of males are frequent buyer. Thus females have more positive attitude toward buying online.

Frequent /rarely * Age Cross tabulation						
Count						
		Age				Total
		<20	20-30	30-40	>40	
	Purchase rarely	1	24	5	4	34
	Purchase frequently	2	59	11	5	77
Total		3	83	16	9	111

This cross tabulation between the age group and buying frequencies shows that the most frequent online buyer are from age group 20-40 years.

Frequent /rarely * Profession Cross tabulation						
Count						
	Profession					Total
	Student	Business	Working corporate	Working government	Unemployed/ Housewives	
Purchase rarely	22	2	6	4	0	34
Purchase frequently	50	2	16	6	3	77
Total	72	4	22	10	3	111

This cross tabulation between Profession and the buying frequency shows that students and the customer working in corporates are the frequent buyer and thus are the potential customers.

Promotional activities * Gender Cross tabulation				
Count				
Promotional activities response		Gender		Total
		Male	Female	
	Low	5	2	7
	Neutral	12	3	15
	High	57	32	89
Total		74	37	111

This cross tabulation between promotional activity and gender shows that, 86.5% of female are inclined towards the promotional activity while 77% on male have influence towards promotions.

Promotional activities * Age Cross tabulation						
Count						
Promotional activities response		Age				Total
		<20	20-30	30-40	>40	
	Low	0	4	2	1	7
	Neutral	1	11	2	1	15
	High	2	68	12	7	89
Total		3	83	16	9	111

This cross tabulation between age group and promotional activity shows that, almost all age group are more or less inclined to the promotional activities.

Promotional activities * Profession Cross tabulation						
Count						
Promotional activities response	Profession					Total
	Student	Business	Working corporate	Working government	Unemployed/ Housewives	
Low	3	0	3	1	0	7
Neutral	9	1	4	1	0	15
High	60	3	15	8	3	89
Total	72	4	22	10	3	111

This cross tabulation between profession and promotional activity shows that, students are more inclined towards the promotional activity before making an online purchase.

5. Result

1. While determining the factors that are responsible for making purchase decision whether to buy from Flipkart or Amazon, following factors are significant:

Significant Factors- Ease to place order, Search time, Ease of payment, Delivery time, Return policy and Promotional activity.

Among these Search time, Delivery time, Return policy and Ease to place order are the most discriminating factor that decide whether the consumer will purchase from Flipkart or Amazon. Since eigenvalue is high (1.517), value of wilks lambda is low (.397) and **86.5%** of cross validated grouped cases are correctly classified, we can say that the analysis is satisfactorily.

Descriptive analysis shows that Amazon is doing better on Delivery time while Flipkart is doing better in Ease to place order. Return policy and Search time has almost the same score indicating the competitive performance of both the e-retail. Further it can be seen that Amazon is also doing better in factors- Promotional activities, Product reviews, Product availability and Product satisfaction, while both the firms are performing competitively on factors- After sales services and Ease of payment.

2. While determining the promotional activities that affects the consumer perception, whether he/she will make online purchase from Flipkart or from Amazon, following promotional activities are significant:

Significant promotional activities- Free shipping, Discount, Seasonal sale, Flash sale and Loyalty points.

Among these significant promotional activities- Free shipping and Discount are the most discriminating factor that decide whether the consumer will purchase from Flipkart or Amazon, Followed by Seasonal sale and other promotional activities. And since **82.9%**

of cross validated grouped cases are correctly classified, we can say that the analysis is satisfactorily.

Descriptive analysis shows that Amazon is doing better on the promotional activities- Free shipping and Discount while Flipkart is doing better in Seasonal sale. Further it can be seen that Flipkart is doing better in factors- Flash sale, Loyalty points, Coupons giveaways and Price match promise while both the firms are performing competitively on factors- Buy more and get more, holiday promotion and product giveaways. Thus Amazon is performing well on the activities that consumer values the most.

3. Cross tabulation analysis shows that,

Females are the frequent online buyer, they are more likely to buy from Amazon and they are more inclined towards the promotional activities offered by e-retail website, compared to males.

Further students and the working corporates in the age group 20-40 are the frequent buyer, and are more inclined towards the promotional activities offered by these e-retail.

6. <u>Conclusion</u>

The study shows that factors like Ease to place order, Search time, Product availability, Product reviews, After sale services, Ease of payment mode, Delivery time, Return Policy, Promotional activities and Product satisfaction are significant that contribute a lot to consumers online purchasing behavior. Among these Search time, Delivery time, Return policy and Ease to place order are the most discriminating factor and Amazon is doing better on Delivery time while Flipkart is doing better in Ease to place order. Return policy and Search time has almost the same competitive performance for both the e-retail.

Further promotional activities like Free shipping, Discount, Seasonal sale, Flash sale and Loyalty points are the most significant factor and again Amazon is doing better in Free shipping and Discount while Flipkart is doing better in Seasonal sale, Flash sale and Loyalty points. Thus we can conclude that some features of Amazon is better while Flipkart is better in other, so both the company have to focus on certain factors so as to improve their overall performance.

This study can be taken further for more clear and detail analysis by taking more demographic responses and including more variables. Further by including more e-retail companies we can come up with a detail comparison within the e-commerce industry using multi variate discriminant analysis.

7. <u>Appendix</u>

Following questionnaire is used for the analysis purpose,

Q1. Name?

[   ]

Q2. Age?
1. <20
2. 20-30
3. 30-40
4. >40

Q3. Gender?
5. Male
6. Female

Q4. Profession?
1. Student
2. Business
3. Working in Corporate
4. Government
5. Housewife/Unemployed
6. Other

Q5. How often do you purchase from e-commerce retail websites?
1. Frequently
2. Once in 2 weeks
3. Once in a month
4. Once in 2 months
5. Once in 6 months
6. Rarely
7. Never

Q6. How important are these factors before making an online purchase?

	Not important	Less important	Neutral	Important	Very important
Ease to place order	❏	❏	❏	❏	❏
Search time	❏	❏	❏	❏	❏
Product availability	❏	❏	❏	❏	❏
Product Info/reviews	❏	❏	❏	❏	❏
After sale services	❏	❏	❏	❏	❏
Ease of payment mode	❏	❏	❏	❏	❏
Delivery time	❏	❏	❏	❏	❏
Return Policy	❏	❏	❏	❏	❏
Promotional activities	❏	❏	❏	❏	❏
Product satisfaction	❏	❏	❏	❏	❏

Q7. How important are these promotional activities used by e-commerce retail companies to you?

	Not important	Less important	Neutral	Important	Very important
Free Shipping/Free Returns	❏	❏	❏	❏	❏
Discounted products	❏	❏	❏	❏	❏
Seasonal/Festive sale	❏	❏	❏	❏	❏
Flash Sale	❏	❏	❏	❏	❏
Buy More and Save More	❏	❏	❏	❏	❏
Product Giveaways	❏	❏	❏	❏	❏
Loyalty Points	❏	❏	❏	❏	❏
Coupon Giveaway	❏	❏	❏	❏	❏
Price Match Promise	❏	❏	❏	❏	❏
Holiday Promotions	❏	❏	❏	❏	❏

Q8. Compare the following factors as experienced by you, for two companies (close to 1 means flipkart is better and 5 means Amazon is better)

1. Ease to place order _____(1 - 5)

2. Search time _____(1 - 5)

3. Product availability/varieties _____(1 - 5)

4. Product Info/reviews _____(1 - 5)

5. After sale services _____(1 - 5)

6. Ease of payment mode _____(1 - 5)

7. Delivery time _____(1 - 5)

8. Return Policy _____(1 - 5)

9. Promotional activities (Sale, Discount etc.) _____(1 - 5)

10. Product satisfaction _____(1 - 5)

Q9. Compare the promotional activity offered by two different companies (close to 1 means flipkart is better and 5 means Amazon is better)

1. Free Shipping/Free Returns _____(1 - 5)

2. Discounted products _____(1 - 5)

3. Seasonal/Festive sale _____(1 - 5)

4. Flash Sale _____(1 - 5)

5. Buy More and Save More _____(1 - 5)

6. Product Giveaways/Branded Gifts _____(1 - 5)

7. Loyalty Points _____(1 - 5)

8. Coupon Giveaway _____(1 - 5)

9. Price Match Promise _____(1 - 5)

10. Holiday Promotions _____(1 - 5)

Q10. Your most favored e-commerce retail website?

- Flipkart _____
- Amazon _____

Q11. Rate the following factors as experienced by you while making an online purchase.

Flipkart [Not Satisfied, Very Satisfied]

	1	2	3	4	5
Ease to place order	❏	❏	❏	❏	❏
Search time	❏	❏	❏	❏	❏
Product availability/varieties	❏	❏	❏	❏	❏
Product Info/reviews	❏	❏	❏	❏	❏
After sale services	❏	❏	❏	❏	❏
Ease of payment mode	❏	❏	❏	❏	❏
Delivery time	❏	❏	❏	❏	❏
Return Policy	❏	❏	❏	❏	❏
Promotional activities	❏	❏	❏	❏	❏
Product satisfaction	❏	❏	❏	❏	❏

Amazon [Not Satisfied, Very Satisfied]

	1	2	3	4	5
Ease to place order	❏	❏	❏	❏	❏
Search time	❏	❏	❏	❏	❏
Product availability/varieties	❏	❏	❏	❏	❏
Product Info/reviews	❏	❏	❏	❏	❏
After sale services	❏	❏	❏	❏	❏
Ease of payment mode	❏	❏	❏	❏	❏
Delivery time	❏	❏	❏	❏	❏
Return Policy	❏	❏	❏	❏	❏
Promotional activities	❏	❏	❏	❏	❏
Product satisfaction	❏	❏	❏	❏	❏

Q12. Rate the following promotional activities as experienced by you while making an online purchase.

Flipkart [Not Satisfied, Very Satisfied]

	1	2	3	4	5
Free Shipping/Free Returns	❏	❏	❏	❏	❏
Discounted products	❏	❏	❏	❏	❏
Seasonal/Festive sale	❏	❏	❏	❏	❏
Flash Sale	❏	❏	❏	❏	❏
Buy More and Save More	❏	❏	❏	❏	❏
Product Giveaways/Branded Gifts	❏	❏	❏	❏	❏
Loyalty Points	❏	❏	❏	❏	❏
Coupon Giveaway	❏	❏	❏	❏	❏
Price Match Promise	❏	❏	❏	❏	❏
Holiday Promotions	❏	❏	❏	❏	❏

Amazon [Not Satisfied, Very Satisfied]

	1	2	3	4	5
Free Shipping/Free Returns	❑	❑	❑	❑	❑
Discounted products	❑	❑	❑	❑	❑
Seasonal/Festive sale	❑	❑	❑	❑	❑
Flash Sale	❑	❑	❑	❑	❑
Buy More and Save More	❑	❑	❑	❑	❑
Product Giveaways/Branded Gifts	❑	❑	❑	❑	❑
Loyalty Points	❑	❑	❑	❑	❑
Coupon Giveaway	❑	❑	❑	❑	❑
Price Match Promise	❑	❑	❑	❑	❑
Holiday Promotions	❑	❑	❑	❑	❑

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