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## Factors Influencing Online Shopping During Diwali Festival 2014: Case Study of Flipkart and Amazon.In

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### ABSTRACT

*The Indian retail sector is witnessing a dramatic change because of changing mindset of the urban consumers. These consumers are spoilt for choices and are presented not only with different products and brands but also with diverse retailer formats such as departmental stores, specialty stores, and online shopping platforms. The prospect of online shopping is increasing in India because of many factors such as increased Internet literacy, perceived usefulness, ease of use, increased number of working women, entry from the global and local participants, and the increased visibility of online players, to name a few. E-tailing is the process of selling retail goods using the internet. The Indian e-tailing sector has matured enough to deal with the rapid transformations from the era of offline to online platform to be used by the consumers and addresses the challenges faced in this process. The paper examines the growth and opportunities in the Indian e-tailing sector by focusing on the current and future wave of the two big giant e-tailers in India, namely Flipkart and Amazon.in. The purpose of this research is to understand the positive and negative factors influencing the online shopping in India during the festive season. It also aims to explore the role of online shopping festival in driving the shopping explosion from consumer's perspective. The study is basically to understand the strategies adopted by Flipkart and Amazon.in to capitalize on the "Diwali festive season 2014" to keep their consumers captivated and thereby increase their profits dramatically.*

**KEYWORDS:** *E-tailing, Flipkart, Amazon.in, Diwali festive season, Strategies, online platform, consumer's perception.*

### INTRODUCTION

“Thus in the future, instead of buying bananas in a grocery store, you could go pick them off a tree in a virtual jungle.”

*- Yasuhiro Fukushima, founder, Enix*

When the internet first came into public use, it was hailed as liberation from conformity, a floating world ruled by passion, creativity, innovation and freedom of information. And then it was hijacked, first by advertising and then by commerce. Internet is rapidly becoming the main platform of communication and convenience of doing business. It has transformed the majority's everyday social and professional lives (Evans & Wurster, 1997) by becoming an integral part of their day to day lives be it for networking, sharing experiences, chatting, online purchases, making online investments, making payments or for banking online. In the era of globalization, the Internet

is being used by the consumer to provide not only the global reach with ease of access but also to enhance interaction, and to communicate effectively in a cost efficient manner (Pyle, 1996; Jones & Visayasarthi, 1998). It enhances multiple other activities like collecting market research data, promoting services, increasing visibility, and handling supply chain to promote an extremely rich and flexible new retail channel (Doherty & Ellis-Chadwick, 1999). The impact of the Internet revolution greatly affected on businesses and the society due to which its usage has increased multifold over the past few years in India. According to an Indian online landscape study (Juxt, 2010), the number of active Internet users in India stands at 65 million, recording a 28% rise from 51 million last year. The study also revealed that India has 61 million 'regular' users with 46 million urban and 16 million rural users.

E-tailing is a subset of e-commerce, which encapsulates all “commerce” conducted via the Internet (Turban, 2007). It includes sale of product and merchandise and does not include sale of services viz. railway tickets, airlines tickets, job portals, etc. Slowly the concept of e-tail alternatives is evolving in larger numbers across the globe. E-tailing becomes a viable business model when it efficiently generates demand, sources various products and goods from vendors, and delivers effectively them to the end consumers. In India, e-tailing has the potential to grow more than hundredfold in the next few years where Internet users will drive the e-tailing story. India will have 100 million online shoppers by 2016, according to one of the reports based on online shopping published in Indian Express (Nandarajan, 2014). In last two years many e-commerce websites have mushroomed online and are giving tough competition to each other with innovative deals like cash on delivery, free shipping, additional coupons, free customized gifts, easy return policy as and when required, and many more. According to a study by Accel Partners, online shopping of physical goods in India will grow to US\$ 8.5 billion in 2016 and the numbers of online shoppers in India will more than double to 40 million. Internet user base is predicted to increase to 300 million by end of 2015 [6\*].

These observations reveals that more and more consumers are turning to the World Wide Web for their shopping needs, which gives them access to either local or international products with just a click of the mouse. Kotler and Armstrong (2000) pointed out that a person's buying choices are further influenced by four key psychological factors: (1) Motivation; (2) Perception; (3) Learning and beliefs; and (4) Attitude. In most families, women are the chief decision makers (Dholakia, 1999). Men are more motivated toward utilitarian benefits of products and give lesser importance to social relations and personal contacts (Steenkamp et al., 1999). The younger generation has always exhibited a positive disposition towards adoption of a new innovation (Schiffman & Kanuk, 2003) and understands the technological changes and complexities more optimistically than the elderly segment (Wotruba & Pribova, 1995). The perception of making purchases online may vary from consumer to consumer. Literature discusses that online purchasing might be most appealing to those consumers who don't have much time or desire to go shopping (Burke, 1997). Others (McWilliam et al., 1997) argue that Internet shopping appeals to those who want to get the best value from their retail spend. As discussed by Guttman (1998) there lies a lot of unique elements like consumer friendliness which makes online shopping different from the traditional in-store retail model. Consumers can gather information about merchandise and hence, can compare a product across suppliers at low cost (Ratchford et al., 2001). These trends make online shopping via the Internet more popular. As suggested by Donthu and Garcia (1999) related search efforts play an important part of an individual's purchase process. Online shopping continues to

grow in popularity, especially among women and other target demographics, especially in the age group of 18- to 25-years (The Economist, 2004; Toomey & Wysock, 2009).

Consumers are increasingly going online to shop, arrange financing, organize shipments, and get after-sales service. Literature indicates (Zeithaml et al., 2002; Shih, 2004; Lee & Lin, 2005; Hassanein & Head, 2007; Lin et al., 2010; Di Nisio et al., 2010; PWC report, 2014) that the success of e-tailing depends on several factors like efficient website design, effective shopping, prompt delivery, and e-store services (delivery on real time, return and replacement, period of filling out online orders form, response time to e-consumers queries, etc.). The web offers a plethora of opportunities and companies can market their products to the whole world without major additional cost. Other factors such as human warmth and sociability could be integrated through web interfaces to positively impact consumer attitudes towards e-tailing. These factors could encompass facets of customer attitude towards e-tailing, customer online buying behavior, customer satisfaction measurement, and many more. The dynamic changes that the ecosystem continually undergoes necessitates that e-tailers adapt, quickly and adroitly, to survive in the cut-throat competition across the globe. They understand what works best for their business across multiple aspects, be it their business models, product portfolios, web interfaces, or service offerings. However, they face the challenge of habituating consumers for repeat purchases. Differentiating factors such as discounts and deals are major motivators for consumers transacting online. But to keep the consumer hooked longer, other parameters such as consumer experience, product assortment, services, etc. will soon gain equal importance. A major bottleneck that online retailers face is incompetency in building a 360 degree digital platform to interact with suppliers and related partners on a real-time basis.

The focus of this research is to bring out the role of festive seasons and its influence on the online shopping. Festive seasons are one of the most competitive times of the year for online retailers which offer a big opportunity to drive sales and acquire new customers. According to Shop.org (a division of the National Retail Federation; Published on November 13<sup>th</sup>, 2014, by *Colleen Corkery*) eHoliday Survey, online holiday sales in November and December of 2014 are expected to grow 8-11%, to as much as \$105 billion. There are multiple perceptions about the role of festive seasons on online shopping. As stated by Meenu Handa, Amazon, “there is certainly a spike during the festive season keeping in line with the festive and shopping mood of consumers but we believe that the convenience of shopping online anytime anywhere coupled with a wide selection at low prices is what is leading to a greater adoption of online shopping”. Praveen Sinha, Jabong states that “with the festive season around the corner, the retailers certainly have a reason to cheer about. A tremendous rise in sales is a dominant trend during this season- shopping frenzy boosts festive spending every year. This is a universal phenomenon and we can see this happening globally during Christmas, New Year, Diwali, Eid etc. We believe festival season provides us with a great opportunity to get a spike of even 100% increase in our sales. The festive feel good factor, gifting and targeted campaigns all contribute to this growth.” Ravi Vora, Senior VP Marketing, Flipkart states that “seasonal offers and the occasion of gifting during festivals definitely create significant spikes in sales.” In general, festivals in India see significant uplifts for many categories including durables, cars, electronics etc. due to the propensity to spend during festivals, bonuses, and it is auspicious to buy during certain periods/festivals.

This paper aims to understand the various factors that influence growth opportunities in India specific to the e-tailing sector. The approach used in the research is the case-based, focusing on the two big e-tailing giants, namely Flipkart and Amazon.in. The research begins by examining a holistic view of the consumer's attitude towards e-tailing which influenced them to make purchases online, especially during the Diwali festive season 2014, through an in-depth analysis of the strategies employed by Flipkart and Amazon.in. To probe further, a primary survey was designed to capture consumer perspective related to online shopping. The objective is to understand the strategies adopted by these e-tailers to increase loyalty with their brands using an online platform to gain competitive advantage. The paper concludes by summarizing the results attained and considers the future channels that e-tailers can capitalize on to have a dominant presence in the Indian market.

### **GROWTH AND OPPORTUNITIES IN E-TAILING :AN INDIAN PERSPECTIVE**

The e-commerce market has seen tremendous growth over the past few years. With regards to the Indian e-tail industry, it has been observed that it has grown at a swift pace in the last five years, from around Rs. 15 billion revenues in 2007 - 08 to Rs. 139 billion in 2012 - 13, translating into a compounded annual growth rate (CAGR) of over 56 percent. India's online retail market will expand by more than 50 percent annually for the next three years, tripling to 500 billion Indian rupees by 2016 (CRISIL Opinion, 2014). In 2013, online retail amounted to 8 percent of organized retail in India (Research Indian Retail Industry, (2012-2013))

<sup>1</sup>. An online shopping survey from MasterCard in the Asia Pacific region between November and December 2013 revealed a sharp rise in online shopping preferences in India (Deloitte, 2014). Success stories of some of the larger e-tailers have drawn the attention of many foreign investors in this sector. 2014 was the year when this sector witnessed an outbreak of deals where investors invested heavily - as much as \$1.6 billion across 24 deals, as compared to that of about \$553 million investment across 36 deals in the year 2013 (Venture Intelligence, 2014).

The e-tailing story will provide many growth opportunities in India due to the country's growing Internet-habituated consumer base. This will comprise approximately 180 million broadband users by 2020, along with a burgeoning class of mobile Internet users. E-tailing will provide employment to approximately 1.45 million people by 2021. To tap these new opportunities, new skills will be needed in the areas of logistics, packaging, and technology to improve efficiencies and reduce transaction costs in retailing and thereby boost the productivity of manufacturers (SMEs) and service providers. Growth of such a magnitude will promote the rise of service entrepreneurs who will have the potential to earn approximately USD 7.5 billion, annually, by 2021 (Bisen, A. et al., 2013).

Factors such as penetration of technology, credit/debit card penetration and usage, changing consumer lifestyle, young demographics, and improved supply side have promoted the Indian e-tailing industry to expand rapidly in the early life cycle growth. Given this background, we would like to begin with the research questions and discuss the methodology used in the research.

## CASE STUDY

### *Research questions*

The report indicates (ASSOCHAM India, 2014) that the trend in online shopping may increase by 350% and during Diwali, online shopping estimated to cross Rs. 100 Billion. These new trends in online retailing will not only continue but it will grow by leaps and bounds in future. “At present the market is estimated at Rs. 120 Billion and could cross Rs. 1000 Billion a year in India over the next three to four years”, reveals the ASSOCHAM paper (as on 8<sup>th</sup> October, 2014). The objective of this research is to understand the role of festive seasons in online shopping and to understand the factors which could influence the consumers to shop online during the festival season. Shopping in India is more predominant during Diwali. The study performed a comparative analysis of the two dominant e-tailers in the Indian perspective and the strategies adopted by them during the ‘Diwali festive season 2014’ to gain a competitive advantage. Specifically, the research study attempts to answer the following questions:

- Objective 1:** What are the positive and negative influencing factors responsible for online shopping in India?
- Objective 2:** What is the role of festive season in the online shopping explosion from the consumer perspective?
- Objective 3:** What are the different approaches that Flipkart and Amazon.in adopt to attract consumers during the festive seasons?

## METHODOLOGY

To meet the above mentioned objectives the primary data in the form of survey and secondary data was collected from diverse sources like case studies related to the e-tailing sector, websites of the respective e-tailers, press releases, related papers, white papers and journals. A SWOT analysis is used as it is a useful tool for brainstorming and strategic planning which is used to identify the organization’s strengths and weaknesses (S-W), as well as broader opportunities and threats (O-T). The purpose of performing a SWOT is to reveal positive forces that work together and potential problems that need to be recognized and possibly addressed for both Flipkart as well as Amazon.in. The SWOT analysis is used to identify the key performing areas as well as the bottleneck areas especially in ‘Diwali festive season 2014’ to deal with consumer expectations for both the scenarios. The data for the SWOT analysis was gathered from various press releases and white papers. In order to get a feel of this space, including consumer’s perception a survey was conducted. The survey focused on the aspect of ‘what invoked user’s to shop or browse online on Flipkart or Amazon.in during Diwali 2014. This survey had four sections. The first section captures the demographic profile of the respondent. The second section deals with his/her usage pattern of Internet in day to day activity and online shopping preferences. The third section of the questionnaire comprises of the ‘online shopping experience with Flipkart during Diwali 2014’. Here the focus is to know about “anything that attracts and finally binds them to shop online and also inhibits them while shopping online when big sales are offered”. The last section of the survey is typically for Amazon.in consumers and their experiences during Diwali 2014. The intent is to understand expectations of consumers and their individual experiences especially in the festive season with the two big player’s perspective.

**CASE scenario: Flipkart**

Flipkart was launched in October, 2007 by the duo, Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology, Delhi. As of today, it is the first Billion dollar company in the Indian e-commerce context with 20,000 employees, 26 million registered users, technology that enables 5 million shipments/month, 8 million daily page visits and 13 state-of-the-art warehouses (source : <http://www.flipkart.com/about-us>). Flipkart.com is India’s leading marketplace with over 20 million products across 70+ categories including baby care, books, clothes, games and toys, home and kitchen, footwear, jewellery, laptops, etc. Their journey commenced with selling books in the year 2007 and progressed to consumer support 24x7 in the year 2008, to including music, movies and mobiles, cash on delivery in the year 2010. In the year 2011, Flipkart incorporated features such as card on delivery, dedicated logistics for faster delivery, 30 day replacement policy to having an in-house brand Digiflip in the year 2012. In the year 2013, they sold one hundred thousand books in a single day and offered same day guarantee. In the year 2014, they had a billion dollar funding, acquired Myntra, provided In-a-day guarantee and scheduled delivery. Flipkart allows payment methods such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery (Source: [www.flipkart.com](http://www.flipkart.com)). Exhibit 1 (refer to Appendices) represents the detail profile view of Flipkart. A SWOT analysis of Flipkart helps to understand how it fine-tuned its offerings to appeal to the tastes of the consumers during the ‘Diwali festive season 2014’ (Refer Table 1).

**Table 1: Flipkart’s SWOT Analysis during the ‘Diwali Festive Season 2014’.**

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Developed their own delivery network Ekart, thus not dependent on courier service</li> <li>• Plethora of payment options to suit each type of consumer</li> <li>• Wallet (prepaid) feature is introduced to make online shopping easy</li> <li>• Reported huge volume of sales around \$100 million in 10 hours</li> <li>• Hosted an electronic mela this festive season, with massive discounts on smart phones, camera, televisions, home appliances and more</li> <li>• Promised next day delivery for a variety of products, Supported Cash on Delivery</li> <li>• Held an App lucky draw, where the lucky ones can win 3days/2nights holiday packages</li> <li>• Flipkart blocked over 1,000 ad spots a day on television for October<sup>[2*]</sup></li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Products were out of stock very quickly and people could not buy their desired products during Big Billion Day (BBD)</li> <li>• Auto cancellation of orders took place in many cases<sup>[1*]</sup></li> <li>• Suffered consumer’s backlash because of the inefficiencies on BBD</li> <li>• Flipkart’s website crashed when it couldn’t handle the increase in traffic —and not for the first time</li> <li>• Buyers claimed that the deals advertised in newspapers were not available on the website</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Can increase the sales by launching similar festive offers with no technical glitches</li> <li>• Can improve inventory stocking of out of stock products</li> <li>• Can increase the consumer base in m-commerce by giving more offers on mobile applications</li> <li>• Purchased the domain name Diwalidhamaka.co.in to divert Amazon.in’s Traffic to its website</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Constant innovations in the industry to appeal to consumers</li> <li>• Pressure on government by Amazon.in for increasing FDI in B2C Internet market</li> <li>• Offering heavy discount on a product raises questions pertaining to its genuineness</li> </ul>

**Case scenario: Amazon.In**

Amazon.com is an international e-commerce company founded in 1995. The name reflected the vision of Jeff Bezos, to produce a large scale phenomenon like the Amazon River. With Amazon, Amazon.in announced its presence in the Indian e-commerce space. It also aimed at providing a trustworthy platform for the Indian retailers of all sizes to make their presence felt. Starting with books, movies, in due weeks Amazon.in introduced additional categories including mobile phones and cameras. It provides an array of services such as safe and secure online ordering experience, convenient electronic payments, cash on delivery, easy returns, consumer service with 24x7 support, and a globally recognized and comprehensive purchase protection provided by Amazon.in's A-to-Z Guarantee. Amazon.in is also accessible on mobile devices allowing consumers to shop anywhere. It also provides features such as the Search inside!<sup>TM</sup> feature with the help of which users can browse inside books. Not only this, the store features a collection of over 12,000 titles in English and Hindi across DVD, Blu-ray, Blu-ray 3D, and Video CD formats (Source: [www.Amazon.in](http://www.Amazon.in)). A detailed profile of Amazon.in is given in Exhibit 1 (refer to Appendices). SWOT analysis of Amazon.in helps to understand how it tailored its offerings to appeal to the tastes of the consumers during the 'Diwali festive season of 2014' (Refer Table 2).

**Table 2: Amazon.in's SWOT Analysis during the 'Diwali Festive Season 2014'.**

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Renovated the website to make it more appealing</li> <li>• Wish list feature added to make it user friendly</li> <li>• Sale offered for a week</li> <li>• Launched special festive design packaging and introduced gift boxes and gift wrapping paper in colors that match with the artwork on the gift boxes for Diwali</li> <li>• A new initiative '<i>Gift A Smile</i>' was introduced to new states by adding 15 more NGOs working for causes ranging from child development, education, health care and protection to women empowerment and more</li> <li>• Consumers can download the Amazon.in shopping app and visit often to keep track of exciting offers every hour</li> <li>• Guaranteed next-day delivery, 24x7 consumer service support, Cash on delivery, No-risk hassle-free returns policy, safe and secure ordering experience</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Website crashed at the start of the sale</li> <li>• Not very impressive schemes</li> <li>• Promised but failed to offer more lucrative deals than its competitors <sup>[3*]</sup></li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Could offer more discounts on the products as compared to their competitors</li> <li>• Better managed on-time deliveries</li> <li>• Purchased the domain name bigbillionday.com to divert Flipkart traffic to its website</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Strong online presence of Indian competitors like Flipkart</li> <li>• Security of online and mobile mode</li> </ul>

These SWOT analyses indicate that both e-tailers are striving to enhance their consumer base and hence are working hard to increase their stickiness. They want to bring about a paradigm shift from



offline to online shopping. This shift will open many opportunities not only for the retailers but also for the consumers. The influencing factors in this transition affect all the stakeholders. Next section discusses the various influencing factors - positive as well as negative, from the consumer perspective.

### THE PARADIGM SHIFT: FROM OFFLINE TO ONLINE PLATFORM

Primary Survey was held among 66 people consisting of majorly students and working professionals. 30.3% (of the total) is female and remaining 69.7% (of total) are male candidates. The age profile of 52.2% (of total) belongs to the range in between 26 to 35 years, and 40.3% (of total) in the range of 15-25 years. 95.5% (of total) are from Metro Cities (i.e. Delhi - the Indian capital, Mumbai - a mega city, Kolkata and Chennai). It is seen that many people use computers at their workplaces and their homes on a daily basis. The same is true about the use of Internet. It is found that use of Internet is not restricted only for email, communications, virtual collaborations, entertainment, etc. but also features online shopping. 53.7% (of total) respondents prefer online shopping over offline. It is found that approximately 60% (of total) people shop online at least once a month while 30% (of total) shop online more than once a month. Observations reveal that people were found to shop online during special occasions for their near and dear especially on the occasions like birthday's, wedding, Diwali, and Valentine's Day.

The above mentioned case study during the 'Diwali festive season 2014' signifies that a lot of marketing efforts were undertaken by the e-tailing giants to capture the lion's share of the market in an effective and efficient way. Through repetitive widespread advertisements of Indian e-tailing portals via different means like television prime slots, print media, billboards, email catalogues and reviews posted in blogs, Facebook, tweets about products and services used, consumers were attracted towards these portals. Seasonal offers and the occasion of gifting during festivals definitely resulted in significant spikes in sales as mentioned by Ravi Vora, Senior VP Marketing, Flipkart [4\*]. The above SWOT analysis of Flipkart and Amazon.in along with the findings of the primary survey leads us to the following positive influencers that impact the Indian consumer's online purchasing decision and drive them towards actual searches online for shopping:

- **Usefulness or Convenience:** "Usefulness" is defined as the individual's perception that using the new technology will enhance or improve her/his performance (Davis, 1989, 1993). And "usefulness" is also linked with "ease of use" to determine consumers' attitude toward online shopping. According to Technology Acceptance Model (TAM) by Davis (1989) "usefulness" is influenced by "ease of use", because the easier a technology is to use, the more useful it can be (Venkatesh, 2000; Dabholkar, 1996; Davis et al., 1989). Hence, shopping from the confines of home anytime, anywhere, with 24x7 easy online navigation, trustworthiness of ecommerce sites and availability of brands make the shopping experience both satisfying and exhilarating.
- **Look and Feel:** Attractive B2C websites, with advanced user-friendly interface and technology, detailed product information with photographs and price tags, reliable and interesting web content, easy customization facilities, created trustworthiness towards the portals in the minds of Indian consumers.
- **Ease of Payment:** Indian population (across all the age groups) is not very savvy when it comes to buying from the internet. E-commerce companies have acknowledged this hurdle and therefore are innovating business models to suit the needs of the typical Indian

consumer (Gnanasambandam and Madgavkar et al., 2012). Easy payment options like credit card, debit card, bank transfer, and specially cash on delivery are much more accepted and considered reliable, were introduced as seen from the above two cases. It was observed that e-commerce sales have culminated in growth of credit card usage by 40 percent over the past year and debit card usage by 77 percent during Diwali 2014 <sup>[5\*]</sup>.

- **e-WOM (Word of Mouth):** Positive word of mouth communications, feedback from existing users, and influences of peers, opinion leaders and mavens converted the attraction into strong purchase intentions from e-tailing sites.
- **Return on Delivery:** Delivered products that do not meet the expectations of the users can be returned within a stipulated time period to the e-tailer as mentioned in both the above cases.
- **Usability:** These e-commerce websites are created in such a way that the users of any age group can access and use it without much prior knowledge or hands-on experience.
- **Mobility:** With penetration of mobile phones across India new channel of e-tailing is now possible, m-commerce, supplementing the existing channel. Future expansion is indicated in both the cases in terms of mobility.
- **Social Reach:** It aims to reach out to all segments including housewives and professionals.
- **Social Cause (NGO's):** Most e-retailers have associated themselves with a social cause for the betterment of the society as a whole as mentioned in Exhibit 1.
- **Attractive Deals:** Discounts and attractive deals offered by online vendors inducted a multitude of new online consumers as Indians traditionally love offers and cannot resist a good sale. Quick, free or low cost, at the door delivery, and transparent return policies provided by the Indian online vendors encouraged Indian buyers towards repetitive online shopping as mentioned in Exhibit 2 and 3 (refer to Appendices).

There are negative influences too which could impact the Indian consumers' online purchasing decision and drive them away from actual online searching and shopping especially during the festive season. These are mentioned in the following four categories.

- **Cost**
  - **Hidden Costs:** Users are presented with certain unexpected costs such as delivery charges, shipping fees which may not be mentioned as a part of the cost of the product.
  - **Better Price Elsewhere:** The mindset of the Indian consumers is usually price sensitive, thus intelligent consumers make more informed choices, by comparing all the options available to come down to a final selection.
  - **Price presented in a foreign currency:** The price presented in foreign currency can put consumers off as they may have to convert it into their native currency.
- **Technical concerns**
  - **Complicated Website Navigation:** Complicated website navigation acts as a detriment to online purchasing.
  - **Website Crash:** Excessive traffic on the website can cause transactions to cut-off before completion thereby leading to a frustrated consumer.
  - **Website Timeout:** The website times out too frequently and thus web pages need to be refreshed and loaded each time causing a potential customer to lose interest.

- **Payments**
  - **Concerns about Payment Security:** Indian online users are usually reluctant to expose personal details including credit and debit card details on a virtual platform. Users unsure of the payment gateway merchant fear loss of credit card information, theft of credit card information or overcharge. Therefore, they may avoid shopping online altogether (Bhatnagar, Misra and Rao, 2000; Forsythe and Shi, 2003).
- **Logistics Issues**
  - **Delivery Options Unsuitable:** The day and time of the delivery of the products may be unsuitable to the consumers.
  - **Long Processing time:** Consumers usually get agitated with long processing time which necessitates a waiting period for receipt of the product.

A report published by Purba Das, (Delhi, India on 2<sup>nd</sup> Nov 2013 in the ‘The Sunday Guardian’) emphasizes that shopping malls have failed to meet their targets during the festive season; people have chosen to shop online rather than going to the malls. According to D.S. Rawat, secretary general of industry body ASSOCHAM, e-commerce websites have 65% more traffic than last year. Compared to this, shopping malls are expected to see a sharp decline of 35-40% in footfalls compared to last year, says ASSOCHAM. These observations indicates that despite these prevailing negative factors as mentioned above, literature and the market trends indicates that there is still a huge potential in India for retailers and consumers both, to capitalize on this platform and benefit from it. The detailed analysis as per the objectives mentioned in section 3.1 is done based on the information given in Exhibits, the press releases, the company websites, journals, etc. The findings have been discussed in the next section.

## RESULTS AND FINDING

A detailed profile view of both the cases is highlighted in Exhibit 1 (refer to Appendices). Key highlights of Flipkart - Big Billion Day and Amazon.in – Online shopping Dhamaka have been mentioned in Exhibits 2 and 3 (refer to Appendices) respectively. Additional features like navigation and website content aspects of the respective e-tailers have been compared and represented in Exhibits 4 and 5 (refer to Appendices). The study aims to address the research questions raised in section 3.1.

***Objective 1:** What are the positive and negative influencing factors responsible for online shopping in India?*

The factors which may influence consumers to buy online have been identified and mentioned in section 3.2.3. However, consumer sentiment may change during the festive season depending upon the type of service these e-tailers provide. The analysis shows that efforts put in by both players – Flipkart and Amazon.in to capture the market are tremendous. The findings of the primary survey from the consumer perspective are as follows:

- Overall 61% of total used Flipkart for online shopping during Diwali 2014. Their experience says that there are a few parameters that made them to shop/browse on the website during Diwali 2014. Attractive deals, look and feel of the website, and multiple payment options offered by Flipkart are one of the important features which 35% of Flipkart end users agreed. The others are return on delivery options, mobile apps offers,

customer review according to 28% of Flipkart end-users. The major concerns raised by them are associated with technical glitches (like website crash, timeout, etc.), ungainly scenarios such as out of stock products, and also a hesitation in trusting the deals offered. They have rated - quality of product, product information available on the website, delivery services, and cash back offers, as the best experiences so far while buying online from flipkart during Diwali 2014.

- 36.3 % of total have an experience of online shopping with Amazon.in during Diwali 2014. Ease of use of website, availability of the entire product information, attractive deals offered, multiple payment options offered by Amazon.in are the important features which 25% of Amazon.in end users agreed on. The others are - look and feel of the website, user interface, faster delivery options, and mobile apps offers according to 20% of Amazon.in end users. The major concerns raised by them are associated with technical glitches (like website crash, timeout, etc.), facing instances of out of stock products, and additional charges for quick delivery during the festive seasons. They have rated – attractive packaging, quality of website and its content, delivery services, and quality of the end product as the best experiences so far while buying online from Amazon.in during Diwali 2014.

**Case Scenario : ‘Flipkart’** Flipkart hosted an online sale for one day while Amazon.in hosted it for one week during the Diwali festive season, 2014. In the case of Flipkart, it was struggling to keep up with demand. Products were sold out in a matter of seconds thus infuriating consumers who had made plans to buy the same for weeks in advance. Flipkart consumers faced cancellations and out of stock issues. According to a news article <sup>[7\*]</sup>, the biggest issue was the number of technical problems consumers were facing. Consumers were unable to access the website due to increase in the volume of traffic (almost 20 times than the normal). There was an internal server issue too, due to which there were problems in receiving orders online for some time. The other concern was the price change in products, wherein many alleged that Flipkart had increased prices of products leading up to the sale, which misled consumers to believe the discount on offer was higher than usual. Flipkart's sale saw consumers complaining that even after products were bagged during the rush, they were ultimately removed from their shopping carts despite payment. This indicates that Flipkart was not prepared for these eventualities but despite this, as per the media statement released, \$100 million sales were closed in 10 hours by Flipkart. Flipkart started cancelling orders it had initially accepted to provide 'equal opportunities' to other buyers. Shoppers weren't angry anymore, they were emotional. And they took to Twitter and Facebook - some to express their anger and others to crack jokes. Flipkart appointed 10,000 people specially to deliver the products as fast as possible to handle Big Billion day.

**Case Scenario : ‘Amazon.in’** Amazon.in Diwali Dhamaka sale went live an hour before the Flipkart sale. There were many consumers who complained that the site had crashed as soon as the sale began in the morning. Hence consumers were unable to access the site while others were unable to see any deals. Earlier, Amazon.in had announced that it would offer its consumers more lucrative deals than its competitors. However, consumers were complaining about the lack of deals on the site. Amazon.in had revamped its website for the week-long sale and offered massive discounts across multiple products. As part of the Diwali Dhamaka Week, Amazon.in has rolled out special 'Lightning Deals' every hour from 7 am - 6 pm.

The above two case scenarios show that there have been a few instances reported by the consumers which have changed their perception towards online shopping due to the poor experience. The fear of purchasing counterfeit products from these websites also makes consumers skeptical of online shopping.

***Objective 2:*** *What is the role of festive season in the online shopping explosion from the consumer perspective?*

The primary survey indicates that people were found to shop online during special occasions for their near and dear especially on occasions like birthdays, weddings, Diwali, and Valentine's Day. It is found that 50% (of total) respondents shopped online during Diwali 2014. They used Flipkart, Amazon.in among other websites. It is observed that media majorly used by Flipkart as well as Amazon.in for publicity are Newspaper advertisements, personalized emails, and television advertisements.

Special attention is given to festive season by the Indian consumer during shopping. The shopping season from the end of September till Diwali in late October is the top sales period in India, accounting for about 40% of the total sales for most brands<sup>[8\*]</sup>. People would like to buy a variety of gifts for family, friends and relatives under one roof. E-tailers typically cater to the varied consumer's need and expend diverse resources to completely understand the Indian consumer's perception.

Over the last decade, the change in consumer perception towards online shopping has been broadly researched by various researchers and scholars. A wide range of methods were used to compare consumer behavior in online shopping to that of traditional offline shopping. Gurrinder and Zhaobin (2005) found that website design, website reliability/ fulfillment, website customer service and website security/privacy are the four dominant factors which influence consumer perceptions of online purchasing. According to Haq, Z.U. (n.d.) (cross reference 2014 in IJMDEBM by Dudeja and Gupta) the study revealed that the perception of online consumers is independent of their age and gender but not independent of their education and gender and income and gender. The Indian consumers are product and price sensitive. They explore all the available options in order to make a wise purchase decision. Hence, to fulfill their changing needs e-tailers are resorting to high end technology to provide attractive delivery options such as same-day delivery or delivery within an hour, perks on buying from mobile apps, and try at your doorstep for consumers. These lead to improved consumer experience. According to MySmartPrice.com, the urban population shopped more online during the Diwali festive season 2014, where 479548 women shopped more than 1617424 men.

***Objective 3:*** *What are the different approaches that Flipkart and Amazon.in adopt to attract consumers during the festive seasons?*

The e-tailers implement different strategies to appeal to the demanding consumer needs. The SWOT analysis (refer to the Table 1 and Table 2) indicates that lot of efforts was taken by the e-tailers to offered consumers lucrative deals. The comparative analysis has been done for Flipkart and Amazon.in during Diwali festive season (refer to Exhibit 2, 3, 4 and 5 in Appendices). The literature highlights the role of web site design, usability, various deals, and offers to attract the new consumers and also to retain the old ones. Observations on Flipkart and Amazon during the Diwali 2014 phase have been documented here based on the secondary research and comparative analysis done in this research.

Flipkart vs Amazon.in:

1. After Flipkart announced its Big Billion Day sale, Amazon.in ran advertisements mocking the Indian e-retail giant. For its latest sale, Amazon.in has mocked Flipkart by stating that it is "Not just a day. 7 days of best deals ever" in one of their ads.
2. On October 6, Amazon.in bought www.bigbillionday.com domain and redirected it to Amazon.in store. And Flipkart bought the domain diwalidhamaka.co.in and redirected to flipkart.com.
3. Flipkart used an age-old trick: marked up prices before the sale started in order to exaggerate the Big Billion Day discount <sup>[9\*]</sup>.
4. Flipkart users also alleged that many offers presented in the newspaper were not available on the website. This emphasizes the fact that meaty deals were presented to the consumers in print media to lure them to shop online <sup>[10\*]</sup>.
5. Subsequent to the massive print and television advertising campaigns the registered users of Flipkart, received a special message from its co-founders, summarizing the journey since the inception of Flipkart <sup>[11\*]</sup>.
6. Flipkart's strength in this fight was its experience with Indian consumers and local partners. Amazon.in scored on other fronts. It was allowing returns of products even during the sale period, unlike Flipkart. Experts view Flipkart as an Indian brand that is more street smart than Amazon.in, the international brand that focuses more on quality service and consumer satisfaction, rather than the discounts that it offers.

Due to lack of pricing strategy the user's renamed Flipkart's '*Big Billion Day*' to '*Big Scam Day*'. A number of online tools and plugins used by the consumers during the Diwali season such as Pacify and Buy Hatke were able to monitor/track the prices of products over time and compare the prices of the same products over different e-stores. Consumers complained that Flipkart inflated the prices of products by 60-70% to be able to offer supreme deals on the final day <sup>[12\*]</sup>. Amazon.in was not trending in the social media, unlike Flipkart during the festive season as told by many buyers. It seems Flipkart is ahead of the rest of the e-tailers in terms of traffic, in spite of the consumer backlash that it had to face on October 6, the Big Billion day. On the same day the growth in traffic for Flipkart was 10 times that of a normal day. Traffic on Amazon.in during the month-long Online Shopping Dhamaka was over 15 times that of the total number of tourists thronging the Taj Mahal every year <sup>[13\*]</sup>. Flipkart consumers faced cancellations and out of stock issues. In case of Amazon.in if something was in stock, users could buy the items and if it was not, then they could join the waiting list.

These scenarios have made it amply clear that not just price but several other factors also contribute in attracting consumers. Both the e-tailers are willing to make more attempts to offer better services to the consumers and improve further on the present processes to capture the market share. This will serve to increase the reach of e-commerce in India, reduce prices and help improve overall consumer experience.

## CONCLUSION

The digital revolution has impacted enterprises globally and companies are restructuring their business strategies to grab the opportunities. Digital means getting more productive. In today's

hyper-competitive economy as consumers want everything in microseconds, the challenge lies in stability and security. The online retailers need to understand their line of business for which information is needed in real-time. Technologies like social, mobile, analytics, and cloud (SMAC) are really disruptive and due to which there is a lot of challenge faced by these online retailers. The challenge with mobile is stickiness i.e. consumers may download one or two apps, book the tickets or do shop, and then remove it. Similarly with the analytics, data could be directly used for internal operations for smoothing their supply chain but to do the market segmentation, whom to target, when to target, etc. needs a comprehensive strategy.

With the lessons learnt from the “Diwali festive season 2014” e-tailers are now trying to make the most of the next big opportunity which is Christmas season and similarly, many more. Besides using their formal channels of communication, they have now moved their attention to exploring other channels of communication such as mobiles. Flipkart announced a Christmas sale exclusively on their mobile app to promote this medium followed by a sale on their website during Christmas. Amazon.in has also provided various schemes for Christmas season on their mobile app and website. Barring 3 major festivals like Diwali, Raksha Bandhan and Valentines Day, no other festival drives e-Commerce transactions in a major way<sup>[14\*]</sup>. Most websites have some offer or the other running all through the year<sup>[15\*]</sup>. There is still a huge potential in an Indian context as these e-tailing giants can choose to limit themselves to the major festivals (like Diwali) or they could also take an advantage of certain other special days such as Children’s day, Father’s Day or Mother’s day to keep consumers constantly engaged with them.

Digital technologies and platforms are revolutionizing the traditional shopping processes. Although it is observed that price and product specs remain key factors in selecting a particular item but understanding the consumer’s behavior along with shopping history and analyzing the same with the help of other relevant data for making personalized recommendations can further improve the selection process and stickiness with the online retailer.

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*The facts mentioned in these exhibits are based on the secondary research and extracted from the various web resources like company website, press releases, news, blogs, etc. and all of them have been mentioned in the references.*

## APPENDIX A

*\ Profile View of FlipKart and Amazon.in-India*

Name	Flipkart	Amazon.in
Website	<a href="http://www.flipkart.com">www.flipkart.com</a>	<a href="http://www.Amazon.in">www.Amazon.in</a>
Founder(s)	Sachin Bansal ,Binny Bansal	Jeff Bezos
Industries served	India's leading marketplace with over 20 million products across 70+ categories	Began with books and movies categories. At present all types of products.
Founded On	5 <sup>th</sup> September 2007	5 <sup>th</sup> June 2013
Headquarters	Bangalore (India)	Bangalore (India)
Revenue	US \$1 billion (gross merchandise 2013-14)	The US-based Amazon.in recently said it was investing \$2 billion in India's e-commerce space. It sold \$1 billion (Rs 61 Billion) worth of products in a year (Oct, 2014)
Type of model	Initial: Inventory Model Current: Marketplace Model	Current :Marketplace Model
Attributes of the model	Helps third party merchants sell goods to shopper through Flipkart site	Helps third party merchants sell goods to shopper through Flipkart site
Investors	Accel Partners, DST Global, GIC, ICONIQ Capital, Morgan Stanley Investment Management, Naspers, Sofina, Tiger Global	----
Social Cause	Associated with P&G for P&G Shiksha	Gift a Smile: Associated with various charities to donate for a cause of choice
Dig at the competitor	Buying the domain diwalidhamaka.co.in	Buying the domain bigbillionday.com

## APPENDIX B

*Key Highlights of Flipkart.com's Big Billion Day (6<sup>th</sup> October 2014)*

Traffic Density	1.5 million People shopped at its portal on the Big Billion Day to take benefit of the one-day sale scheme. The company claimed it sold products worth over Rs 6000 million in just 10 hours under the scheme.
Top 5 Categories of Products	Sale across top 70 categories

Top Selling Products	Offers included multiple items at price of Re. 1, up to 30% off on smart phones, laptops starting Rs.15000, fashion and perfumes at 50% off and toys at 50 % off, among others. Exchange offers on televisions and phones
Most Popular Products	Claimed to sell a whopping 5 hundred thousand mobile handsets, five-hundred thousand clothes and shoes and 25,000 television sets
Growth in Sales	Flipkart sold products worth Rs. 6500 Million in 10 hours in a special one-day event - "The Big Billion Day", claiming they had created e-commerce history. It claimed to sell a whopping 5 hundred thousand mobile handsets, 5 hundred thousand clothes and shoes and 25,000 television sets within hours of opening its discounted sale at 8 AM
Budget spent in ads	Blocked over 1,000 ad spots a day on television for October
New Initiative	Around 10,000 people were specially assigned to deliver the products as fast as possible, as the company expected an avalanche of orders. PayU increased its capacity by six times to accommodate surge in volumes and the payment gateway saw an average of 6 thousand transactions per minute on their servers. Employees worked 12-hour shifts over the preceding Dussehra weekend. On D-Day, staff reported to work at 5:00 a.m to hit the ground running when the sale began.
Top Selling products were	Five-hundred thousand mobile handsets, five-hundred thousand clothes and shoes and 25,000 television sets were sold in just a few hours

### APPENDIX C

#### *Key highlights of Amazon.in's Online Shopping Dhamaka (September 21- October 21, 2014)*

Traffic Density	1 <sup>st</sup> day of Diwali Dhamaka Week (10 <sup>th</sup> October), 3 <sup>rd</sup> day of Mission of Mars (6 <sup>th</sup> October) and Dhanteras Dhamaka (21 <sup>st</sup> October) were the three important occasions when traffic on the site peaked multi-fold Traffic on October 10 <sup>th</sup> was 200% more than that on 6 <sup>th</sup> October Traffic jumped by over 300% between October 10-16, 2014 Traffic peaked by over 150% on October 21, 2014, the day of Dhanteras Dhamaka
Hit in Top 5 Cities Metro (Metro "one having a population of over 1 million and above")	Bangalore, Hyderabad, Mumbai, Delhi and Chennai
Hit in Top 5 Non Metro	Pune, Ahmedabad, Jaipur, Nagpur, Coimbatore
Usability Mode	Mobile devices contributed to nearly half of the traffic
Top 5 Categories of Products	Consumer Electronics (including PC), Books, Home (and Kitchen), Beauty, Shoes

Top Selling Products	Deep fryers, Mixer Grinders, Water Purifiers, Microwave Ovens and Bedsheet
Most Popular Products	Micromax phones, Flash drives, Coke Zero, iPhones and Philips shavers
Growth in Sales	<ul style="list-style-type: none"> <li>• Sales of Ethnic wear witnessed a 5x jump with 50% sales coming from sarees. Consumers have purchased sarees ranging from pure silks and embroideries to designer wear sarees</li> <li>• Kidswear grew by 8x with traditional clothing for kids witnessing high consumer interest. Character merchandise was our consumer's favourite pick with Batman, Spiderman, Disney Princess being top performers</li> </ul>
brands and products launched exclusively	The Micromax Canvas Android One, Timex Weekender range of watches, HiDesign's ICONIC range of bags for both men and women, Audio range from House of Marley, Blackberry Passport
Products ranges	over 18 million products across a broad range of departments including Books; eBooks and Tablets; Movies and TV shows; Kindle Devices, Computers and Accessories; Mobiles and Accessories; Consumer Electronics; Toys and Games; Baby Products; Health and Personal Care products; Watches; Fashion Jewelry; Home and Kitchen products; Beauty Products; Video Games; Music; Luggage and Bags; Handbags and Clutches; Sports, Fitness and Outdoor equipment; Shoes; Men's, Women's and Kid's wear; Pet Supplies; Gift Cards, Large Appliances.
New Initiative	Providing Amazon.in Gift Card if you shop via its Official Mobile App

## APPENDIX D

### Navigation

	Flipkart	Amazon.in
Page Load Time	0.72s (using <a href="http://webwait.com/#/http://webwait.com/">http://webwait.com/#/http://webwait.com/</a> )	0.81s (using <a href="http://webwait.com/#/http://webwait.com/">http://webwait.com/#/http://webwait.com/</a> )
Pop-Up Windows	Present	Absent
Site map	Not available ; brand directory and store directory available	Not available but full store directory available
Search effectiveness	High	High
Sorting options	Available in terms of prices	Available in terms of prices and layout

**APPENDIX E**

*Website content aspects/features.*

	<b>Flipkart</b>	<b>Amazon.in</b>
Displays alternate suppliers on main page	No	Yes
Quick view	Available	Not Available
Advertisements	Yes (Meru)	No
Offers Zone	Available	Unavailable