



# COMPARATIVE STUDY ON E-COMMERCE BUSINESS IN INDIA WITH SPECIAL REFERENCE TO AMAZON AND FLIPKART

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## Abstract

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

**Keywords:** Amazon India, Flipkart, E- Commerce, and Customers'

## Introduction

Online shopping as early in 1995 by the introduction of internet in India. Online shopping became popular during the internet booming phase 1999 – 2000 with the well-known auction site known as Bagee. Com. Online shopping is becoming increasingly popular for a various reason such as increasing prices of different commodities, difficulty in getting to traditional stores and hassles often associated with shopping malls and traditional stores to contribute to the increasing internet in online shopping. In this era of generation, the numbers of people shopping online shopping has increased significantly throughout the year which has a great impact on our life style. The growth in the number of people shopping online is greater than the growth in inter users, indicating that more internet users are becoming comfortable and convenient to shop online. This whole new phenomenon of shopping kept on increasing and kept on becoming popular among the people due to the existence of internet that trigger and allowed the business which nowadays, is one of the most used non-stored formats.

## Review of Literature

Mohana Priya S and Anusuya D (2014) "A Study on Customer Preferences and Satisfaction towards selected online websites with special reference to Coimbatore city" stated that online shopping has grown in popularity over the years mainly because people find it convenient from the comfort of their home or office. Most of the customers are satisfied by online shopping, but the only hinder is that they are not fully secured. Government has to improve security laws related to online websites so that the online customers feel secured in case of debit card, credit card or online payments.

Ashish Pant (2014) "An Online Shopping Change the Traditional Path of Consumer Purchasing" concluded in his research article that a successful web store is not the just a good looking website with the dynamic technical features but is also emphasis on building the relationship with customers with making money. The success of any e-tailer company in India is depending upon its popularity, its branding image, its unique & fair policies, and its customer relations etc.

Saravanan S and Brindha Devi K (2015) “A Study on Online Buying behavior with special reference to Coimbatore city” focused on online shoppers’ preferences and problems on various online shopping marketers. Higher computer literacy makes internet shopping smarter. Their awareness about the internet also makes them better positioned to identify and take decision for products and services.

Francis Sudhakar K, Habeeb Syed (2016) “A Comparative study between Flipkart and Amazon India”, conducted a study to critically examine various corporate and business level strategies of two big e-tailers and those are Flipkart and Amazon. Comparison have been done considering e-commerce challenges, their business model, funding, revenue generation, growth, survival strategies, Shoppers’ online shopping experience, value added differentiation, and product offerings. Both these big players made their own mark in India. The survey ended with Amazon as the winner, which satisfied the customer in all the aspects.

### **Objective of the Study**

My reason for choosing this topic was to find out the comparison between online and offline shopping. This study made an attempt to understand the consumer’s preference towards online shopping. Online shopping is the overall concept of this study. This study enables to understand the customer preference towards shopping and provides insight about online shopping. And, I also wanted to know the problems faced by the customers.

### **Research Methods**

This study is carried out on the basis of both of primary and secondary sources. This collection of data was presented in the following ways enumerated below:

**Primary Data:** Primary data were collected by means of systematically prepared interviews from online purchasers and Blue Dart employees and workers of Amazon and Flipkart.

**Secondary Data:** Secondary data has been collected from various Books, Journals, Thesis and various websites available on the internet. The report includes a number of sections like in the first chapter it consists of Introduction, second chapter consist of the main body basically the objectives of the online shopping, advantages and disadvantages and performance of the online platforms etc. and finally the last chapter consists of the conclusion which we will be discussing below.

### **Establishment of Online Shopping**

Flipkart was established in India in October 2012 by Binny Bansal and Sachin Bansal. It first started selling books and slowly they expanded their market by selling other commodities like clothes, electronic devices and other utensils etc.



**Founders of Flipkart Sachin Bansal and Binny Bansal.**

Whereas, Amazon was established in June 2013 in India. The company launched its website Amazon.in, offering customers a wide range of choices in books, movies and television shows and now Amazon has become one the

major online shopping platforms in India and now it deals in various commodities. On the first day of its operation, Amazon in India has received more than 10000orders.



**Founder of Amazon Jeff Bezos**

### **Performance of Online Shopping Platforms**

With the exponential growth in internet and online infrastructure in India, it was no surprise that the e-commerce market experienced a similar boost. Increasing rates of internet penetration, along with an increasing share of the organised sector within retail markets created the strong foundation that e-commerce needs.

#### **FLIPKART's Performance(2022)**

Flipkart Internet's operational revenue was Rs.7840 crore, while its losses increased by 49% to Rs 2,881 crore. Flipkart India saw an increase of 25% in revenue from operations at Rs 42,941 crore, while losses reduced 22% to Rs 2,445 crore, the filings showed.

#### **AMAZON's Performance(2022)**

Amazon seller services, which run the Amazon India marketplace, reported a 49% rise in revenue from operation to RS 16,200 crore for FY21, up to RS 10,847.6 crore a year ago. Losses stood at RS 4,748 crore down from RS 5,849 crore in FY20.

#### **Customer's Preference**

According to some customer they prefer Flipkart because it provides good quality products at a cheap rate and their delivery services are quite fast i.e within 6 to 7 days and they have a good customer care services which take care of its customers in any matters be it the return refund queries. Unlike, Amazon which does not have a good user interface and on most of the products the Cash On Delivery services are not available and their return and refund policies are not that satisfactory.

#### **Hiring Of Employees in a Year**

Since Online Shopping is increasing rapidly in India both Flipkart and Amazon are recruiting a large number of employees. Flipkart usually recruits around 15-20 thousands people in a year whereas, Amazon hires 125000 to 130000. Online Shopping platforms are hiring extensively a lot of people to overcome the demand of employees. Online e-Commerce companies such as Flipkart and Amazon are hiring double the number of workers it requires. It is also a good opportunity for the women section of the society; it also means that there is an increased demand for women in the workforce. According to the stats, more than two in three women are not part of the workforce. But that's about to change with the growth of the online shopping this year. More and more women are using the internet and social media and promoting the online platforms such Meesho are aspiring women entrepreneurs to begin their business with no investment.

#### **Objectives of Online Shopping**

The main objectives of Online Shopping are as follows are as follows:

- To satisfy its customer needs by providing goods at a affordable price.
- To expand their business all over the world.

- To earn a huge amount of profit by providing their services.
- To generate employment by establishing their stores at different places.
- To create a bridge of loyalty between online platforms and its customers.

### **Advantages of online shopping**

Online stores do not have space constraints and a wide variety of products can be displayed on websites. It helps the analytical buyers to purchase a product after a good search. Customers can purchase items from the comfort of their own home or workplace. Shopping is made easier and convenient for the customer through the internet. It is also easy to cancel transaction. The advantages are given below:

- Saves time and effort.
- The convenience of shopping at home.
- Wide variety/ range of products are available.
- Good discounts/ lower prices.
- We can compare various models/ brands.
- Get detailed information about the product.
- Fast delivery of products and saving cost.

### **Disadvantages of Online Shopping.**

The disadvantages of Online Shopping are as follows:

- Frauds in Online Shopping.
- Delay in the delivery.
- You cannot touch the product.
- Hidden costs and shipping charges.
- Lack of interaction.
- Returning the product has lot of issues.
- Missing of shopping experience of product and cost and saving.

### **Difference between Flipkart and Amazon.**

The difference between Flipkart and Amazon are listed below:

- Flipkart is a private listed company whereas, Amazon is a public listed company.
- Flipkart is an India based company whereas, Amazon is available all over the world.
- Flipkart is exclusively available on in India whereas, Amazon is available internationally.
- Flipkart is trusted the most in India whereas Amazon has a better experience for its users.
- Flipkart is more successful in creating a positive customer sentiment whereas, Amazon is lacking behind.
- Flipkart was founded in 2007 in India whereas, Amazon in 1994 in Seattle, Washington U.S.A.

### **Problems faced by Customer's in Online Shopping.**

The problems or difficulties faced by online shoppers in online shopping are given below:

- Bad User Experience and bad interface.
- Missing or unclear product information.
- Missing or fake product reviews.
- Delay of deliveries and additional shipping charges.
- Not having flexible return and refund policies.
- Having a poor on site search engine.
- Delivery of refurbished products.
- Low packaging services of commodities.
- Lack of security and privacy leaks.
- The lack of personalization.

**Profit and Loss in the Year (2018-2020)****FLIPKART**

Flipkart Private Limited reported a loss of over 31 billion Indian rupees in financial year 2020 in India, compared to a loss of over 17 billion Indian rupees in the previous financial year. In 2018, American retail giant Wal-Mart acquired the home grown online retailer for 16 billion U.S. dollars became a 77 percent- stakeholder Profit/Loss of Flipkart Private Limited between financial year 2014 and 2020

Characteristics	Value in billion Indian Rupees
2014	-4
2015	-8.3
2016	-5.4
2017	-2.4
2018	-46.9
2019	-17.5
2020	-31.5

**AMAZON**

Amazon Wholesale India's operational revenue had fallen 70% in FY20 from FY19. In the period under review, Amazon Whole (India) posted a net profit of Rs. 46 crore compared with a net loss of close to Rs. 132 crore from a year earlier. Besides the company's employee benefits expenses increased to INR 1,382.9 Cr from INR 1,183.3 Cr, finance cost rose to INR 108.2 Cr from INR 15.5 Cr. Amazon also categorized INR 13,296.3 Cr as other expenses, under which it spent INR 2,330.7 Cr on advertising. The company is confident in its future growth, the regulatory filing read. Meanwhile, Amazon internet service, the India unit of cloud computing giant Amazon web services, also reported a loss in FY20. It saw 58% spike in its revenue to INR 4,215.9cr in the financial year 2020, with INR 4,178 crore in expenses. But while it had ended FY2019 with a net profit of INR 71.1 cr, AWS recorded a net loss of INR 20 lakh after tax in FY20. Notable, it reported profit before tax of INR 37.6 cr for the year.

**Problem faced during COVID -19 by Ecommerce**

During the pandemic the E-Commerce business was affected because of the lockdown. Many of the employees were forced to quit the job because the online shopping was not possible during the pandemic. The online shopping platform faced a huge amount of loss because of the COVID-19. People were afraid to purchase through online because of the increase in the cases of COVID-19 as they practicing social distance and wanted to minimize their time outside of the home. It affect the online shopping as no one were purchasing products from it which result in huge loss in the E-Commerce business.

**Findings**

What I found from this study is that most of the people preferred online shopping instead of offline stores, that is because it saves time and the online shopping platform provide different products which are not available in offline stores. The customers do not get the proper size of the clothes and colour they want. People preferred online shopping because it provide discount during festivals, which they can purchase the products from it. Online shopping provide everything from electronic devices to clothes, shoes and furniture etc. the customers gets the size of the clothes and shoes which is very difficult to find in offline stores.

There are found to be some limitation in E-Commerce business like security and trust issue. The customers do not get proper information about the product they want to purchase and sometimes delay in delivery of the product ordered by the customers. The customers also faced the problem of returning the product. It takes one to two months to replace the customers products. And sometimes the customers also receiver the damaged and used products.

During festivals the E-Commerce provide offers on the products which attract the customers the most. They provide offers on all the products like electronic to clothes, shoes etc, which result in increase in customers

demand for goods and services. The customers are also satisfied since they can purchase the product at their budget. The E-Commerce also provides all kinds of products which the customers can effort. The main advantages of online shopping is that it saves time and efforts. And almost all the products are available in online shopping and the price of the product in offline stores is much high as compared to online shopping.

The main purpose of this E-Commerce business is to expand their business all over the world. They also provide jobs and want to provide goods services to their customers.

### **Conclusion**

Technology has made a significant progress over the year to provide customers a better online shopping experiences and will continue to do so for years to come. With the rapid growth of products and brands, people have speculated that online shopping will overtake in-store shopping. While this has been the case in some areas, there is still demand for brick and mortar stores in market areas where the consumers feels more comfortable seeing and touching the product being bought. However, the availability of online shopping has produce a more educated consumers that can shop around with relative ease without having to spend a large amount of time. In exchange, online shopping has open up doors to many small retailers that would never be in business if they have to incur the high cost of owning a brick and mortar store. At the end, it has been a win-win situation for both consumers and sellers.

Online shopping is increasing day by day as people do not like wasting their time shopping in offline stores since it consumed a lot of time and energy. Nowadays people just sit in their home and are doing online shopping which saves time and energy. In present day majority of people prefer online shopping and it is becoming very popular day by day. In this modern day I don't think there is anyone who doesn't do online shopping. Day by day the E-Commerce are improving their services by providing grocery, latest electronic devices, new designed clothes and services like cash on delivery, pay through Credit/ Debit/ ATM Card or net banking etc.

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