

## **A study on comparison of Sales Promotion Strategies of Amazon, Flipkart and Snapdeal**

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### **Abstract**

Online retailers in India have been adopting various promotional strategies to gain attention of online shopping customers. Hence companies keep devising various sales promotion tools and techniques to induce customer purchase intention. Primary data was collected with the help of a structured questionnaire via convenience and snowball sampling technique. This study compares various factors as a part of promotional strategies that influence customers with respect to psychological factors, hedonic benefits, utilitarian benefits and shopping experience across Amazon, Flipkart and Snapdeal. Findings suggest the preferred ecommerce player by customers and type of factors that influence with respect to individual ecommerce player.

Keywords: online retailer, promotion, customer, online shopping

### **1. Introduction**

Online retailers are also referred to as e-tailers, e-commerce or electronic commerce. From its point of origin to its destination, electronic commerce denotes the seamless implementation of information and communication technology through the entire value chain of business processes performed electronically designed to allow a business objective to be achieved. These procedures can be partial or complete and may include transactions from business to

business as well as from business to market and from consumer to business (Wigand, 1997). Lamb et al (2009) expresses the existence of various online market sales promotional resources that marketers can use including vouchers, refunds, premiums, customer loyalty services, online competitions, free delivery, point of purchase, demos, gift packs, cross-promotions, discounts, sweepstakes and advertisement specialties

Online players have tested advertising tactics such as flash sales, day offers, one-day delivery, search engine marketing, and many others and are found to be very successful in transforming a new retail industry. It proved efficient promotional strategy when buying online models to include coupons, free delivery and discounts (Yahya et al, 2019). Whereas most scientists prefer many promotions which have an effect on the purchasing behaviour, promotions are not generally seen as essential attributes but rather are backed by robust instrumental aspects of online shopping sites (Rakesh and Khare 2012)

## **2. Literature Review**

Khanna, P., & Sampat, B. (2015) in their paper examine 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 was found that price and product specs remain key factors in selecting a particular item however factors that influence the online shopping were attractive deals, look and feel of the website, multiple payment options, return on delivery options, mobile application offers and online customer reviews

Kumar, K. (2019). Have written on a comparative study of Customer satisfaction between Amazon and Flipkart delivers the information about the factors that impacts customer satisfaction to succeed in e-commerce market. A comparative study of Customer satisfaction between Amazon and Flipkart delivers the information about the factors that impacts customer satisfaction to succeed in e-commerce market. Data was collected via a structured questionnaire with 120 respondents across Chennai city with Random sampling technique. It was found that both the e-tailers have similar approaches in terms of satisfying their customer to their offering.

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

As per Agrawal, S., & Sareen, S. A. (2016) their study focuses on the role of online sales promotion done through flash sales in attracting customers and generating sales for web sites. Promotional mix can be classified into 5 broad categories: Several techniques for sales promotion include special discounts, freebies, extended warranty, free delivery, cash on delivery, exclusive offers etc. Flash sales can be defined as a special deal or limited period offer ranging between 24-36 hours on a particular product to encourage customers to buy a product. It was concluded that Flash sale business model is a key differentiator between online retail and brick and mortar model but it will only be helpful if the companies are able to meet the demand and expectations of growing online consumers in India

### **3. Research Methodology**

Main objective of the research is to study the preference of various sales promotion tools and strategies of online retailers namely Amazon, Flipkart and Snapdeal respectively in capturing different responses from online shoppers. Primary data collection was done through a structured questionnaire electronically by creating a 'Google Doc'. The respondents were chosen by convenience sampling method and snowball sampling method. The questions were designed to compare various promotions strategies across 3 online retailers namely Amazon, Flipkart and Snapdeal respectively.

A 5-point Likert Scale ((1-Strongly agree to 5-Strongly Disagree) was used to collect the customer responses four important factors namely Psychological factors, Hedonic Benefit, Utilitarian Benefit and online shopping environment. Sample size of 50 (of which 35-Male, 15-Female) respondents were measured and analyzed with the SPSS software. Descriptive statistics was done to identify the sample characteristics, Factor analysis was performed to identify factors associated with sales promotional strategies that would influence the customers and reliability was tested by the Cronbach's alpha score

#### 4. Data Analysis

Table 1: Demographic Profile, Internet Usage and Online Shopping of the Study Respondents

Variables		Frequency	Percentage	Cumulative Percentage
Gender	Female	15	30	30
	Male	35	70	100
Age	16-25 years	15	30.0	30.0
	25-35 years	28	56.0	86.0
	35-45 years	6	12.0	98.0
	Above 45 years	1	2.0	100.0
Marital Status	Single	28	56.0	56.0
	Married	22	44.0	100.0
Education Level	10th Standard/ Matriculation/ SSLC	1	2.0	2.0
	12th Standard/ PUC/ Diploma	2	4.0	6.0
	Graduate	14	28.0	34.0
	Postgraduate & Above	33	66.0	100.0
Occupation	Business	12	24.0	24.0
	Working/Service	21	42.0	66.0
	Homemaker	1	2.0	68.0
	Student	3	6.0	74.0
	Professional	9	18.0	92.0
	Other	4	8.0	100.0
Monthly Income	Less than Rs.15,000	7	14.3	14.3
	Rs.15,001 to 30,000	24	49.0	63.3
	Rs.30,001 to 45,000	4	8.2	71.4
	More than Rs.45,000	14	28.6	100.0
Number of years Shopping Online	Less than 1 year	2	4.0	4.0
	1-3 Years	10	20.0	24.0
	3- 5 years	14	28.0	52.0
	More than 5 years	24	48.0	100.0

Source: Survey

From Table 1, the sample consisted 50 respondents wherein 70% of respondents were male and 30% were females, 86% of the respondents (cumulative) were between the age of 16 –

35, 56% were single and 44% were married. Based on their educational level shows that 6% of the respondents are upto 12th Standard/ PUC/ Diploma, 28% of the respondents are Graduate, and 66% of the respondents are Postgraduate & Above. Based on their occupation show that 24% of the respondents are businessman, 42% of the respondents are Working/Service, 18% of the respondents are professionals and 16% of the respondents are homemaker, students and others. 64.3% of the respondents belonged to the income group of less than Rs. 30,000 and 76% of the respondents have been shopping for at least 3 years and above.

**Table 2. Cronbach's alpha Test of Reliability**

Constructs used for the study	N of Items	Cronbach's Alpha for respective E-Commerce Player		
		Amazon	Flipkart	Snapdeal
Psychological Construct	13	0.966	0.962	0.923
Hedonic Benefit	6	0.890	0.878	0.861
Utilitarian Benefit	8	0.896	0.902	0.877
Online Shopping Experience	7	0.873	0.879	0.871

From Table 2 we observed that 13 items used to measure the Psychological Construct (Customer Reviews, best price, discount, Offers, Flash Sales, Word-of-mouth, Mega Sales, Review, reputation, shipping, EMI, quality), 6 items used to measure the Hedonic Benefit (Discounts, spending time, deals, Coupon, Online contests), 6 items used to measure the Utilitarian Benefit (cashback, 0% EMI, Cashback offered, Buyback Guarantee, Loyalty programs, return policy, COD) and 7 items used to measure the Online Shopping Experience gave reliability measure above 0.7 which is supported by DeVellis (2003) and stated that Cronbach's alpha coefficient of a scale should be above 0.7. Hence items used in the study across Amazon, Flipkart and Snapdeal are reliable and can be further taken for analysis and statistical tests.

**Table 3. KMO and Bartlett's Test**

Constructs	Amazon		Flipkart		Snapdeal	
	KMO	Bartlett's Test	KMO	Bartlett's Test	KMO	Bartlett's Test
Psychological Construct	.888	668.755 (df=78, Sig. = 0.000)	.904	617.238 (df=78, Sig. = 0.000)	.835	377.046 (df=78, Sig. = 0.000)
Hedonic Benefit	.774	209.829 (df=15, Sig. = 0.000)	.765	160.628 (df=15, Sig. = 0.000)	.825	128.061 (df=15, Sig. = 0.000)
Utilitarian Benefit	.848	220.605 (df=28, Sig. = 0.000)	.817	254.996 (df=28, Sig. = 0.000)	.847	187.186 (df=28, Sig. = 0.000)
Shopping Experience	.809	213.256 (df=21, Sig. = 0.000)	.815	231.267 (df=21, Sig. = 0.000)	.822	173.072 (df=21, Sig. = 0.000)

From Table 3, we can say that the results of the principal component factor analysis using a varimax rotation yielded 2 factors each under Utilitarian benefit across Amazon, Flipkart and Snapdeal respectively with Eigen values higher than 1, which explained a minimum of 55% variance. The Kaiser Meyer Olkin measure of the sampling adequacy for all the factors were found to be above the thumb rule of cutoff value of 0.7, while the Bartlett test of sphericity was significant at less than 0.05. Hence both the test indicates that the factor analysis was appropriate for the use with data set.

**Table 4. Factor Analysis**

Constructs used for the study	Amazon		Flipkart		Snapdeal	
	No of Factors	Total Variance %	No of Factors	Total Variance %	No of Factors	Total Variance %
Psychological Construct	1	71.024	2	76.571	2	61.534
Hedonic Benefit	1	65.041	1	62.452	1	69.246
Utilitarian Benefit	2	71.181	2	73.695	2	68.294
Online Shopping Experience	1	68.736	1	60.234	2	72.382

Factor analysis was performed to remove variables which loaded low on communalities. It was observed that no communality score were less than 0.500 and all the statements were taken for consideration to infer the factors.

From Table No 4. we can see that 34 items subdivided into 4 constructs yielded 2 factors each in utilitarian benefits for all the three ecommerce players, 2 factors each in Psychological Construct for Flipkart and Snapdeal respectively and 1 factor each for hedonic benefits and online shopping experience respectively. All the factors under the given constructs scored explained 60% and above. The study would further help in developing a model based on the factors identified.

## 5. Conclusion

This study has provided valuable insights in various Indian online retailers on promotional tools. Several factors influencing customer online shopping behaviour namely psychological factors, hedonic benefits, utilitarian benefits and shopping experience across Amazon, Flipkart and Snapdeal were identified. The results of the principal component factor analysis using a varimax rotation yielded 2 factors each Utilitarian benefit across Amazon, Flipkart and Snapdeal respectively. Comparison showed that customers preferred Amazon followed by Flipkart and Snapdeal

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