

# EVALUATION OF THE ROLE OF E-COMMERCE IN SALES: CASE STUDY OF VARIOUS E-COMMERCE PLATFORMS

**\*Dwivedi Manoj Ramashankar, \*\* Prof. (Dr.) Prakash Divakaran**

*\*Research Scholar, \*\*Research Supervisor*

*Department of Management,*

*Himalayan University,*

*Itanagar, A.P.*

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## ABSTRACT

*Despite not being one of the top seven fastest-growing economies, India ranks ninth in the world because to its \$61 billion in online sales, which account for 2.1% of the country's GDP. Seventy million people in the nation shopped online in 2018, citing UNCTAD (2021a). The India Brand Equity Foundation (2021) predicts that there will be 220 million online consumers by 2025, while the Australian Trade and Investment Commission (2020) puts the number of online shoppers at around 90 million. Exciting new findings concerning the Indian e-commerce sector have emerged from recent studies. In contrast to a market like China, where expansion is being fuelled by rising purchasing power and hyper-personalization, e-Commerce sales in India are being propelled by factors like the country's culture, the spread of the internet, the changing habits of its consumers, and the breadth of its product offerings.*

## INTRODUCTION

In the past, conventional advertising campaigns saturated the advertising canvas with vibrant hues. Advertisements on billboards, TV, newspapers, radio, magazine covers, and magazine spines are all examples of this. From a macro perspective, it is clear that the vast majority of conventional advertising efforts use a one-way mode of communication that is inherently undemocratic, and that they reach a very small fraction of the Indian population at best. Social media advertising is the new wave of marketing, made possible by the meteoric development of social networking platforms and the decreasing cost and increasing reach of the internet. Compared to the conventional model, the flaws of which this new marketing craze purged itself were many. This was not a one-sided discussion, but rather a roundtable discussion in which everyone had an opportunity to voice their opinions.

## SALES DRIVEN BY E-COMMERCE IN INDIA

The retail sector of global corporations had benefited greatly from the rise of e-commerce before the pandemic, but it has grown more rapidly since then. E-Commerce has grown from 16% to 19% of all worldwide retail transactions.

The numbers provided by UNCTAD show that this percentage accounts for a significant chunk of income (2021). Sales via online channels totalled \$26.7 trillion in 2018. Due to the pandemic's mobility limitations, this industry's share of retail sales increased significantly.

Plus, the e-Commerce industry is mostly dependent on third-party logistic providers for delivery, and it is only popular in metropolitan regions. In light of this, it is clear that this industry is one of the most fascinating ones boosting the international and Indian economies. Therefore, the market leaders in this area play a pivotal part due to the potential impact they have on the country's economic and social growth.

### **Company Profiles**

Amazon Inc., now one of the Big Five technological titans, started off in 1994 as a website dedicated to selling books, but its creator, Jeff Bezos, always knew what he intended to build. Bezos used his own savings of \$10,000 to launch the firm in a garage in Seattle. In 1997, when it went public, the business successfully raised \$300 million. After finding little room in the American market and seeing that China already had Alibaba and JD.com, among others, it expanded to India in 2012. Because of its developing economy and increasing internet access, India presents a viable choice for regional development. At the time, India's E-Commerce possibilities were limited.

#### **(a) Amazon**

When it comes to internet sales in 2021, the firm ranks only behind Alibaba for global prominence. Its GMV is projected to climb from \$344 billion in 2018 to \$575 billion in 2020, a growth rate of 38.2 percent. It is estimated that 10% of India's population uses Amazon Prime, putting the total number of Amazon India customers at 300 million. The site has an unbelievable 168 million goods from 218,000 vendors. That's why it shouldn't be a surprise that the firm has the second-largest market share (31.2%), just behind Flipkart (31.9%). In 2020, sales increased by 47%, reaching \$1.5 billion. Advertising, shipping, payment processing fees, and damaged products compensation all contributed to a 3% spike in reported losses. Electronics (44%) and apparel and accessories (43%) are two of Amazon's best-selling categories. Every day, the business processes 150,000 orders for product sales. As a result, Amazon represents a serious threat to Flipkart, and the company's continuous investments in the Indian market (\$10 billion since its arrival) suggest that it may soon surpass its rival.

#### **(b) Flipkart**

Formed in 2007 by Sachin and Binny Bansal out of their flat in Bangalore, India, Flipkart is a rival to Amazon.com. In 2018, Walmart, the world's largest retailer, paid \$16 billion to purchase the firm. Flipkart has a 31.9 percent market share, but Amazon is coming on strong and might take it away at any time. As the owner of Myntra, it has a 383 percent stake of that industry as well. The 80 million goods sold by the corporation in 2019 brought in revenue of \$120.82 billion. To experts, the company's home-field advantage is the key to its success in competing with Amazon. For instance, it purchases from local vendors for 90% of its inventory, which significantly reduces its procurement expenses. Additionally, Flipkart is able to maintain low shipping prices thanks in part to its ownership of the Ekart logistics company. The company's 2020 sales of \$4.7 billion surpassed Amazon's by a wide margin. Flipkart Plus is

seen as inferior to Amazon Prime due to its lack of a free video and music streaming channel. If the government decides that companies with foreign investment cannot offer monopoly goods or manipulate pricing, the company's expansion may be stymied.

### (c) Myntra

Myntra, which is owned by Flipkart, accounts for 4.7% of the industry. The company was formed in 2007 as a separate entity, but in 2014 it became a wholly owned subsidiary of Flipkart, selling customised presents. This purchase cost \$280 million. Myntra, as a wholly separate entity, competes with Flipkart in the e-commerce space for women's clothing. Actually, Jabong was a Flipkart subsidiary and rival up until 2020, when the parent firm made the decision to wind it down. Twenty-five percent of 2020 revenue came from Tier 3 and 4 cities, contributing to the company's stunning 300% increase that year. According to the company's projections, it can reach 50 million buyers and has already acquired 44.3 million. Press announcements predict the firm will soon hit 20,000 orders per minute during its festive bonanza sales, yet collecting specifics of various vendors and orders is difficult since the company is not required to report them as part of its Annual Report. In addition to its traditional European market, the firm has recently expanded into the United States and the Middle East, but these regions now contribute very little to the company's overall sales.

Table 1: compares and contrasts the organisations based on their most important business metrics.

**Table 1: Comparison of company profiles**

Criteria	Amazon India	Flipkart	Myntra
Origin	2012	2007	2007
Users	300 million (active) 100 million (registered) 10 million (Prime)	200 million (registered)	44.3 million
Products	168 million	80 million	8 million
Sellers	218 million	4.5 million	5000 brands
Market share	31.2%	31.9%	4.7%
Revenue	\$1.5 billion	\$4.7 billion	\$233.4 million
Highest selling items	Electronics (44%) Clothing and accessories (43%)	Not available	Lingerie Loungewear
Orders per month	4.8 million	8 million	Not available
Employees	100,000	30,000	5000

## **Business model and strategy**

### **(a) Amazon India**

Amazon's business plan is to overwhelm its rivals by providing a wider selection of items, more sellers, and a wider delivery area. Prime members may take advantage of the company's deepest price cuts and most valuable perks, like free, lightning-fast shipping. Organizational growth, Model of Revenue Generation, Value Proposition, Market Opportunity, Management Group, Competitive Advantage, Market Strategy, and Competitive Environment are the eight main pillars of its business model in India. To compete with Flipkart's home-field advantage and ensure the continued viability of its product line, the business is also broadening its network of suppliers. Tier 2 and 3 cities would be impossible to access without this expansion. In addition, the slowdown would have an adverse effect on productivity. Local Kirana shops are being included into Amazon's marketing strategy as a fresh way to reach people in rural areas and convince them to switch to the Amazon platform once they have access to a smartphone with internet. Currently, Kirana shopkeepers get instruction on how to guide customers through the Amazon shopping process. Using this strategy, Amazon is able to rake in cash from its many product lines, including the Amazon Market, Amazon Music, Amazon Video, Amazon Kindle, Amazon Cloud, Amazon Prime, Amazon Game, and Amazon Echo.

### **(b) Flipkart**

Flipkart operates on a business-to-consumer model in which buyers make purchases directly from the website. Suppliers get their payment after Flipkart deducts their share of the commission. Flipkart receives a fee of 5% to 20% on all sales made via its platform (website, app, telesales, and affiliate networks). Its marketplace, convenience fees, payment gateways, logistics, digital media, Myntra, and PhonePe are its key sources of revenue.

### **(c) Myntra**

Myntra generates the majority of its income through its online marketplace, logistics, and services, such as brand consulting. The company's philosophy is to provide customers with a variety of labels that cater specifically to the online fashion market. Nonetheless, it has diversified its business into the home furnishings market very lately (Economic Times, 2021). The corporation uses various well-known people as spokespeople and brand ambassadors. Although there are many similar businesses out there (Yepme, Amazon, Limeroad, etc.), the company's cost leadership gives it an edge. Besides selling its own branded items and accessories, the company also makes money via a commission on products that ranges from 5 percent to 10 percent. The business model also includes selling goods at varying prices based on demand. Additional characteristics pertaining to the three organisations' business models are included in Table 2.

**Table 2: Business Model for Amazon, Flipkart, and Myntra**

Criteria	Amazon India	Flipkart	Myntra
Origin	2012	2007	2007
Total Funding	\$7 billion	\$7.6 billion	\$166.4 million
Traffic Source			
Direct	46.77%	51.5%	49.03%
Referral	15.01%	9.1%	12.8%
Search	30.8%	27.17%	33.05%
Social	4.22%	2.58%	2.94%
Display	0.79%	8.66%	0.47%
Email	2.39%	0.98%	1.71%
Bounce rate	36.49%	27.12%	28.67%
Average Duration of visit in minutes	06:06	06:00	08:20
App downloads	100 million +	100 million +	25-50 million

Taken from Kumar et al research, Table 4.23 compares key criteria for web analytics (2020). When comparing the percentage of customers that visited their websites or apps without being referred there, Flipkart came out on top with 51.5%. However, Amazon's referral data shows that it spends more on advertising (15.01%) than its competitors do. Myntra ranks best in SERPs, which may be a consequence of its laser-like concentration on the fashion industry. Amazon's (4.22%) social media-driven conversion rate is the highest, a statistic that undoubtedly reflects the success of the company's advertising efforts. According to email marketing data, Amazon also sees a higher percentage (2.39%) of its visitors come via direct mail compared to its competitors. Amazon also has the greatest bounce rate (a metric measuring the percentage of site visitors who leave without completing a purchase) at 36.49 percent, which is cause for worry given that the rates for the other two companies are over 10 percent lower. Finally, whereas Amazon and Flipkart have almost identical average visit durations, Myntra's is over two minutes longer. This might be because the things offered for sale on Myntra are more involved and take more time to investigate.

## CONCLUSION

It is concluded that modern advertising is really democratic, much like the age's multi conferencing platforms. Built by the people, for the people. It was now feasible to get instantaneous responses, and businesses did more than simply talk at their customers—they listened. Regarding population size, who regularly engage in e-commerce, India is second only

to China. The fact that India is welcoming 6 million new users each month is indicative of the country's dedication to and enthusiasm for online shopping. In contrast to the United States and China, one may claim that less people use the internet to shop. Down the road, though, things might look quite different if public and private sectors worked together to aggressively provide internet access to even the most inaccessible parts of the nation.

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