

A Study on the Marketing Strategies Adopted By E-Commerce Organizations to Induce Consumer Buying Behaviour

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Abstract

The trend of online shopping has been on the rise from the past few years. Marketing has played a vital role in this scenario. The strategies adopted by some of the biggest e-commerce players in India are enlisted and discussed in this paper. Along with this the purpose for which these strategies are used, is briefly highlighted. The effectiveness of various innovative marketing strategies used by five of the well known e-commerce players in India has been studied through a small survey. Accordingly some suggestions based on the answers given by the respondents have been made.

Keywords: consumer buying behavior, e-shopping, marketing strategy, promotion techniques.

1. Introduction

Marketing is an activity of creation, promotion and delivery of goods and services to consumers and businesses. It involves stimulating the demand for a company's product. It is a process through which individuals and groups obtain what they want by creating, offering and freely exchanging product and services. The aim of marketing is to understand the customer so well that the product or service sells itself.

Dr. Philip Kotler defines marketing as "the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines measures and quantifies the size of the identified market and the profit potential.

American Marketing Association defines marketing as "The process of planning and executing the conception, pricing, promotions and distribution of ideas, goods and services to create exchanges that satisfies individual and organizational goals".

Marketing is the sum of many activities. One a target customer groups need to be identified by an organization. Two this must be followed with the placement of the product in the market, by providing suitable product, price, distribution and promotional efforts. These four components when, mixed in an appropriate proportion so as to accomplish the marketing goals is called Marketing Mix. The four components mentioned in this context are called controllable variance.

The following is a brief description of each of these components:

- **Product:** It refers to goods and services offered by an organization. It is described as a package of benefits that are offered to the consumer for a price. A product can even take the form of a service like telecommunication, air travel etc.,
- **Price:** It refers to the total sum charged for a product or service it is a significant decision as it has an effect on product demand as well as the profitability of the firm.
- **Place:** Products must be made available to the consumers at a place where their purchase can be conveniently made. This calls for the presence of a chain of individuals and institutions, called a channel of distributions, consisting of distributors wholesalers and retailers
- **Promotion:** It is the process of informing persuading and influencing the consumer so as to make him or her purchase the offered product. Promotion is done through many means, to name a few personal selling, advertising publicity and sales promotion.

Marketing strategy includes all the components that an organization uses to obtain the market's attention. These components include actions such as research, advertisement and promotion. These components impact and are impacted by core elements which are also a part of the marketing strategy. Core elements typically include what to promote (the product or service along with the brand), who to promote it to (the target market), where to promote it (social media, television, radio or newspaper) and how to promote it (the way to craft the message that will have the most impact). Most business owners and managers rely on their own thoughts and intuitions to make a business plan work, while others rely on their past experience. A marketing strategy therefore, is a plan of action designed to promote and sell a product or service.

Electronic commerce organizations are those that involve trading through the internet. In other words, it refers to buying and selling of products and services using an online platform. Electronic shopping, also otherwise known as e-shopping, refers to shopping made online. From the past few years, there has been an increase in the trend of e-shopping, due to the many benefits it offers the consumers. Amazon and Flipkart are some of the most famous e-shopping websites in India.

With the increase in competition, each ecommerce organization is coming up with a number of marketing strategies to retain the existing consumers and attract potential consumers. This paper aims to present a comprehensive list of such strategies adopted by five ecommerce organizations in India, namely, Amazon, Flipkart, Paytm, Snapdeal and ebay.

2. Review of Literature

- Philip Kotler & Kevin Lane Keller, Marketing Management, New Delhi, Pearson Education, 2006, pg. no. 52: Integrated marketing communication can produce stronger message consistency and greater sales impact. It forces management to think about every way the customer comes in contact with the company, how the company communicates its positioning the relative importance of each vehicle and timing issues.
- Warren J. Keeyan, Global Marketing Management, USA, Prentice-Hall of India Pvt. Ltd., 2002, pg. no. 3 A revolutionary development in the shift to the strategic concept of marketing is in the marketing objective – from profit to consumer benefits.
- Kitchen and Schultz (1997) believe that integrated marketing communication has significant value for the organization, specifically in lowering costs and having greater control over the marketing communication program. This is supported by Duncan and Everett (1993) who extend the benefits to include gaining competitive advantage through Internet Marketing Communication. Radio, Newspapers, however, now the future of marketers appears to be digital as technology has become an important part of daily lives (Pall & McGrath, 2009).
- According to Kotler & Armstrong (2003), there are five traditional IMC elements quoted as Advertising, Sales Promotion, Direct marketing, Personal selling and Publicity/Public relations. According to Institute of Practitioners in Advertising (IPA), Advertising refers to "the means of providing the most persuasive possible selling message to the right prospects at the lowest possible cost".

3. Statement of Problem

Studies made with regard to marketing strategies in general deal with theoretical explanations of marketing, like social media marketing, paid-per-click marketing and so on. But this paper means to address a gap in those studies, which is, the strategies of promotion undertaken by 5 of the organizations in India specifically, to engage the customers.

4. Objectives of the Study

- a. To study the marketing strategies used by five e-commerce companies.
- b. To understand the purpose of using the said strategies

c. To comprehend the effectiveness of these strategies

5. Methodology

5.1 *Scope of the study:* The study includes responses only from individuals who have shopped online. It is also important to note that the marketing techniques discussed herein, are primarily sourced from observation of various sites over a period of time.

5.2 *Sample plan:* The sample size for this study is 50, which comprises of respondents of different age groups. It was administered through random sampling method. The most suitable method for understanding the effectiveness of the promotion techniques used is to get inputs directly from the people involved in consumption of the goods/services being promoted. Therefore, the study adopts survey method. The Questionnaire comprises of five questions to get inputs about various aspects relevant to the study.

5.3 *Data:* Primary data is collected through questionnaire. Secondary data on concepts relevant to the study has been obtained from books, websites and published articles and journals.

5.4 *Plan of analysis:* Analysis is carried out through the usage of discussion, tabulation, percentages and graphical representation of collected data.

6. Discussion And Data Analysis

Discussion and analysis of the data obtained through this research is carried out in three parts, Part A, B and C, corresponding to the study's objectives.

Part A involves preparation of a brief list of promotional techniques used by five ecommerce organizations in India. Part B of the discussion section considers some of the most important purposes of adopting marketing strategies. Part C analyses data collected through a survey.

A. Brief List Of Promotional Techniques

This section discusses various marketing strategies, specifically, promotional techniques adopted by some or all of these 5 e-commerce organizations: Amazon, Flipkart, Paytm, Snapdeal and ebay.

a. Discounts: Discount means, a reduction from the usual price of an item. Discount is the most commonly used technique to make the products attractive for the consumers.

b. Product bundling: The act of offering two or more products at a reduced price on a condition that they are purchased together is called product bundling. Businesses often adopt this as a technique especially in cases of bringing together products that are not fast selling, with those that are fast selling.

c. Coupons/Vouchers: These are given when consumer makes a transaction with a vendor. A coupon/voucher typically carries a code, which when used during the next transaction, will enable the consumers to avail a discount. This is to encourage them to make consequent purchases more often.

d. Flash sale: It is a sale of products at greatly reduced prices, and lasts only for a very short period of time.

e. App-only deals: Deals that are specifically accessible by consumers who use the app of the vendor come under this category.

f. Cash back: On certain products, a part of the price paid is credited back to the consumer's membership account as a wallet balance under the technique of cash-back. This serves dual purpose of both offering a discount as well as ensuring that the consumer comes back to the same vendor for subsequent purchases.

g. Try and Buy: This is one of the best ways to get consumers to get rid of the fear regarding the quality of products purchased online. Here, a consumer can order the product by using 'Cash on Delivery' option, and pay only for the products that they would like to retain, after having tried all products ordered.

h. Token economy: It involves attracting consumer buying by informing them that for an expense that they incur currently, they will receive certain rewards in the future. Amazon's prime membership is the best example for this strategy.

i. Loyalty points: Every time a consumer makes a purchase, some points of credit will be added to their membership card/account. These points when accumulated will help the consumer get some benefits like discounts or special offers etc. in the future.

j. Lucky draw: Sometimes, the consumers are offered lucky draws during mega sale drives of a website.

An organization may use one or many of these strategies at a time.

B. Purpose of Using the Above Marketing Strategies

Once a company has a stock of goods it is ready to sell, the next step is to market it so it reaches the target customers. In order to make the customers aware of the product availability, marketing is most important. Apart from this, marketing also helps an organization retain the existing customers and attract potential customers. This is no easy task. This is the reason why organizations adopt various marketing strategies to fulfill the said purposes and more. Though this paper places emphasis on the promotional techniques adopted by ecommerce organization, it falls under the umbrella of marketing strategies and hence, this discussion aims to look at the reasons why firms adopt them:

a. Increase sales: Sales is the first and foremost objective of the very existence of a business. It is not sufficient to maintain the volume of sales, for a business to grow; it must plan a consistent increase in sales. Strategies such as target advertising, discounts, push marketing and so on, help businesses to make their products more accessible to consumers, making purchases convenient.

b. Build brand awareness: Brand recognition and retention is of prime significance for every business. It not only makes repeat purchases possible, but also spreads the reputation of the business, sometimes even without the organization paying for it. Brand awareness implies a certain familiarity, which is essential for every business from the customer. Having a Unique Selling Proposition (USP) also helps create brand awareness like no other strategy.

c. Launch new products or services: If marketing is not done right, no matter how good a product is, it is most likely to fail. This is because lack of creative marketing strategies will render the product having limited access, limited brand value and sometimes no recognition at all. One significant strategy adopted by most ecommerce organizations these days is to induce their customers to download their app. This automatically makes all the new information available in a device that is frequently used by the customers.

d. Increase profit: Profit is necessary for the survival of business. Often, an increase in sales is not an automatic indication of an increase in profit. To increase profits, a business should grow its market share and use competitive pricing, along with maintaining a good quality of the products. Effective marketing strategies enable an organization to keep up with competition, thereby ensuring better profitability.

e. Enhance customer relationships: It is challenging to first of all form a relationship with a customer, especially as an organization gets bigger. Once formed, it has to be maintained and if possible, enhanced. Marketing strategies like having a post-sales survey, informing customers about new products, ensuring that the customers do not miss out on deals and offers and so on, help a firm to accomplish this.

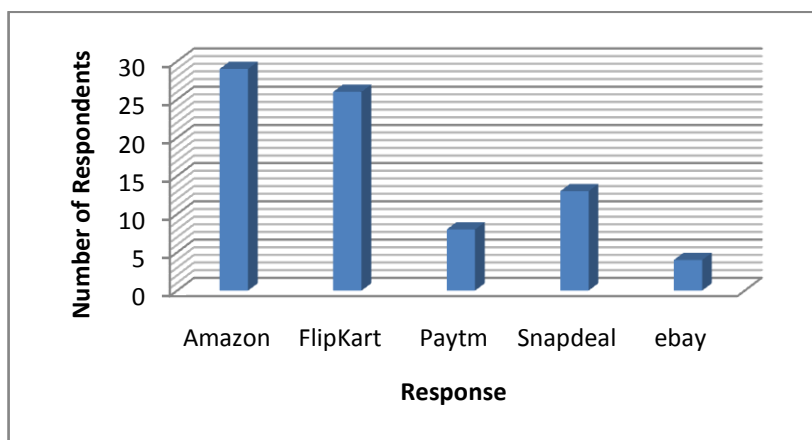
A creative strategy defines the important strategic choices required to develop a marketing message. It explains how an organization wants the consumers to think about their company or brand.

C. Data Analysis And Findings

Analysis of the data obtained for this research is done using survey method. The responses are taken from the online shoppers. This helps us in understanding how effectively ecommerce organizations are able to induce the consumer buying behavior using their marketing strategies. The responses obtained from the questionnaire are tabulated, analyzed and interpreted in this section. The data is represented graphically for easier understanding.

a. Which of the following websites have you shopped on?

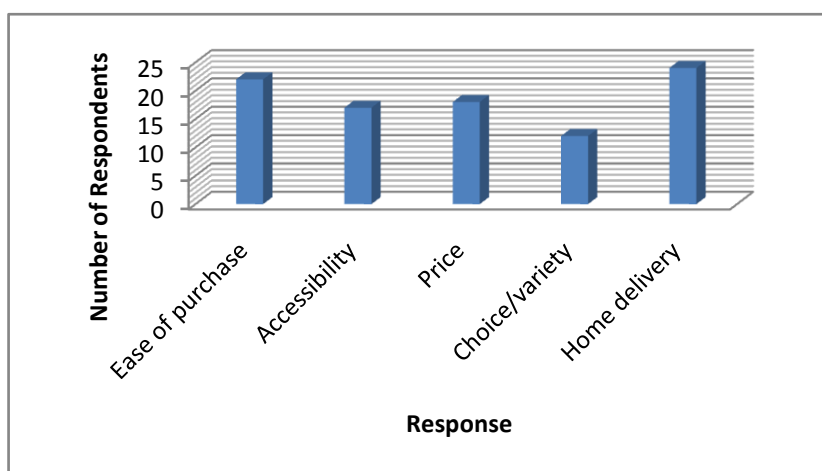
RESPONSE	NUMBER OF RESPONDENTS	%
Amazon	29	96.67
FlipKart	26	86.67
Paytm	8	26.67
Snapdeal	13	43.33
ebay	4	13.33
Total Respondents: 30		



Analysis and Interpretation: Amazon emerged as the website most shopped on, with 97% of the respondents vouching for it. Flipkart turned out to be a close competitor with 87% having shopped on it. This result can be attributed to the fact that when compared to Paytm, ebay and Snapdeal, Amazon and Flipkart adopt more strategies and change them often to match with consumer tastes and preferences.

b. What is your motivation to shop online?

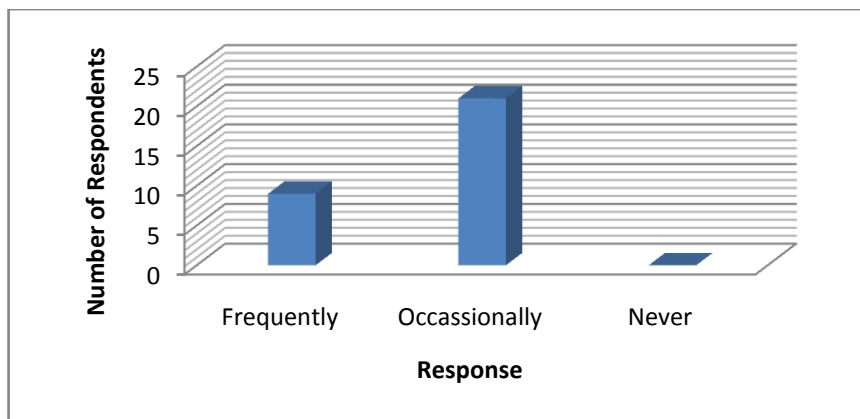
Response	Number of Respondents	%
Ease of purchase	22	73.33
Accessibility	17	56.67
Price	18	60
Choice/variety	12	40
Home delivery	24	80
Total Respondents: 30		



Analysis and Interpretation: Around 60% of the respondents shop online because of attractive prices. These prices are attractive mainly because of the various offers provided by the companies. The more attractive pricing is, the more it induces buying behavior among the consumers.

c. How often do you purchase products during discount/offer periods?

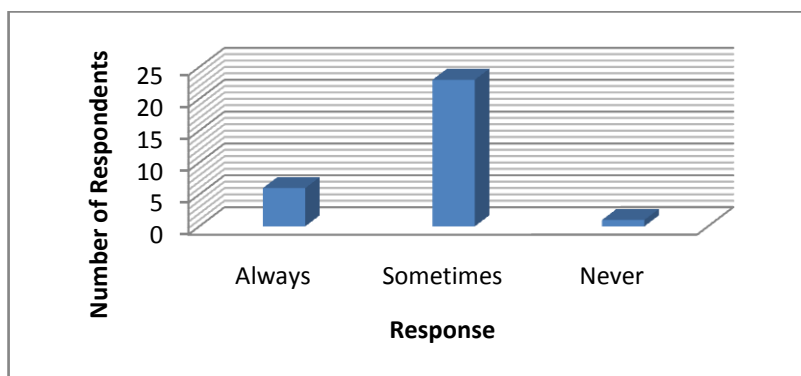
Response	Number of Respondents	%
Frequently	9	30
Occasionally	21	70
Never	0	0
Total Respondents: 30		



Analysis and Interpretation: 70% of the respondents occasionally purchase products online during discount/offer periods. This supports the fact that one of the reasons people make purchases online is because of the attractive prices at which products are offered. This implies that the promotional techniques adopted are effective.

d. In your opinion, are the products offered online better priced than the same products available at physical outlets?

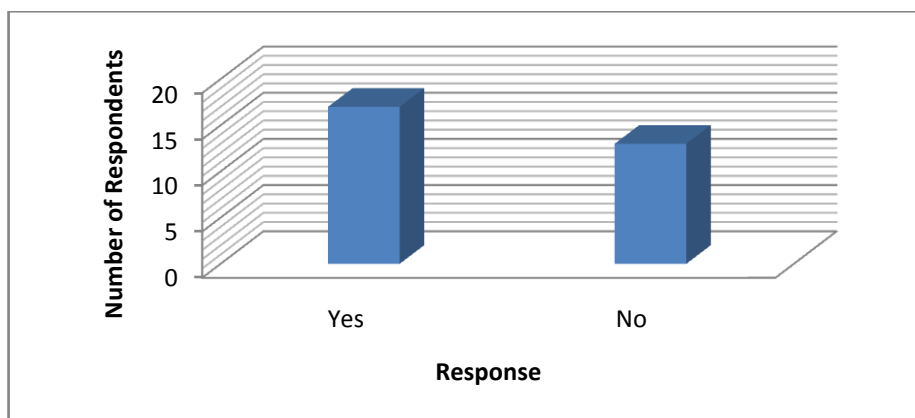
Response	Number of Respondents	%
Always	6	20
Sometimes	23	76.67
Never	1	3.33
Total Respondents:	30	



Analysis and Interpretation: Though not always, products offered online are sometimes priced better than those sold at physical outlets. Almost 77% of the respondents state this, again endorsing the effectiveness of various marketing strategies on the consumers.

e. Do you think the quality of the products purchased during sales/promotion/offer periods is the same as those purchased other times?

Response	Number of Respondents	%
Yes	17	56.67
No	13	43.33
Total Respondents:	30	



Analysis and Interpretation: The response to this question is somewhat divided. 57% of the respondents agreed while 43% disagreed. This implies that the experiences vary hugely. This may be one of the factors that acts contrary to the effectiveness of promotional techniques.

7. Suggestions

1. Websites like Paytm and ebay may come up with better marketing strategies to drive the consumers towards them. This could be done by first getting the potential consumers to try their platform once.
2. Organizations, particularly those operating online, must always strive to maintain the quality of the products. This is because, as it is, many consumers are hesitant to shop online because they cannot touch and feel the products before purchasing them. In such a context, if they have even a few bad experiences, then they may not shop online again.
3. Since online enterprises incur lesser costs when compared to physical outlets, they must try and offer the products at prices that are more economical, and more often.

8. Conclusion

There is no doubt that shopping online is convenient and economical. However, dissatisfaction of the consumers with the quality of the products remains as one of the biggest challenges for the e-commerce organizations. This means, they must continuously strive to meet the quality expectations by displaying the products as accurately as possible. Security issues related to online shopping is yet another area that requires constant attention. No amount of marketing strategies will render effective results unless consumers feel that shopping online is secure. A lot has already been done in this regard, but there is always scope for improving and becoming more efficient. Electronic shopping has the potential to grow at a faster rate than ever, and the firms involved in this business can see success if they stay driven by excellence.

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