

**“E-COMMERCE IN LOGISTICS; A CASE  
STUDY OF AMAZON”**

IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF DEGREE

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**MASTER OF BUSINESS ADMINISTRATION**

IN

INTERNATIONAL TRANSPORTATION AND LOGISTICS MANAGEMENT

SUBMITTED BY

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**SCHOOL OF MARITIME MANAGEMENT**

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**MAY 2022**

## **CERTIFICATE**

This is to certify that project report titled “E-commerce in Logistics; a case study of Amazon” submitted to the School of Maritime Management, Indian Maritime University in partial fulfillment of the requirement for the award of the degree, MBA in International Transportation and Logistics Management is bonafide work of **Malavika.V.S** under my supervision. I certify further that to the best of my knowledge, the work reported herein does not form part of any project or dissertation on the basis of which a degree/diploma or award was conferred on an earlier occasion on this or any other candidate.

**DR.SREEJA.K**

## **DECLARATION**

This to certify that the work presented in the dissertation entitled “E-COMMERCE IN LOGISTICS; A CASE STUDY OF AMAZON” in partial fulfillment of the requirement for the award of Degree of Master of Business Administration (International Transportation and Logistics Management) from Indian Maritime University, cochin campus.

Signature of student

Date:

Place: COCHIN

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**DATE:**

**PLACE: COCHIN**

**MALAVIKA.V.S**

## TABLE OF CONTENT

| <b>S. NO.</b> | <b>PARTICULARS</b>                             | <b>PAGE. NO.</b> |
|---------------|--|------------------|
|               | <b>DECLARATION</b>                             |                  |
|               | <b>CERTIFICATE</b>                             |                  |
|               | <b>ACKNOWLEDGMENT</b>                          |                  |
|               | <b>ABSTRACT</b>                                |                  |
| <b>1</b>      | <b>INTRODUCTION</b>                            | <b>1-6</b>       |
| 1.1           | Statement of the problem                       | 4                |
| 1.2.          | Objective                                      | 4                |
| 1.3.          | Scope of the study                             | 5                |
| 1.4.          | Purpose of the study                           | 5                |
| 1.5.          | Research Methodology                           | 5                |
| 1.6.          | Limitation of study                            | 5                |
| 1.7           | Chapterisation                                 | 6                |
| <b>2.</b>     | <b>REVIEW OF LITERATURE</b>                    | <b>7-10</b>      |
| <b>3.</b>     | <b>THEORETICAL FRAMEWORK</b>                   | <b>11-23</b>     |
| 3.1           | Amazon   | 12               |
| 3.2           | NATIONAL SCENARIO                              | 13               |
| 3.3.          | INTERNATIONAL SCENARIO                         | 14               |
| 3.4           | SWOT Analysis of Amazon                        | 15               |
| 3.5           | GOVERNMENT LAWS & REGULATIONS ON ONLINE RETAIL | 16               |

|          |                                     |              |
|----------|-------------------------------------|--------------|
| 3.6      | Logistics                           | 17           |
| 3.7      | ANALYSIS OF AMAZON SUPPLY CHAIN     | 16           |
| 3.8      | Supply chain strategy of Amazon     | 18           |
| 3.9      | Inventory outsourcing               | 18           |
| 3.10     | Price differentiated customers      | 19           |
| 3.11     | PAYMENT                             | 19           |
| 3.12     | Push-pull strategy                  | 20           |
| 3.13     | Inventory segmentation              | 20           |
| 3.14     | Transportation                      | 21           |
| 3.15     | Order sourcing                      | 22           |
| 3.16     | Supply chain network                | 22           |
| 3.17     | Technology                          | 23           |
| <b>4</b> | <b>DATA ANALYSIS &amp; FINDINGS</b> | <b>24-37</b> |
| 4.11     | Findings                            | 38           |
| <b>5</b> | <b>CONCLUSION</b>                   | <b>39-40</b> |
|          | <b>REFERENCE</b>                    | <b>41</b>    |

**LIST OF TABLE**

| <b>S.NO</b> | <b>PARTICULARS</b>   | <b>PAGE.NO</b> |
|-------------|--|----------------|
| 4.1         | Gender classification  | 25             |
| 4.2         | Age classification   | 27             |
| 4.3         | Classification on the basis of occupation                                      | 28             |
| 4.4         | Classification of online shopping preference                                   | 29             |
| 4.5         | Classification of payment method   | 30             |
| 4.6         | Classification of Amazon new products categories                               | 31             |
| 4.7         | Classification of purchasing on Amazon without comparing prices or other sites | 33             |
| 4.8         | Factor of purchase on amazon   | 35             |
| 4.9         | Classification of shopping with Amazon on categories                           | 36             |
| 4.10        | Classification of buying experience  | 37             |

## **Abstract**

With the further promotion and application of e-commerce, logistics is becoming necessary. Logistics and the importance of e-commerce are more and more getting people's attention, but what is the relationship between e-commerce and logistics still needs to be explored.

The purposes of thesis are to research the relationship between e-commerce and logistics in B2C (business to consumer) companies. The aims of the thesis are threefold. Firstly, describe the coordination mechanism between e-commerce and logistics in general and particularly in Amazon.com. Secondly, find out the strengths and shortcoming of logistic when the company is developing e-commerce in general. Thirdly, In general, we focus on finding out the way to coordinate logistic in developing e-commerce, and how the logistic helps companies to develop e-commerce.

The qualitative research method is used in our thesis in order to fulfill our purposes. It is a case study of Amazon China as the study subject. We analyzed the data, collected from the interview and documentation. There are certain limitations for our thesis: the interviewees were working, and they only had one hour for us to make the interview. Because of the time limitation, we could not get satisfactory and detailed information from them. So we collected some secondary data in order to support our thesis. In order to get much specific data i.e. more logistics information about logistics in Amazon, we phoned the customer service and in order to get some detail data.

After the research, we found if e-commerce and logistics go hand in hand and converge; they create a unique mechanism which can help the business and market.

Keywords: e-commerce, logistics, coordination development, strengths, shortcomings, china, Amazon.

CHAPTER-1  
INTRODUCTION

## **INTRODUCTION**

E-commerce has become one of the most popular buzzwords in recent years. According to Laudon and Traver (2008), E-commerce technology is distinct and more influential than other innovations seen in the previous century. E-commerce technology advances rapidly in tandem with the growth of the Internet, allowing people to live more conveniently.

However, many new e-commerce businesses have failed or are fighting to stay afloat today, and the failure of many e-commerce businesses can be attributed in part to a lack of logistics planning (Delfmann, et al, 2002). E-COMMERCE, or electronic commerce, is the buying, selling, and exchanging of products and services using computer networks, according to Rosen (2002). The most widely discussed sort of e-commerce is B2C (business to consumer) design, which sells to individual consumers online.

The logistics of getting a product to customers is critical, and e-commerce companies play a significant role in this area. Electronic commerce and logistics, (2010) states that logistics techniques are rapidly evolving, but they are not yet fully integrated with the expansion of the Internet and IT. In addition, there isn't a lot of evidence that the coordination of logistics approaches with the Internet is possible. E-commerce and logistics should work together to support the growth of new e-commerce businesses. Aside from IT advancements, future study will need to focus on how to integrate e-commerce and logistical development.

For a customer, delivery speed is just as crucial as product quality. It is not unreasonable to believe that logistics will be the determining element in e-commerce enterprises' ability to retain customers. By 2020, the Indian logistics market is expected to increase at a rate of 12.17 percent. In this industry, innovation is critical because there is always a demand for greater reach and faster deliveries at cheaper costs. However, businesses will need to invest in automation while maximizing the use of existing resources.

The growing interdependence of the world economy and international character of many business practices have contributed to the development of universal emphasis on consumer. Modern technological developments have no doubt made a great impact on the quality, availability and safety of goods and services. A consumer person who purchases or

ultimately consumes goods and services. Growing practice of electronic transactions includes both e-commerce and e-consumers

“Amazon.com inc. was founded by Jeff Bezos in July 1994 and its headquarters is located in Washington. The company is known for its online shopping service in the world along with other services” (Duffy, 2018).

In the United States, Amazon is the largest internet-based business. Amazon.com began as an online bookstore, but has now expanded to include DVDs, VHS, CDs, video and mp3 downloads/streaming, software, video games, electronics, fashion, furniture, food, toys, and jewellery. The company also makes consumer products, including the Kindle, Fire tablets, Fire TV, and phone, and is a significant cloud computing service provider. Amazon offers separate retail websites for the United States, the United Kingdom & Ireland, France, Canada, Germany, the Netherlands, Italy, Spain, Australia, Brazil, Japan, China, India, and Mexico, with sites for Sri Lanka and South East Asia coming soon. Some of Amazon's products are also available for international shipping to other countries. It stated in 2011 that it planned to create websites in Poland and Sweden. Without any marketing initiatives, Amazon.com started its Amazon India marketplace in early June 2013. Amazon said in July 2013 that it would invest \$2 billion (rs 12,000 crores) in India to develop its business, following its main Indian rival Flipkart's announcement of a \$1 billion investment.

#### Background Of Amazon Company

Amazon is one of the dominant retail companies in the world which is conducting its extensive business operation by adopting an E-commerce business model. It is an American company, which was started by Jeff Bezos in the year 1995. The company is based in Seattle, Washington. In the initial phase of the company, it was a bookstore. Eventually, it started to diversify its products and become one of the biggest e-commerce retail companies in the world. In terms of objectives and mission, Amazon has given primary importance to its brand name. Along with this, it aims to provide marvelous value and a superior shopping experience to the customers and clients (Majed et al, 2018). Thus, it is a customer-centric business organization that gives values and quality products to the customers.

## Exclusive Products

The Amazon kindle is a series of e-readers designed and marketed by Amazon.com. Amazon kindle devices enable users to browse, buy, download and read e-books, newspapers, magazines and other digital media via wireless networking to the kindle store. The hardware platform, developed by Amazon subsidiary lab126, began as a single device and now comprises a range of devices, including e-readers with e ink electronic paper displays, and android based tablets with color LCD screens. All kindle devices integrate with the kindle store to acquire content and as of February 2016, the store has over 4.3 million e-books available in the US.

## Analysis of Supply Chain Management of Amazon.Inc

The supply chain process of Amazon includes warehousing of products, management of inventory, pricing, and logistic. This E-commerce business organization has optimized all these elements efficiently to ensure a smooth supply chain. In order to maximize the supply of products, Amazon has provided two fulfillment options to the consumers (Dunne, 2020). These two fulfillment options are categorized as fulfillment by Amazon and fulfillment by the merchant. The first option, that is fulfillment by Amazon, provides services of storage, packing, and shipping orders to those who prefer a hands-off approach.

### 1.1 Statement of the Problem

This study is about e-commerce in logistics of Amazon, also one of the online shopping application sites that reached millions of people everywhere. Amazon is examining different day-delivery shipping methods to optimize their last-mile logistics for their prime members. The Amazon conveniently allows to shop and pay across a wide selection of products and categories at great prices, all within a single app.

### 1.2 Objectives

- To understand the perception of consumers of Amazon.
- To find out the key concerns of consumers while online shopping

### 1.3 Scope of the study

This research work will covered Amazon and also deals with the customers which are regulars used to shopping from Amazon. The study also covered the quality of the service and how they impact on the customer complacency and for instant it come across with what factor that are accommodate and enhance the satisfaction feeling of the customer on Amazon.

### 1.4 Significance of the study

The goal of this research is to better understand supply chain management in the context of Amazon.com, one of the most well-known and prominent e-commerce businesses. The purpose of this paper is to determine how this large online business organization makes internal strategic decisions regarding supply chain management and how it successfully meets the needs of every customer all over the world.

### 1.5 Research Methodology

For the study, a questionnaire was formulated and administered to the respondents. It will be collected to add the value to the primary data. And may be used to collect necessary data and records by different websites, magazines, annual reports, journals, reference books, and newspapers, etc.

### 1.6 Limitations of study

- This study is conducted relating to Amazon, so the result is applicable only for Amazon customers.
- Lack of relevant and update material.

## 1.7 Chapterisation

Chapter 1 – Introduction,

Chapter 2 – Review of literature.

Chapter 3 – Theoretical frame work.

Chapter 4 – Data analysis and Findings.

Chapter 5 – Conclusion.

CHAPTER-2  
REVIEW LITERATURE

## REVIEW OF LITERATURE

The traditional solution schemes for inventory control models, such as the classical newsvendor or EOQ problem (Liu. X, 2015), involve two steps: (i) demand is predicted at the first step, and (ii) the optimal quantity is then determined in the second step. However, this may lead to a serious problem that errors in the first step will create errors in the second step on inventory quantity optimization (Ban, 2018). In fact, recently, (Ban, 2018) investigate a single step solution (called data-driven newsvendor model) for the newsvendor problem. With the use of various “machine learning algorithms”, the authors obtain the optimal solution by considering the exogenous variables (such as seasonality weather, location and economic indicators) when the inventory decision is made in a single step. Following this idea, in this paper, we propose a one-step solution for the logistics service capacity allocation problem by integrating both demand uncertainty prediction and inventory decision together. In our proposed framework, the logistics capacity in different distributing region is modeled as a single period multi-product newsvendor problem, and demand distribution is obtained from real observation rather than assuming demand distribution.

**Subba Rao, Truong, Senecal and Le, (2007)** conducted the study on —How Buyers Expected Benefits, Perceived Risks, and E-Business Readiness Influence their Marketplace Usage and claims that buyer ‘s E-business readiness moderated the relationship between expected benefits and usage of electronic marketplaces.

**Prasad and Aryasri (2009)** have explored the determinants of shopping behaviour such as convenience, customer service, trust, web store environment and web shopping enjoyment and examine the effect of these factors towards online buying behaviour.

**Dr. Durmaz(2011)** in the study entitled — impact of cultural factors on online shopping behaviour and the study found that while buying goods and services, culture, beliefs and traditions take an important position, while the environment, friends and social groups stated 48.6% .In this case the impact of cultural factors means a lot.

**Ubba Rao, Truong, Senecal and Le, (2007)** conducted the study on —How Buyers Expected Benefits, Perceived Risks, and E-Business Readiness Influence their Marketplace Usage and claims that buyer 's E-business readiness moderated the relationship between expected benefits and usage of electronic marketplaces.

**Wells et al. (2011)** in his study entitled — online impulse buying: understanding the interplay between consumer impulsiveness and website quality focused on the direct relationships between the website and online impulse buying. The study found and proposed the model considered the direct influence of website quality on the urge to buy impulsively.

**Dahiya Richa (2012)** in the study entitled — Impact of demographic factors of consumers on online shopping behaviour: a study of consumers in India and the study found that On-line shopping is a recent phenomenon in the field of E-Business and is definitely going to be the future of shopping in the world. Most of the companies are running their on-line portals to sell their products/services on-line

**Sharon Rudansky-kloppers (2014)** "Investigating factors influencing customer online buying satisfaction in south Africa" the primary objective of this study was to investigate factors that influence customer online buying satisfaction, and the secondary objective is to determine whether technology factors, such as security, websites ease of use, and privacy etc. in this research developed a model which encompasses the factor namely, technology shopping. product and logistic factor. The result found out that product variety has an influence on referring someone to an online shopping website. The finding in this study give more valuable insight for online retailer in order to design effective market which can convert potential customer into real or to retain them.

**Taweerat Jiradilok and other (2014)** "The impact of customer satisfaction on online shopping purchasing: A case study analysis in Thailand". This research was used conceptual framework and aims to investigate the relationship of the antecedent factor in Online shopping and they used the statistical tools like multi regression to compared the occurrences of the hypothesis, and the study reveals that people mostly value assurance and empathy as the most influential dimension and also shows that variety website system quality and tangibility have no influence on

purchasing intention in customers decision even though the respondents were quite satisfied with the dimensions.

**Vikash and Vinod Kumar (2017)** "A study on customer Perception towards Online Shopping". In this research they found out that customer perceived online shopping with positive frame of mind and another fact they find out that customers pertain to convenience, satisfaction and product availability all these factors shows that online shopping provides convenience to the customer and online shopper prefer because these revealed from the effort of going to the market and purchase the product and finally concluded that there is a positive perception toward online shopping.

CHAPTER-3  
THEORETICAL FRAMEWORK

### 3.1 AMAZON



The International giant e-commerce retailer recently stepped into India with an Indian version site [www.amazon.in](http://www.amazon.in), since the launch, amazon.in has seen a nice growth in the number of customers. Amazon.com too had a huge number of Indian customers even before it launched store in India. The store hosts wide range of products like Electronics, Mobiles, Laptops, Books, Fashion, Jewelry, Kitchenware and more. It is an American electronic commerce company with headquarters in Seattle, Washington. It is the largest internet-based retailer in the United States. It started as an online bookstore, but soon diversified selling DVD's, Blue-rays, CD's, Videos' downloading, MP3 downloading, Software, videogames, electronics, apparel, furniture, food, toys and jewelry. It was separate retail websites for the United States, United Kingdom and Ireland, France, Canada, Germany, Italy, Spain, Netherland, Australia, Brazil, Japan, China, India, Mexico. Amazon also offers international shipping to certain countries for some of its products. In 2011 it had professed an intention to launch its website in Poland and Sweden.

#### Amazon's Business Strategy

Amazon is basing its business strategy on 3 pillars:

- Vast selection
- Low cost
- Fast delivery

### 3.2 NATIONAL SCENARIO

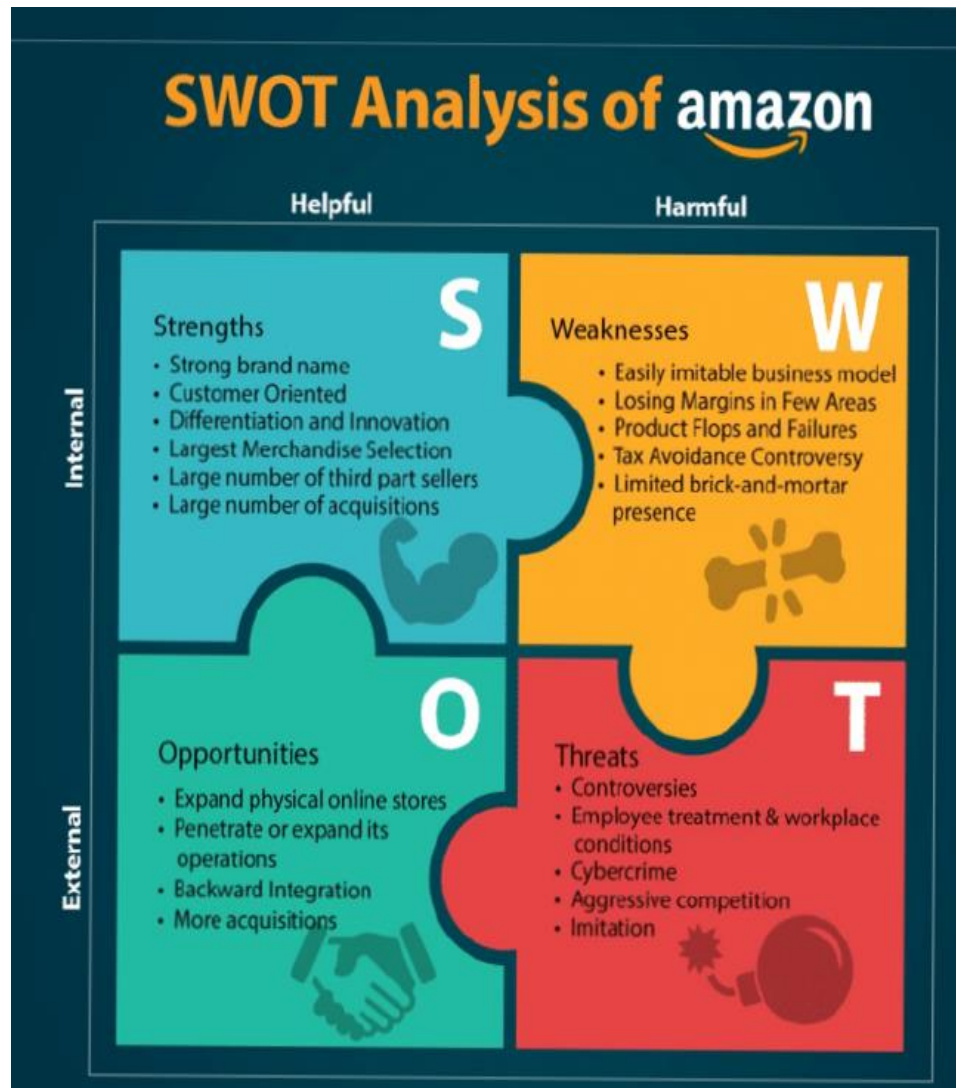
India in the recent years has been experiencing an exponential growth in e-commerce and there are new companies springing up at a rapid rate. E-commerce had a standout year in 2015, when it grew in size from \$5 Billion to \$8 Billion and pervaded every aspect of our lives. In 2016, it grew further. The industry is set to become more 'm', or mobile, than 'e' commerce. M-commerce has been and will be the inevitable trend of modern times. That means more users. No doubt, more users will help companies build scale, but they will embrace a few changes themselves. Companies will go after profitable growth rather than wooing customers with deep discounts (in other words, running on losses). A bigger user base will just be the cue for companies to reduce discounts and focus on profitable growth.

NATIONAL SCENARIO India in the recent years has been experiencing an exponential growth in e-commerce and there are new companies springing up at a rapid rate. E-commerce had a standout year in 2015, when it grew in size from \$5 Billion to \$8 Billion and pervaded every aspect of our lives. In 2016, it grew further. The industry is set to become more 'm', or mobile, than 'e' commerce. M-commerce has been and will be the inevitable trend of modern times. That means more users. No doubt, more users will help companies build scale, but they will embrace a few changes themselves. Companies will go after profitable growth rather than wooing customers with deep discounts (in other words, running on losses). A bigger user base will just be the cue for companies to reduce discounts and focus on profitable growth.

### 3.3 INTERNATIONAL SCENARIO

Consumers worldwide spent nearly \$3.46 trillion online in 2019, up from \$2.93 trillion in 2018, according to the forecast from Internet Retailer, a Digital Commerce 360 brand. The expected 17.9% year-over-year growth in global web sales would be a slowdown from the 20.7% jump last year. However, global web sales are still growing faster than the more saturated U.S. e-commerce market, which Internet Retailer projects increased to 14.0% in 2019. Global retail sales through all channels are likely to hit \$21.00 trillion by the end of the year, a 3.4% uptick from \$20.31 trillion in 2018, according to Internet Retailer estimates. This would increase online's share of total retail sales to 16.4%, and e-commerce would account for more than three-quarters of overall retail gains. As online revenue continues to grow each year, larger gains are necessary to achieve the same level of growth, so some deceleration makes sense. E-commerce penetration has steadily been on the rise—with online's share of retail spend registering 10.5% in 2016, rising to 12.3% in 2017 and closing out 2018 at 14.4%, Internet Retailer estimates. The momentum continued into 2019, with penetration north of 16.0%, according to Internet Retailer's analysis. The largest online retailers are powering this growth. In 2018, three of the top 10 global online retailers ranked by 2018 e-commerce sales (excluding sites operating exclusively as market place platforms) were web-only merchants. Their online revenue also significantly contributed to bumping up 2018's e-commerce penetration. As web sales rise without an accompanying uptick in offline sales, online's share of total retail sales grows. As a whole, the top 10 hit \$427.28 billion in e-commerce sales in 2018, up 22.5% from \$348.91 billion in 2017. These retailers accounted for 14.6% of all global e-commerce sales in 2018.

### 3.4 SWOT Analysis of Amazon



Picture Source: <https://bstrategyhub.com/wp-content/uploads/2018/12/AMZ2.png>

### 3.5 GOVERNMENT LAWS & REGULATIONS ON ONLINE RETAIL

In a boost to retailers and grocery start-ups such as Big basket and Grofers, the government on Monday allowed 100% FDI in food retail, including through e-commerce, provided such items are produced, processed or manufactured in the country. This will allow multi-brand retail giants such as Wal-Mart to look at their food business here closely and perhaps even foray into B2C food retail. Currently, the US giant operates a B2B business here since FDI in multi-brand retail is not allowed. The US retailer has built a strong backend infrastructure in food. Similarly, the move will help Indian hyper-local grocery start-ups raise funds more easily. "The decision by the government to allow up to 100% foreign direct investment (FDI) through FIPB in marketing of food products produced or manufactured in India, including through e-commerce, is very progressive and will help in reducing wastage, helping farm diversification and encourage industry to produce locally within the country. This far-reaching reform will benefit farmers, give impetus to food processing industry and create vast employment opportunities. We will study the policy document when government finalizes and issues it," said a Wal-Mart India spokesperson.

The decision comes without any riders, department of industrial policy and promotion secretary Ramesh Abhishek said. The food processing ministry wanted the food retailers to mandatorily invest in back-end infrastructure besides being allowed to sell some non-food goods. DIPP said that the e-commerce marketplace may provide support services to sellers in warehousing and logistic.

### 3.6 LOGISTICS

There are many kinds of definition about logistics management, for example, according to Christopher (2011), “Logistics were the process of strategically managing the procurement, movement and storage of materials, parts and finished inventory (and the related information flows) through the company and its marketing channels in such a way that current and future profitability are maximized.” (Christopher, 2011).

#### THIRD-PARTY-LOGISTICS

Third-party logistics (3PL) services are firms that offer a range of logistics activities for their consumers, according to Christopher (2011). According to Boumole (2003), third-party logistics is generally defined as the utilization of an outside firm to perform all or part of another firm’s operations, it’s related to outsourcing or contract logistics.

Langley et al, (1999) provides the following definition about third-party-logistics: A company that provides customer various logistics services, the third-party logistics provider is rewarded for service and is external to the customers. (Stefansson 2006). Believed by Jiang & Prater (2002), the traditional China distribution system, in the pre-reform period, both the china’s production and distribution were conducted exclusively in relation to order of the state plan; factories manufactured what, how much must central planners told them; china distribution channels were sternly controlled by the three-tier system. State-owned distributors transported products from tier-1 facilities to region and cities, then to local retailers. This extended distribution system improved the prices as each layer added additional operating margins ranging from 5-17 percent with no market forces at work.

### 3.7 ANALYSIS OF AMAZON SUPPLY CHAIN

Amazon is an American commerce company based in Seattle, Washington, USA. The company used to be only a bookstore, but now it diversified into different type of products. The goal of Amazon is to provide one stop shop experience where the customer can find everything on Amazon as earth's biggest selection (Warman 2012).

Amazon operates as a pure internet retailer that does not have retail store at all while the delivery will be done through Amazon's networks of distribution centres. This operation makes the

company able to provide wider range of goods and lower cost of products with high quality. Moreover, it also increases customer satisfaction as it supports customer convenience.

An effective supply chain strategy makes the company is able to respond high level of responsiveness. Amazon balances between cost of distributions and level of services by having the efficient distribution centres and multi-tier inventory networks. However, there is a competition from substitution brands that provided the same service as Amazon which are eBay and Walmart. Currently eBay is pushing shipping fee to the seller in order to reduce cost for the buyers while Walmart introduced free shipping to the customers but buyers have to pick up the item at the store (Amazon strategies 2010).

Most of the companies need successful supply chain management to create sustainable competitive advantages. There are various benefits from having an effective supply chain management such as inventory reduction, delivery service improvement and shorter product life cycles (Fawcett et al 2008) this part provides the scenario of Amazon's supply chain strategy, how Amazon manages in wider context, factors influencing its supply chain, and strategic and operational implications will be evaluated.

### 3.8 Supply chain strategy of Amazon

According to Chopra and Meindl (2007), supply chain strategy and competitive strategy should have aligned goals. Amazon has identified their customers as highly responsiveness. In order to respond with high uncertainty demand and availability of products, the four main components drive the outcome of Amazon are having several distribution centres as a storage facilities, multi-tier Inventory management, highly efficiency transportation and implement information systems to provide real time information within its supply chain. All of these factors explain how both strategies of Amazon are together and that makes Amazon's supply chain successful.

### 3.9 Inventory outsourcing

The advantage of outsourcing is to help the company to focus on its core activities and cost savings (Bucki N.D). Amazon is one of the companies that need to gain those benefits from inventory. outsourcing. However, there is another side of outsourcing deals as well Chandra (2008) argued that the company should not outsource even it was not their core activities when

the demand level is increasing The company is able to optimize the service if the stock is owned and managed efficiently So Amazon decided to outsource only some part of its inventory in order to mitigate risks and optimize services. The products that are frequently purchased or popular were keeping and managing in-house while other products are stocked by distributors The products will be shipped after Amazon has requested The company acted as a trans-shipment centre (ICMR India 2003) It was a right decision for Amazon and the company is able to reduce the cost of holding large amount of inventory while the customer service is better as it shipped faster Managing the supply chain with its wider context and organization context.

### 3.10 Price differentiated customers

Dispatch and delivery options were used to divide customers into each category based on responsiveness because difference customers need difference service levels and difference prices Amazon has provided many types of deliveries in difference costs such as free super saver delivery one-day delivery. First-class delivery and etc (Amazon 2013). Each type of delivery reflects how fast the delivery is it means if the customer needs very high responsiveness, get the products by tomorrow, the buyers are willing to pay more. So Amazon divided customer segments to match with its distribution systems and inventory strategy in order to control cost and service level. The company also received increased flexibility (Duran et al 2006) Moreover there is a membership programme called Amazon prime it provides unlimited one-day delivery for one year and it costs 49GBP Once the buyers are members of prime buyers will get discount if the buyers want to get express or evening delivery The members will also able to borrow kindle books for free (Amazon prime 2013).

### 3.11 PAYMENT

Online shoppers commonly use a credit card or a PayPal account in order to make payments. However, some systems enable users to create accounts and pay by alternative means, such as:

- Billing to mobile phones and landlines
- Cash on delivery (C.O.D.)
- Cheque/ Check
- Debit card Direct debit in some countries

- Electronic money of various types
- Gift cards
- Postal money order
- Wire transfer delivery on payment
- Invoice, especially popular in some markets/countries, such as Switzerland
- Bit coin or other crypto currencies

### 3.12 Push-pull strategy

Amazon has started with pull systems. There is no inventory, no warehouse and no overhead. The company acts as a middleman who is taking the orders and it will be filled by Ingram book group (Simch-levt et al 2007). When the time has passed, the growth of the company has forced Amazon to hold some inventory in order to respond customer needs by having several distribution centres. So the strategy has changed to push-pull the inventory is hold using a push strategy while orders are shipped using a pull strategy. The decoupling point of Amazon is distribution centres However, some of slow items are still used pure pull strategy as there is no inventory. By having several distribution centres, the holding cost for Amazon is increased as well.

### 3.13 Inventory segmentation

The inventory network of Amazon is multi-tier inventory management. This will help the company plans and offers real time optimization service that allows Amazon to have minimal amount of inventory needs to achieve its service level (One network ND) By having this network Amazon is able to offer nearly unlimited selection Nonetheless, the problem is each tier operates separately while not concerning about inventory of another echelon Then bullwhip effect occurs which is inventory holding higher in each tier because there is no sharing information across the tier (Lee 2003).

Amazon's multi-tier inventory is composed of three tiers. The first ter is Amazon distribution centre. The inventory will be aggregated in distribution centres, which enables the company to hold fewer inventories. The second ter is wholesaler and partner DCS. If the products are not available from Amazon's DC, the company will use IT systems to search for this product in

partner inventories in order to assign which party will be responsible for this order. By doing this, the customer service will be high as there is no stock out experiences. Lastly, publishers, manufacturers, vendors and third party sellers are included in third tiers. All these parties help the company to fulfill unlimited selection of goods offer in Amazon (Chiles and Dau 2005).

### 3.14 Transportation

Amazon provided many choices of delivery to balance cost of transportation and level of service. The company does not have large scale to contact full truckload. So the company provides free shipping in order to achieve longer lead-time of transportation. This will help company able to reduce cost and achieve economy of scale (Robinson 2010) However, the company is provided highly responsiveness options as well, which is cost company a lot Even though the customers are willing to pay higher price to get the products faster it should not cost Amazon anything but it is not like that Amazon cannot utilize the benefits of its transportation systems. That is why the company needs to design its supply chain networks to minimize the costs.

The most difficult factor of transportation is to gain efficiency due to large numbers of small order from customers so the company cannot gain advantage of the scale at all Amazon uses transportation hub to reduce the cost of transportation. The hub acts as a cross docking to transfer goods to last-mile delivery Amazon will aggregate the demand and ship it to transit hub together in order to achieve less than truckload or full truckload Nevertheless it needs to accumulate goods in term of region zone So takes longer time to complete this strategy. Hence, the company has introduced different delivery option such as free super saver delivery in order to get longer lead times/ available to promise day. By doing this, Amazon is able to achieve economy of scale which lowers its cost and the customer satisfaction stays on acceptable level. However, sometimes goods are not available to the customer on time because the time spent to accumulate them took longer than it should be and when the demand is high (Amazon 2013, Chiles and Dau 2005; Robinson 2010 Barzeski 2009)

### 3.15 Order sourcing

The challenge of Amazon is to make decision which internal warehouse or external partnership should be the one responsible for a particular customer order. Once the order has been placed via website, a customer is expected to get products on time. Finding the cheapest solution in short period of time is the hardest thing when there are many items located in different places and they need to be delivered in a single delivery So, the company decided to implement technology such as warehouse management systems to get real time and single view of inventory for effective sourcing (RedPrairie ND)

### 3.16 Supply chain network

Amazon operates eight distribution centres within United Kingdom (UK) which are Pugeley, Hemel Hempstead, Marston Gate Doncaster, Petreborough Dunfermline Gourock and Swansea Locations are selected base on distance to markets, close to transportation modes such as motorway and main rail link airport and river (Amazon Location 2013) According to Melendez (2013) several DC would help the company provide quicker delivery, lower transportation costs and easy access.

Furthermore, sometimes transportation hubs, also known as injection points, have been used to reduce the cost of transportation in high customer demand areas. The products will be shipped from DC to transportation hubs with full truckload then the inbound trucks will unload the packages and load into outbound trucks which are run by a smaller camer partners such as UPS, DPD and Hermes (Amazon Camers 2013 Chiles and Dau 2005).

Moreover, Amazon adopted drop shipment approach. The order will be picked, packed in Amazon package and delivered by supply chain partners, which are manufacturers, wholesalers and third parties By doing this the company is able to survive from its huge losses but it causes negative effects as well is about 33 percent of Amazon's single orders are multiple products. Nonetheless, it needs to pool specific goods from different location and ships the collective goods as one delivery which takes time and causes a delay that leads to customers being dissatisfied (Pital and Dutta 2004).

### 3.17 Technology

As Amazon does not have a storefront, so it needs to provide a perfect visual store experience to compensate the touch of products. The Company utilizes its own technology innovations to differentiate itself from other e-commerce companies. The innovation includes AD and one click ordering. The former aspect is a subsidiary company, which provides product search engines and search inside the books whereas the latter aspect is used to speed up ordering process and introduces product recommendations which determine customer interest from previous purchases (A9 2013. Curtis 2013).

Amazon also needs an innovation to support back-end supply chain integration and execution. The company has advanced warehouse management systems to support order sourcing, labor management, load balancing process alternative and supplier collaboration.

All these factors make an efficient process to support multi-tier inventory of Amazon (Chiles and Dau 2005). Besides, Amazon has been critiqued about unbearable working conditions, mandatory overtime and using human as a robot which is pushing workers to their physical limit. Employees within its DC walked more than 15 miles a day to look for products and every move was checked by computers. Therefore, the company decided to use Kiva robot to deliver shelves stocked with merchandise to DC workers instead of workers having to walk around and find products. There are 1,400 Kiva robots in three DCs. By having these robots, Amazon can improve productivity and reduce cost up to 50 percent annually in area of warehouse efficiencies (Soper 2011 Kaiser 2013). Nevertheless, this robot costs Amazon large amount of money it is more cost effective if Amazon just hires human workers. Is it worthwhile to invest for? Wagstaff (2012) argued that the benefit of this investment for Amazon is outweighed. The company will have better publicity, improve reputation about ethical and avoid lawsuits.

In addition, Amazon also launched the Prime Air service also known as drones, which are able to deliver goods to customers within 30 minutes after buyers place the orders. The process of Prime Air starts from packages passing on a conveyor belt and a drone will lift it off with the package and go straight to customer's address. However this innovation is not allowed to use nowadays the fastest possible will be around 2015 (BBC 2013).

CHAPTER-4

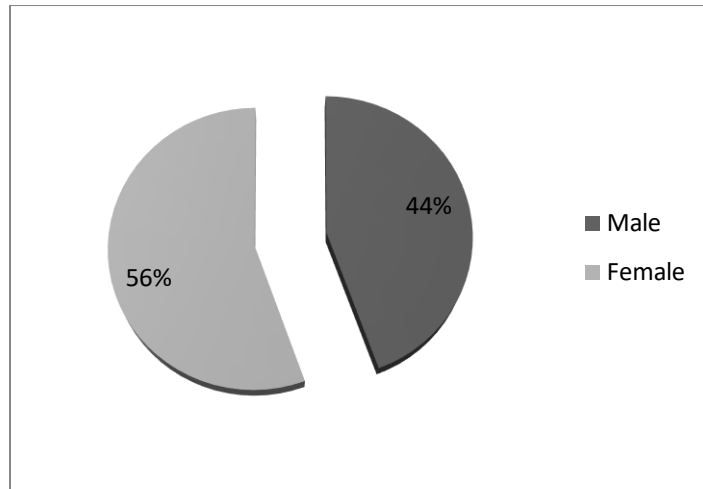
DATA ANALYSIS & FINDINGS

### **Data Analysis**

The objectives of the research were studied with respect to a regular online shopper who shopped more than once because they would be the right respondent to give an insight about the online shopping. Therefore it is firstly important to understand who is a regular online shopper. In the survey the respondents were asked the following questions which helped to know about a regular shopper.

**Table 4.1: Gender classification**

| Gender            | Number of Response |
|-------------------|--------------------|
| Male              | 20                 |
| Female            | 25                 |
| Prefer not to say | 0                  |
| Total             | 45                 |



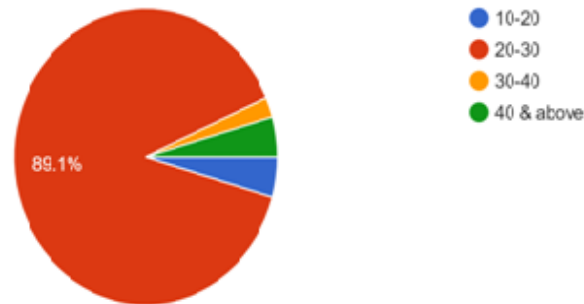
**Figure 4.1 : Gender classification**

**INTERPRETATION**

The above table shows that 56% of the respondents are females and rests 44% of the respondents are male.

**Table 4.2 : Age classification**

| Age group  | Number of Response |
|------------|--------------------|
| 10-20      | 2                  |
| 20-30      | 40                 |
| 30-40      | 2                  |
| 40 & above | 1                  |
| Total      | 45                 |



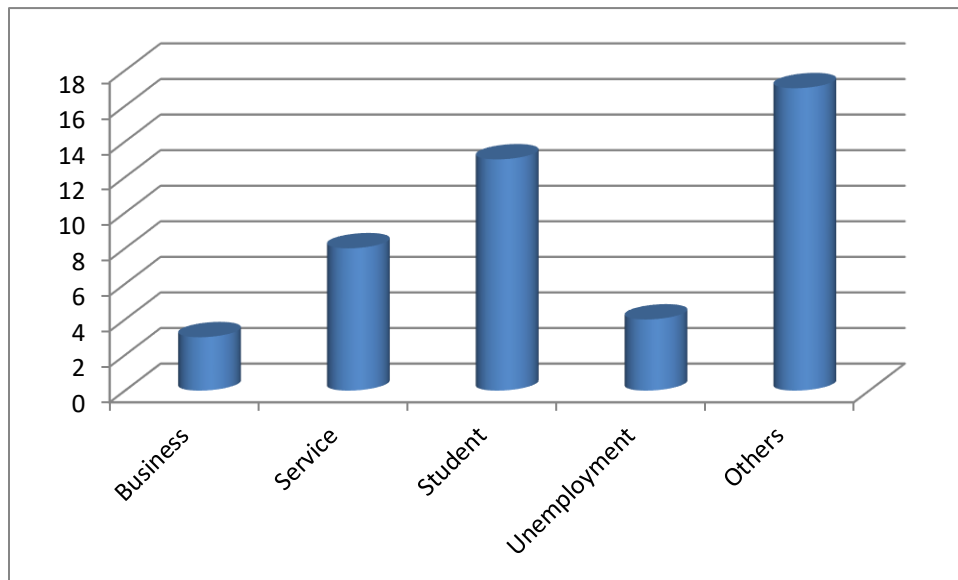
**Figure 4.2 : Age classification**

**INTERPRETATION**

The above diagram shows that 89.1% of the respondents fall under the age group 20-30, 4.4% under the age group 10-20 years, 4.4% of the respondents falls under the age group 30-40 years, 2.1% of the respondents falls under the age group 40 & above.

**Table 4.3: Classification on the basis of Occupation**

| Occupation   | Number of responses |
|--------------|---------------------|
| Business     | 3                   |
| Service      | 8                   |
| Student      | 13                  |
| Unemployment | 4                   |
| Others       | 17                  |
| Total        | 45                  |



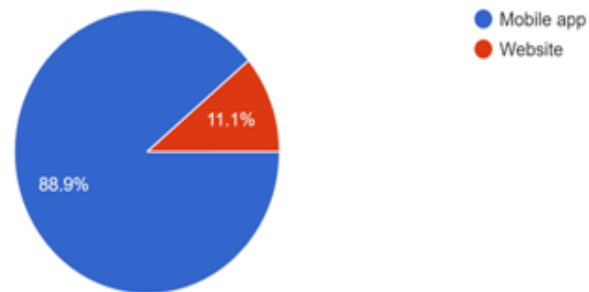
**Figure 4.3: Classification on the basis of Occupation**

**INTERPRETATION**

From the above table most respondents are not in a category of business, service, student or unemployment, and least number of respondents is in an occupation of business.

**Table 4.4 : Classification of online shopping preferenc**

| Categories | Number of Response |
|------------|--------------------|
| Mobile app | 40                 |
| Website    | 5                  |
| Total      | 45                 |



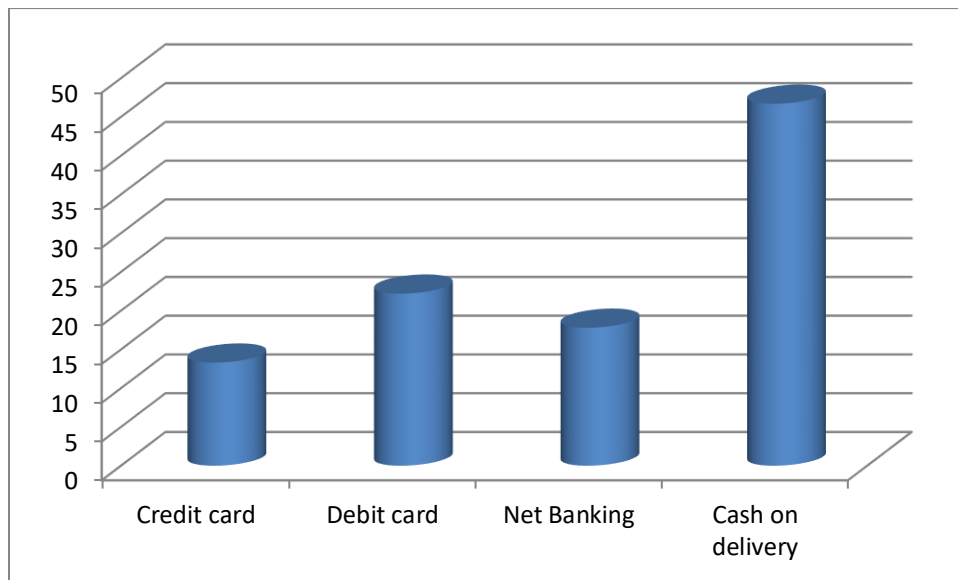
**Figure 4.4 : Classification of online shopping preference**

**INTERPRETATION**

From the above diagram majority of the people are doing online shopping through mobile app. Only 11.1% of them are shopping through website.

**Table 4.5 : Classification of Payment method**

| Payment method   | Number of Response |
|------------------|--------------------|
| Credit card      | 6                  |
| Debit card       | 10                 |
| Net banking      | 8                  |
| Cash on delivery | 21                 |
| Total            | 45                 |



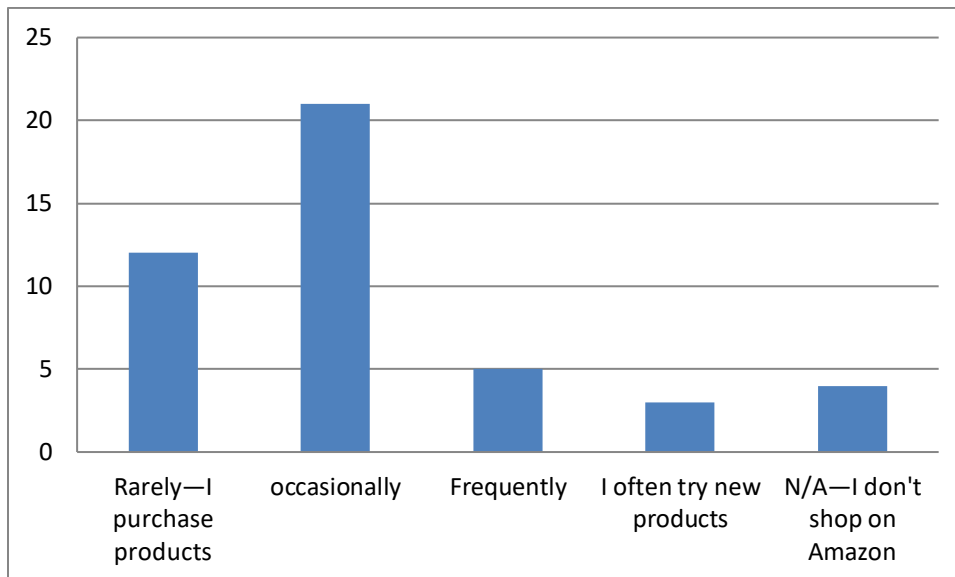
**Figure 4.5 : Classification of Payment method**

**INTERPRETATION**

The above graph represents that 46.7% of them are paying through cash on delivery, 22.2% on debit card, 17.8% on Net banking, and 13.3% of them credit card.

**Figure 4.6 : Classification of Amazon new product's categories**

| Categories                 | Number of Response |
|----------------------------|--------------------|
| Rarely—I purchase products | 12                 |
| occasionally               | 21                 |
| Frequently                 | 5                  |
| I often try new products   | 3                  |
| N/A—I don't shop on Amazon | 4                  |
| Total                      | 45                 |



**Figure 4.6 : Classification of Amazon new product's categories**

## **INTERPRETATION**

The above table shows that most of the respondents are buying new products or brands occasionally and then comes rarely- purchase the products then frequently purchasing of new brands or products and only 6.7% just try new products.

**Figure 4.7: Classification of purchasing on amazon without comparing prices or other sites**

| Categories                    | Number of Response |
|-------------------------------|--------------------|
| Never—I always compare prices | 6                  |
| Sometimes                     | 12                 |
| I occasionally check prices   | 13                 |
| Frequently                    | 10                 |
| I usually only consult Amazon | 2                  |
| N/A—I don't shop on Amazon    | 2                  |
| Total                         | 45                 |



**Figure 4.7 : Classification of purchasing on amazon without comparing prices or other sites**

## **INTERPRETATION**

From the above table and chart most respondents check the prices occasionally and 4.4% of the respondents are usually not consulting Amazon and those who are not at all purchasing through Amazon.

**Table 4.8 : Factor of purchase on amazon**

| Categories  | Number of responses |
|---|---------------------|
| Price Convenience of shipping                                     | 6                   |
| Number of ratings or reviews                                      | 15                  |
| Prior experience with the product/brand                           | 6                   |
| Quality of reviews  | 16                  |
| N/A I don't shop on Amazon convincing product descriptions/photos | 2                   |
| Total   | 45                  |



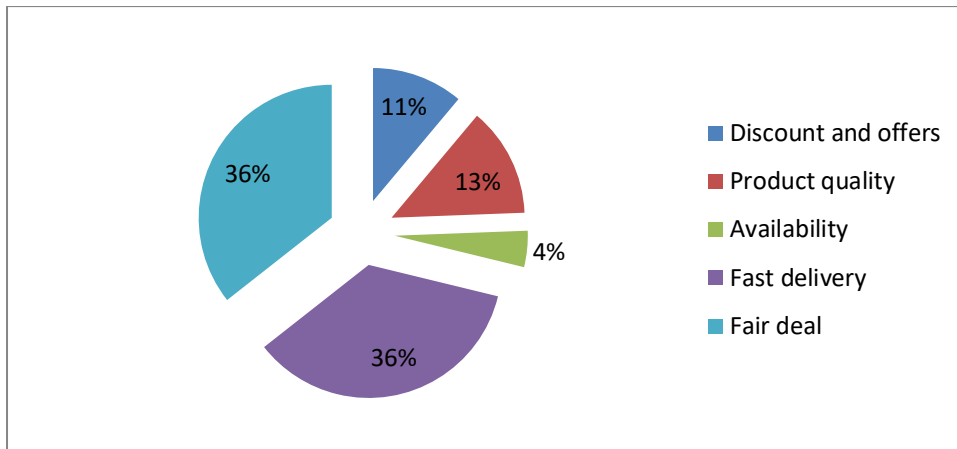
**Figure 4.8 : Factor of purchase on amazon**

**INTERPRETATION**

From the above table 35.6% of the respondents are purchasing from Amazon by checking the quality of reviews, 33.3% of them are number of ratings or reviews, 13.3% of them are price convenience and prior experience with product or brand and 4.5% of them don't shop on Amazon.

**Table 4.9 : classification of shopping with amazon categories**

| Categories          | Number of Response |
|---------------------|--------------------|
| Discount and offers | 16                 |
| Product quality     | 16                 |
| Availability        | 5                  |
| Fast delivery       | 6                  |
| Fair delivery       | 2                  |
| Total               | 45                 |



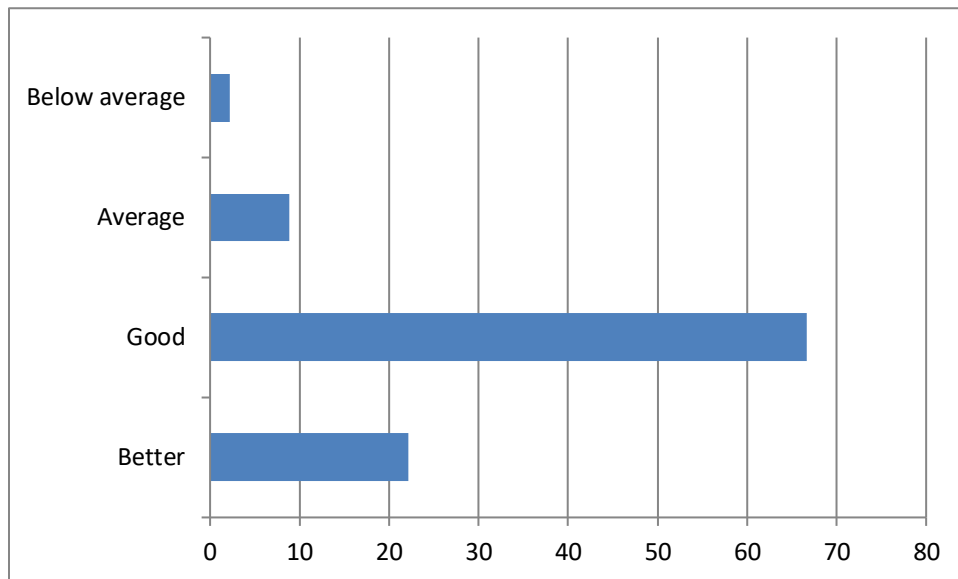
**Figure 4.9 : classification of shopping with amazon categories**

**INTERPRETATION**

36% of the respondents are shopping online because of fair deal and fast delivery, 13% of them product quality, 11% of them are shopping by checking discount and offers other 4% through availability.

**Table 4.10: classification of Buying experience**

| Categories    | Number of Response |
|---------------|--------------------|
| Better        | 10                 |
| Good          | 30                 |
| Average       | 4                  |
| Below Average | 1                  |
| Total         | 45                 |



**Figure 4.10 : classification of Buying experience**

**INTERPRETATION**

The above graph represents that 66.7% are rating good about the experience of purchasing in Amazon, and only 2.2% is rating below average.

## **FINDINGS**

As per the data analysis, the findings are given below:-

- Most of the online shoppers fall under the category of 20 to 30 years.
- The majority of the respondents using Amazon are other than business, service, student or unemployment.
- People prefer to shop with Mobile application rather than logging into the official website solely due to the shopping experience.
- The most preferred mode of payment while purchasing online is Cash on Delivery
- 40% of the respondents prefer checking the prices of a particular product while buying.
- The majority of the respondents using Amazon new products or brands occasionally with 46.7%.
- The majority of the respondents purchasing from Amazon by checking the quality of reviews with 35.6%.
- Price is king, but fast delivery and fair deal can make or break even the cheapest sale, 36% of the respondents are shopping with the preference of the deal and delivery.
- The majority of the respondents with 66.7% are rating good about the experience of purchasing in Amazon.

CHAPTER-5  
CONCLUSION

## CONCLUSION

This research shows that online shopping is having very bright future in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and safe payment options. Consumers can do comparison shopping between products, as well as, online stores. Online shopping even after gaining popularity won't completely eliminate traditional shopping. There are still areas where we prefer to go into a shop and select items. The advent of plastic money and the tremendous usage of debit and credit cards have brought shops from around the world to the tip of customers' finger or to the website. But there's no going back, and online shopping will become an even more crucial part of our lives, growing more sophisticated with each passing year. Over all the factors from the internet that influenced or prevented online consumer behaviour and attitude need to be carefully concerned by the online retailers, who can utilize the appropriate marketing communications to support the customers purchase decision making process and improve their performance.

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