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A Study on Current Status of E-Commerce in India: A Comparative Analysis of Flipkart and Amazon

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Abstract: *E-commerce has reached to doorstep of a common individual in India it can be seen as a future of commerce. The e-commerce has broken the technological and geographical barriers over the years and has got huge amount of success which many economical analyst and experts never predicted and still it has to go a long way ahead in India. A comparative study of Flipkart.com with one of the close competitor Amazon.com delivers the information about the success of Flipkart.com in present Indian market scenario.*

Keywords: *e-commerce, online, Flipkart, Amazon, SKU*

I. INTRODUCTION

Ever since internet has been introduced to the world, it has made a huge impact on people; business is one of such example where internet has made the difference. In July 1995 Amazon.com started selling books online and the response they received was unexpected as in short timespan books sold online in all 50 states of USA and 45 countries. Amazon presently offers music, movies, toys, electronics and home equipment, there are seven different international websites of Amazon with distributed customer service centers in seven countries and over 17,000 people work in Amazon worldwide. Today there are over 100 popular e-commerce websites are providing online services worldwide.

An e-commerce opens the global market to the customer, it helps the customer by providing huge options while buying a product or a service, the online searching and comparing facilities enables customer to select right product or service, another major advantage of e-commerce is that it is 24x7 available to the customer the customer can shop almost anything within his/hers comfort zone just by sitting at home, office, during travel or almost from any place at any time.

E-commerce is trading of services and products with the help of internet. E-commerce introduced in the end of 70s and became popular during the 90s in western countries like USA and UK. E-commerce introduced new possibilities in trading and attracted attention of many traders.

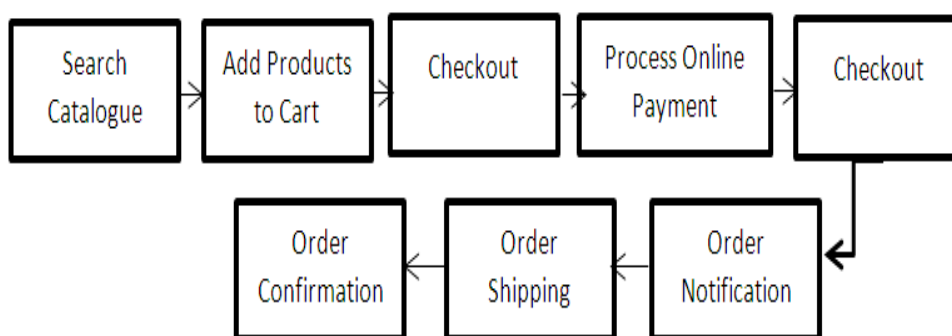


Figure I showing the different phases in the online shopping process

E-commerce offers products and services through websites, a customer simply has to visit an e-commerce website and browse various offerings through browser catalog, a customer can select multiple offerings and can add them to the shopping cart, once the shopping is done the customer can checkout and proceed to payment section where various online payment options are available like internet banking, credit card, debit card etc. Once the payment is done the customer is notified about the order and order is shipped on the postal address provided by the customer.

II. REVIEW OF LITERATURE

The first approach on how to support query operations on encrypted data with bucketization, after the data is encrypted, the ciphertext is concatenated to a bucket number, which is assigned to a specific range that includes the data. When a user requests a query operation, the server uses the bucket numbers to execute the query operation. For example, if a client program wants to

- » Abhijit Mitra. (2013), “*E-Commerce in India-A Review*”, International Journal of Marketing, Financial Services & Management Research. *Concluded that* The E-Commerce has broken the geographical limitations and it is a revolution-commerce will improve tremendously in next five years in India.
- » D.K.Gangeshwar. (2013),” *E-Commerce or Internet Marketing: A Business Review from Indian Context*”, International Journal of u- and e- Service, Science and Technology. *Concluded that* the E-commerce has a very bright future in India although security, privacy and dependency on technology are some of the drawbacks of E-commerce but still there is a bright future to E-commerce.
- » Martin Dodge. (1999),”*Finding the source of Amazon.com: examining the hype of the earth’s biggest book store*”, Center for Advanced Spatial Analysis. *Concluded that* Amazon.com has been one of the most promising E-commerce companies and has grown rapidly by providing quality service.

III. RESEARCH METHODOLOGY

The research is based on secondary data collected from internet sources like Websites, Online Journals, EBooks and Newspaper publications. The scope of the present study is to analyze the current status of e-commerce company Flipkart.com in Indian market.

There are various steps involved in the research methodology, such as problem identification, collection of secondary data, analysis of data using graphical technique and comparative analysis.

The data analysis is done using graphical technique such as column chart and the comparative analysis is represented using bar chart

IV. E -COMMERCE IN INDIA

The e-commerce introduced to India in mid-1990s, many of them were either matrimonial or job portals, the major reason behind the slow response to e-commerce in India was,

- 1) Limited availability of internet
- 2) Weak online payment system
- 3) Lack of awareness in customers

Due to the above reasons the e-commerce progressed very slowly in Indian market.

In mid-2000 the e-commerce industry in India grown rapidly offering online services like travelling, many airline companies started providing the travel services online to customers, even today online travel booking holds a major share of e-commerce space. Today almost everything is sold online in India.

According to a report published by Forrester research titled “Asia Pacific Online Retail Forecast 2011 To 2016” based on the growth in key e-commerce markets in the Asia-Pacific region and identifying key trends in each of the markets and projected market size by country over the next five years the Indian e-commerce sector is set to grow the fastest in the Asia-pacific region at an estimated annual growth rate of 57% between years 2012 to year 2016.

Country	Sales in \$ billion	
	2012	2016
India	1.6	8.8
Australia	23.2	35.4
Japan	63.9	97.6
China	169.4	356.1

The e-commerce sector in India to grow rapidly during 2005-06 and onwards. The main reasons for this fast growth in the revenues and number of e-commerce companies operating outside of India was the growth of a young generation employed in it companies, changing lifestyles , rise in disposable income and easier access to banking and internet facilities. Following figure shows the total revenues collected from online customers.

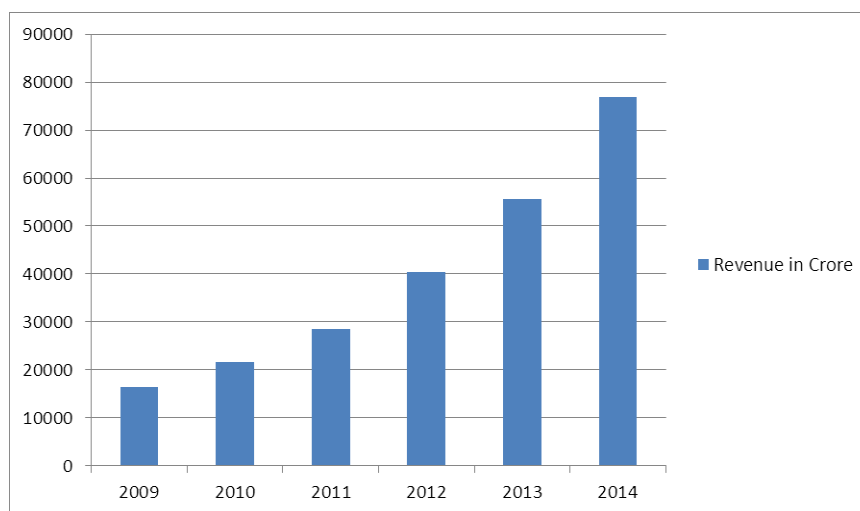


Figure II revenue collected from online customers

V. INTRODUCTION OF FLIPKART

Flipkart was founded in 2007, by Sachin and Binny Bansal, students of IIT Delhi who were the ex-employees of Amazon.com. Flipkart is an e-commerce company based in Singapore, it operates in India. According to alexia internet, Flipkart is one of the most popular website visited in India.

Flipkart sells goods in India through a company called WS retail. The other third-party traders or companies can also sell goods through the platform of Flipkart. Initially in 2008 Flipkart sold books but soon it established itself wide and started selling products like consumer electronics, clothing, home decoration products, appliances, beauty and fashion products etc. Due to the powerful network all over India and effective customer relationship management, Flipkart has earned a topmost position in India. Flipkart allows payment methods such as cash on delivery, net banking, debit or credit card transactions, e-gift voucher and card swipe on delivery

The founders of Flipkart Sachin and Binny Bansal, now has taken the combined net worth in excess of \$1 billion, reaching closer to that of Narayana Murthy and Nandan Nilekani of Infosys.

The value of Bansal's combined stake has crossed over Rs. 6000 due to the fresh \$1 billion fund raise. The Murthy family has a net worth of near Rs. 8,700 crore being India's second largest IT services company, while the Nilekani family's net worth holds at Rs 6,500 crore.

Infosys took about four decades to reach market cap of about \$30 billion while Flipkart raised the valuation of \$7 in just seven years, and according to the Flipkart officials the company has a set future goal of becoming \$100-billion e-commerce Company.

VI. COMPARATIVE STUDY OF FLIPKART.COM WITH AMAZON.COM

The war between e-commerce companies in India is in peak, Flipkart is facing strong competition from Amazon India, eBay, Junglee.com, Jabong.com, Snapdeal.com and Myntra.com like companies. Among the above companies Amazon.com is the strongest competitor of Flipkart. Recently Flipkart has won an economical battle against Amazon.com by purchasing one of its rivals myntra.com. Flipkart has acquired online fashion retailer Myntra.com in approx. Rs. 2,000 crore deal, this deal is considered to be the big milestone in the success of Flipkart. Flipkart mainly faces strong competition from Amazon.com as Amazon has declared that it will invest \$2 billion in its Indian. Following are data comparison between Amazon.com and Flipkart.com collected during 21-Oct-2014 to 18-Nov-2014.

- a) **Stock Keeping Units:** When the Stock Keeping Units (SKU) of both Flipkart and Amazon compared for four popular electronic products mobile, laptop, tablet, camera. Following results were obtained from the data.

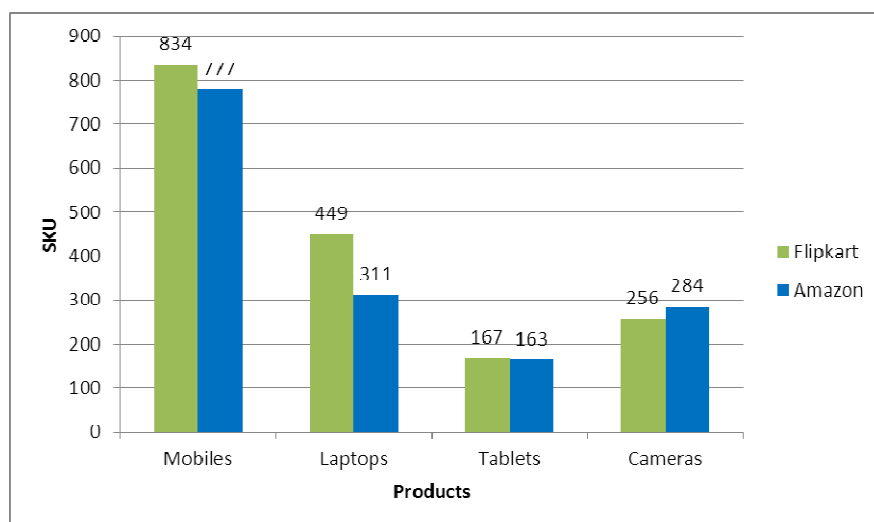


Figure III showing sku of four popular electronic products

1. Flipkart holds total 1706 SKU under the above four category while Amazon holds only 1535 SKU for the same products.
2. Flipkart has 4172 offers for the 1706 SKU while Amazon has 2244 offers for the 1535 SKU

- b) **Online Product Categories and Sub-Categories:** Presently Amazon.com offers 16 main categories of products online while these 16 main categories can be further divided into 186 sub-categories.

On the other hand flipkart.com offers 86 main categories of offerings which are expanded into a huge 422 sub-categories much more than amazon.com providing a wide range of products which are quite easy to access through website.

- c) **Comparison of Manpower Management and Work Satisfaction :**

Considering the gender wise distribution of employees in both Amazon.in and Flipkart.com, following information is obtained.

Companies / Sex Ratio	Male	Female
Flipkart.com	80%	20%
Amazon India	87%	13%

Sr. No.	Description	Flipkart.com	Amazon India
1	Job Work/Life Balance	3.5	3.5
2	Salary Benefits	3	4
3	Job Security	3.5	3
4	Management	3.5	3
5	Job Culture	4	4
Total		17.5	17.5

* Data Showing Work satisfaction.

VII. CONCLUSION

The e-commerce has been in the peak in India during past 2 years, the fast growing technological changes has opened an option of online selling and purchase for a common man in India.

While comparison between both Flipkart and Amazon, it is observed that Flipkart maintains more number of stock keeping units (SKU) as compared to amazon considering the four popular electronic products. On the other hand the product sub categories offered by Flipkart is 422 with 86 main categories on the website as compared to 186 sub categories and 16 main categories of Amazon. It has been seen that there is a tie between both amazon India and Flipkart when compared the work satisfaction level of employees.

Both Flipkart and Amazon have established a strong base in India and a strong competition can be seen between them in coming years.

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