



## **Study on the Effectiveness of Digital Marketing on E-Commerce Business with Special Reference to Amazon**

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### **ABSTRACT**

Digital marketing is a trend that is sweeping the globe in this age of automation. With the concepts of Internet marketing, which are evolving into a key platform of digital marketing, along with electronic devices like digital billboards, mobile, tablets, and smart phones, gaming consoles, and many other such devices, the trend of digital marketing is increasing day by day. Amazon has demonstrated the strength of online marketing by forging a niche market in online stores that compete with traditional stores. The present study examines Amazon.com's adoption of a variety of digital and online marketing techniques in its quest to dominate the field of digital marketing. The present study also addresses Amazon's enormous success in the field of online marketing as a result of their introduction of fresh ideas. In a few years, it will be evident that digital marketing has largely supplanted traditional marketing. Many marketers will place digital marketing at the top of their list of priorities, and they may be looking for creative methods to market online, lower cost per lead, raise click-through and conversion rates, and find out what's trending in the field.

**Keywords:** *Digital marketing, Amazon.com, business model, insights, E-commerce*

### **Introduction:**

*The phrase "digital marketing" refers to a wide range of advertising strategies used to connect with consumers online. It is represented by a wide range of service, product, and brand marketing strategies that, in addition to mobile and conventional TV and radio, primarily use the Internet as a primary promotional medium. Internet marketing is another name for digital marketing, but the two terms refer to different practises because digital marketing is thought to be more interactive, targeted, and quantifiable. Digital marketing encompasses a wide range of Internet marketing strategies, including link development, search engine optimization, and search engine marketing. It also includes non-Internet platforms that offer digital media, such as callback and on-hold mobile ring tones, short messaging service (SMS), and multimedia messaging service (MMS).*

*Engaging consumers and enabling them to engage with the brand through the servicing and delivery of digital media is a key goal of digital marketing. To accomplish this, digital media must be designed in a way that the end user must take some sort of action in order to watch or understand the purpose behind its creation. For instance, a customer might be required to register or complete a form in order to obtain a free e-book, providing the advertiser with a valuable customer or lead. Traditional marketing communications cannot match the speed and scope of digital marketing communications. Although this notion is unquestionably accurate, using digital technology to rapidly reach a large audience does not constitute digital marketing.*

*Because it is so simple to track and measure the success of marketing communications, marketing executives back digital marketing the most. The success of a digital marketing campaign can be measured by reach, views, clicks, visits, response rates, sales made, and other metrics thanks to the use of digital technology. In the upcoming weeks, I'll go into more detail and discuss the significance of these measurement methods, but for now, just know that digital marketing necessitates the capability of measuring the outcomes of a digital marketing campaign. Digital marketing is the use of digital technologies to produce integrated, targeted, and measurable communications that aid in client acquisition and retention while fostering closer relationships with them. Because of the available technology, it must be computerised.*

### **Case Study about Amazon:**

*In July 1994, Jeff Bezos established Amazon in Bellevue, Washington. The business began as an online bookseller before branching out to offer electronics, software, video games, clothing, furniture, food, toys, and jewellery. In terms of market capitalization, Amazon surpassed Walmart in 2015 to become the most lucrative retailer in the United States. The \$13.4 billion purchase of Whole Foods Market by Amazon in 2017 significantly increased its footprint as a brick-and-mortar retailer.[20] Bezos revealed that Amazon Prime, which offers two-day delivery, now has more than 100 million subscribers globally in 2018.*

Bangalore is the home of the Indian e-commerce company Amazon.com. Amazon.com, the largest online retailer of physical goods in India, began selling books in 2007. In September 2010, it introduced mobile phones, marking its entry into the consumer electronics market. With the introduction of cutting-edge features like Cash on Delivery (CoD), a 30-day replacement guarantee, and its own delivery network, it has since expanded quickly. Currently, their product line spans 12 categories, including books, music, computers, cameras, mobile phones, home and kitchen appliances, TV and home theater systems, personal and healthcare products, and recently introduced stationery items. Along with these, Amazon has also entered the developing market for digital content with the most recent debut of Flyte, a digital music store.

With a 4 lakh initial investment, Amazon was founded. Since India has had bad past experiences with e-commerce trading, it was never going to be simple. People in that market were very picky about paying money for things they had not seen or received, so it was difficult to break into. The Indian clients lacked confidence. Amazon therefore needed to inspire confidence in their customers. Amazon started out by selling books because they are inexpensive, easy to obtain, have a large target audience, offer a higher profit margin, are simple to pack and deliver, do not get damaged in transit, and are generally easy to find.

For the first two years, Amazon only sold books. When a customer placed an order for a book, Amazon used to personally buy the book from the dealer, pack the book in their office, and then courier the same. This was known as the consignment model (procurement based on demand). The customer support numbers were initially the founders' personal cell phones. As a result, they made a concerted effort to address any customer concerns early on and did their best to provide good service. They also concentrated on making the website easy to browse, order from, and use.

As it began receiving more investments, the company started opening its own warehouses. Later, the company opened warehouses in Delhi, Kolkata, and Mumbai after opening its first one in Bangalore. More than 500 suppliers currently work with the business. Currently, more than 80% of Amazon orders are processed through warehouses, allowing for quick and effective service.

About half of Amazon's revenue comes from online book sales. With a market share of about 80% online, Amazon is the market leader in India for the offline and online sale of books.

Every day, Amazon ships more than 40000 items. The daily average income is about 2.5 crore Indian Rupees. On Amazon Books, there are more than 15 million titles. On Amazon, there are 2.6 million active users. At the moment, Amazon has 4500 employees. In addition to this, Amazon has over 1.5 million Facebook fans and about 67,000 Twitter followers, demonstrating its extensive social media reach.

Amazon.com uses social media marketing to the fullest extent possible. Amazon.com's social media initiatives are designed to make it simpler for users and customers to communicate. The conversations are brief and focused on particular problems, ideas, and thoughts. About a year ago, Amazon.com started taking steps to increase its visibility on Facebook and Twitter. LinkedIn has also been used by the business to establish connections. People recommending the website to their family, friends, and coworkers has helped the site gain more popularity. And what better platform to use "word-of-mouth" than social media! Amazon.com acknowledged that social media usage is a reflection of being human.

Recently, a number of electronic products have been added to Amazon, including calculators, water purifiers, microwaves, washing machines, dishwashing machines, vacuum cleaners, etc. Amazon has launched a music store where CDs and DVDs of music albums and movie soundtrack releases are available. Chakpak's Bollywood movie content has also been purchased by Amazon. Amazon is prepared for the rise of digital media, which is expected in the near future. Soon, it will begin providing customers with the option to pay for and stream online digital content, such as songs and movies. Soon, Amazon will offer ebooks as well. Amazon reported revenues of Rs. 4 crore in FY 2008–2009, Rs. 20 crore in FY 2009–2010, Rs. 75 crore in FY 2010–2011, and Rs. 4500–5000 crores in FY2015.

Amazon.com has always dwarfed its online competitors in terms of market value, and its competitors have not performed as well. Table 1 shows how Amazon.com's market value compares to the other firms' market values on their IPO dates. Figures 2-4 show that none of Amazon.com's early competitors achieved its stock market success. BarnesandNoble.com was valued at 1.12 times its initial closing price at its peak, which occurred soon after its IPO. CDNOW and N2K were valued at 1.61 and 1.81 times their initial closing prices at their peaks, which occurred in April 1998. Figures 2-4 show that all three firms' values fell over time.

Early online rivals of Amazon.com included other book and music distributors on the web. The main rival to Amazon.com in the online book retail market has historically been BarnesandNoble.com. Before Amazon.com took over as the leading online music retailer, CDNOW and N2K were the top two. N2K and CDNOW subsequently merged. Prior to May 1999, Brynjolfsson and Smith (2000) provide an extensive list of the top online book and music retailers. 99.8% of web "hits" for book retailers and 96.5% for music retailers are accounted for by the companies on their list. Their research demonstrates that the four companies under consideration in this paper are the only ones that were independent online businesses that were publicly traded during the time period under study. This is critical for determining how strategies affect value.

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## Literature Review:

(RBI Money & banking May 27, 2021) The Covid-19 Pandemic fuelled the proliferation of E-payment modes, RBI noted in its Annual Report 2020-2021. In the area of E-payment various initiatives such as an innovation hub, a regulatory sandbox are underway to ensure that in the digital ecosystem.

Pandemic impact on business sector in various sectoral impact E-commerce, Payment fees-cards scheme, cross-border payment and many more. Pandemic impact on various payment categories as card payment, E-wallets, Bank transfer, ATM, POS, UPI, IMPS, BBPS, NETC. (PwC, Vivek Belgavi, April 2020).

(Sanjay Phadke, 5 March 2020) The fintech space in India's Digital future where fintech has married technology and are speaking in languages such as AI, Blockchain, Crypto, Our future of fintech is increasingly and dependent on technology innovation and progress. Artificial intelligence will drive massive value creation, Blockchain will disrupt and rattle established financial protocols, Authentication ecosystems based on zero-knowledge proof, cloud computing will liberate financial services players, IOT will drive a new era of trust in finance, Hyper automation will replace manual work Hyper automation refers to the introduction of AI, Deep learning, event boost the software, Robotic.

(Shaktikanta Das, B.P. Kanungo, T.B. Shankar, 2020) Indian Financial technology and Allied services(IFTAS), vision for payment system National Payments Corporation of India (NPCI), National Electronic Funds Transfer(NEFT), Immediate Payment Service (IMPS), Unified Payment Interface(UPI), Aadhar Enabled payment system (AePS), e-Money and their progress report in the retail E-payment space, 41 enablers of E- payment, their payment options and Acceptance infrastructure via Bank Branches, Automated Teller Machines (ATMs), White Label ATMs (WLAs), Micro-ATMs, Point of sale (POS) terminals, Quick Response(QR) code, Payments Infrastructure Development Fund (PIDF), Government role in payment system like as Aadhar Payment Bridge System (APBS) and many more. Payment of Bill and Toll, Trade receivables Discounting system (TReDS), Cross border payments, settlement system and their process, customer protection, convenience, complaint Redress and Encouraging innovation, benchmark of Epayment system their challenges, and how to create the Road Map

(DR. Hidaia Mahmood Alassouli,2020) As the acceleration of internet popularized online shopping and other types of E-commerce, E-payment have evolved from the technological innovation to one of the leading payment options currently available, E-payment that now arise of 40 E-payments infrastructure of cloud, legacy and hybrid system to provide consumer's transactions make it safely and securely.

(Dr. J. Jayachithra,27 Nov,2019) An Awareness about E-payment among the rural people in India, a survey about the awareness of various cross sections and ways to motivate them to switch over to E-payment system.

(Jaspal Singh, 2019) For any country payment system is the backbone of an economy. Digital revolution in field of payment system has helped to bring about the economic development. India's payment system is the best payment system to all over the world but also their standard for other economies to emulate. India is adopting rapid stride in advancing E-payment facility and it is one of the top performing and operating countries in term of citizen-to-government(C2G), business-togovernment(B2G), Government to business(G2B) transaction.

Mark, Bulla, Niraj, Bulla and Schwarzwäller (2019) highlighted the important role of traditional media despite the increasing prominence of digital marketing. They developed a dynamic segmentation model to study the effect of catalogues and email marketing communications on consumers, by performing profitability analysis based on different segments. Their findings suggested that marketing managers should not undervalue the positive cross-channel effects of catalogues on sales and profits.

Scheer and Patil (2019) analysed the profitability of business-to-business customers in a digital context where sellers are increasingly motivated to reduce costly sales forces and to build their own online 10 channels enabling automation and self-service.

**1. Julita Vassileva (2017)** this swot is based on supposed efficiency, trustworthiness and maintenance intent in E- commerce; A study on Amazon. From this study it's clear that the supposed efficiency of an e- commerce business like Amazon is a great forward planner of maintenance target. This cram suggested that the promising plan guiding principle in the development of winning e- commerce site.

(Saima Khan, Dr. Shazia Khan Nohsina Aftab, 2015) Digitization and its impact on economy the digital transformation of payment source has improved rapidly within the past few years also transform in social transformation most of the started by the large adoption of digital technologies to come up with their vision digital into various effect on payment and their cost.

**2. Abdullah Al Imran (2014)** topic on Amazon information system, company strategy and e-CRM. The main purpose of this study is known how Amazon implements CRM. This study is based on secondary data. The study finds that the main success of Amazon is the innovation and the competition in the markets.

**3. Reid M. Berryman (2014)** this paper is about the analysis of Amazon.com. In this study special attention given to historical overview, organisational structure, business operation, financial performance. The future outlook of Amazon business interest is shifting.

**4. Dr. Vinay Pandit, Dr. Arun Poojari (2014)** the learning is based on Amazon most important air for possibility and effectiveness- a graphical data examination. The main objective of the study is the feasibility of Amazon primary air business form. The main idea of this study is to study the possible and money-making aspect of business. These researchers conclude that the future company idea may not be in present big business environment.

**Sandeep Krishnamurthy (2002)** focused study on Amazon.Com- a Business History to come into view in E- commerce Management. The main purpose of this paper is to present a balance and up to date business history of the company.

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### Reasons for Amazon Marketing Company's Growth:

1. *Innovation: The ability of the Amazon Company to continuously innovate has been the primary driver of its growth. They are looking for fresh approaches to get customers to shop on their website. They concentrated on creating a company with larger and more extensive networks of products to sell. Because the business is willing to spend money to test out novel concepts and procedures, innovation is possible.*

2. *Customer service: Amazon offers a variety of practical tools that customers can use to conduct correspondence and quickly return or replace ordered items. Social media is yet another controlling tool that Amazon uses to interact with customers and raise the bar for the quality of its customer services.*
3. *Execution: Amazon executes buyer orders flawlessly throughout the entire process. They select products and services that cater to the needs and wants of the customer. Additionally, Amazon has excellent seller relationships that enable them to provide customers with affordable prices.*
4. *Use Data and Learn: The Company uses data to identify the goods and services that customers want, and then innovates or modifies its strategy to better connect with those customers. Companies that adapt to the needs and concerns of their customers will always be superior to those who just keep pushing the same business model.*
5. *A Commitment to Standing Out: If you're starting an online store, getting your product to your customers quickly and securely is one of the most crucial steps you can take. This requires a no-nonsense attitude when you contemplate the value of it for your own company. The business formulates and implements a strategy. It puts a lot of effort into making all the connections so that it can fulfil its pledges to its clients.*
6. *A Simple and Clear User Experience: Using the Amazon website is very simple. It is intended to make selling a goods simple. It promotes customer sales because the procedure is so simple and efficient.*
7. *“Why Question”: Another factor contributing to Amazon's success in increasing sales is the straightforward, understandable way in which it provides consumers with important information. I find all of the website's product listings to be very thorough and detailed. On these pages, neither the products being sold nor the language used to make sales is being concealed. They include the information a customer needs, such as testimonials, pictures, descriptions, clearly stated prices, timelines for ordering and receiving the product, return policies, warranties, and guarantees.*

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### **Theory of The Amazon Company**

1. *Obsess over customers: The Amazon Company particularly obsesses over rivals. To address the issue of too-expensive internal function hosting and open resource products that couldn't easily support rapidly expanding or previously large companies, Amazon built its Amazon web server business.*
2. *Take a risk for market leadership: The Amazon three attempt to launch their major venture as an exchange and performance platform. First, it tried Amazon auction, which was essentially a copy of the mock-up that eBay founder Pierre Omidyar described in his very first annual letter.*
3. *Positive word of mouth: Amazon's success is primarily driven by positive word of mouth. Regulars are encouraged to share their knowledge of the Amazon with their friends and family.*
4. *Continue to innovate: Amazon is more than just an online retailer. It has gotten to where it is now because it believes in continuous improvement.*

*Amazon has created mental stores, a very significant cloud computing business, buzz freedom system, and much more. When the Amazon Company produces one or two solid pieces of information, they are satisfied.*

### **Researchers' methodology**

*This research and learning are entirely supported by secondary data. The published report of Amazon.com makes up the majority of the secondary data.*

### **Purpose of the Study**

*To learn about the development of the Amazon company.*

*To examine Amazon's financial operations.*

*To comprehend Amazon's principles.*

### **Restrictions to the Study**

*The data used in this analysis are solely based on published reports from the Amazon Company and were gathered using secondary data.*

*In a short amount of time, this study was completed.*

**Analysis and Interpretation**

**TABLE 1**

**AMAZON QUARTERLY INCOME STATEMENT**

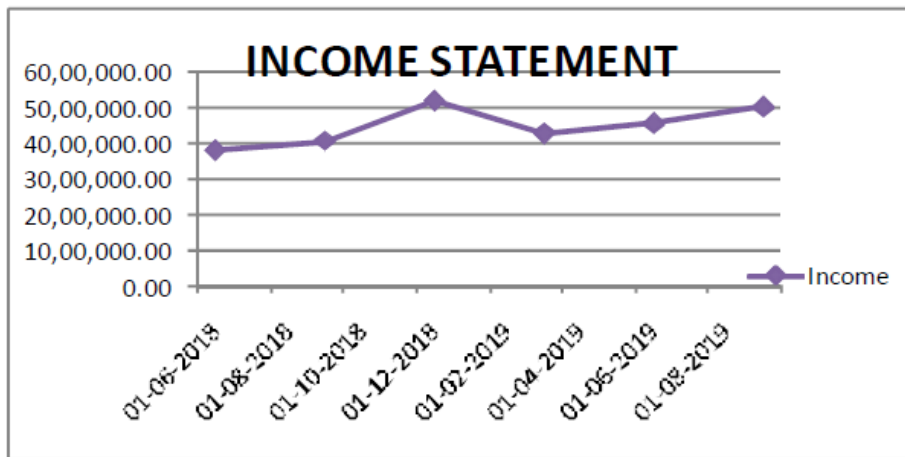
<b>Date</b>	30-09-2019	30-06-2019	31-03-2019	31-12-2018	30-09-2018	30-06-2018
<b>Amount</b>	50,26,875.19	45,54,436.13	42,88,370.40	51,99,343.82	40,63,967.23	37,98,907.15

Source: Secondary Data

**Inference:**

From the above data its shows the quarterly income statement of Amazon company from 30 – September -2019 to 30 – June – 2018 (Fig.1)

**QUARTERLY INCOME STATEMENT**



**Fig. 1**

It is evident from the aforementioned quarterly income statement chart that the income of the Amazon Company varies from quarter to quarter. The income level increased from June 2018 to December 2018, then it decreased from December 2018 to March 2019, and it increased again from June to September 2019. This graph makes it clear that the Amazon Company's revenue varies day by day.

**TABLE 2**

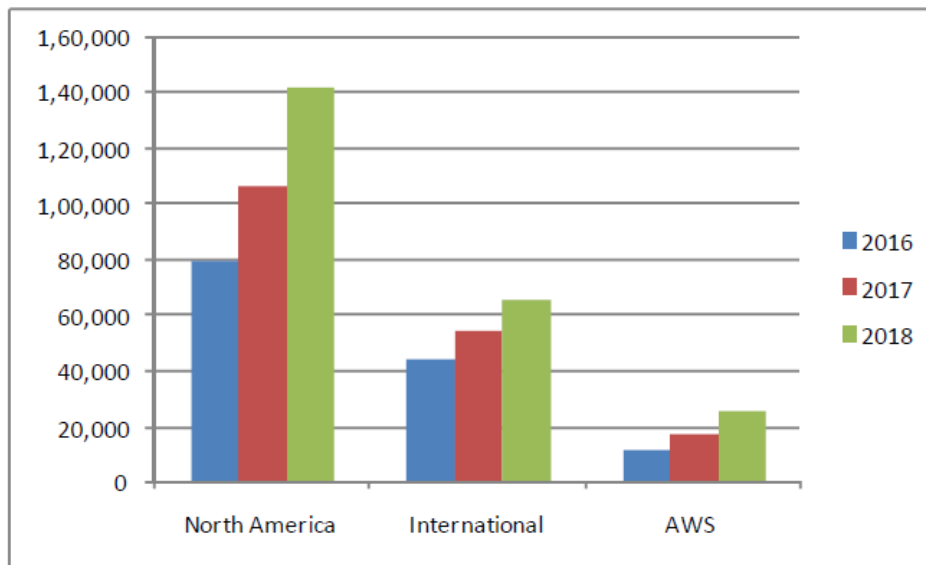
**ANNUAL NET SALES**

	2016	2017	2018
North America	\$ 79,785	\$ 1,06,110	\$ 1,41,366
Global	\$ 43,983	\$ 54,297	\$ 65,866
AWS	\$ 12,219	\$ 17,459	\$ 25,655
Total	\$ 1,35,987	\$ 1,77,866	\$ 2,32,887

Source: Secondary Data

Inference: The above table reveals the annual net sale of the Amazon company year from 2016 to 2018. (Fig.2): From 2016 to 2018, the aforementioned table shows the annual net sales of the Amazon company. (Fig.2)

## ANNUAL NET SALES



**Fig. 2**

*It is evident from the above table that, from 2016 to 2018, net sales have increased annually.*

*Sales of consumable goods and services make up net sales. Sales of manufactured goods are what we define as profits from the purchase of goods, as well as the associated transportation expenses and satisfied digital media costs. Service sales, which include commission and any associated completion and transport costs, AWS sales, Amazon prime sponsorship amounts, promotion services, and specific digital satisfied subscriptions, are what third-party vendor rate is primarily characterized by.*

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### Results and Recommendations:

The development of the Amazon Company is based on a thorough shift toward SEO and Ad Words target keywords. The main selling point of the Amazon Company is its emphasis on simplicity and the creation of experiences throughout testing and learning. The idea is that Amazon Company ought to concentrate more on customer observation than on rivalry.

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### Conclusion

*Customers can save money and priceless time by doing business online. Any large corporation's purpose is to provide creative solutions to the problems of the public. Being conscious of how to differentiate between value and excellence will enable you to be a more creative employee, company owner, and shareholder. Amazon has all the prerequisites in place to top the list of successful e-commerce businesses worldwide. It is crucial in helping online commerce grow to be more well-known than ever. Future developments will see Amazon's influence grow due to the world's rapid development, particularly in e-commerce.*

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