

Quality Service Gimmick by Amazon India

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Abstract: *Historically, the best opportunity to cultivate great customer relationship is within an environment where personal interaction between the retailer and customers is at its peak: a physical store. The digital age has forced the evolution of customer service. In a world where emails and texts have replaced more intimate forms of communication, where shoppers can complete a sale 24/7 via online transactions, and where showrooming is linking the physical shopping experience with the virtual, the modern definition of customer service seems to have downgraded the importance of direct human interaction. And, let's not forget that customer service in the traditional sense has also been crippled in recent years by an economy fostering a trend toward part-time, minimum wage, less "invested" sales associates. As the world's largest online retailer, Amazon has been a driving force behind the e-commerce movement and changing standards for customer service excellence. Some of the words consumers used in their reasons to nominate Amazon for Customers' Choice included "efficient," "fast," "reliable," "no hassle," "easy," and of course, "free shipping". This case study reveals the growth of Amazon in India accelerating the ecommerce market with service quality and customer satisfaction.*

Key Words: *Amazon, Quality Service, Customer Satisfaction*

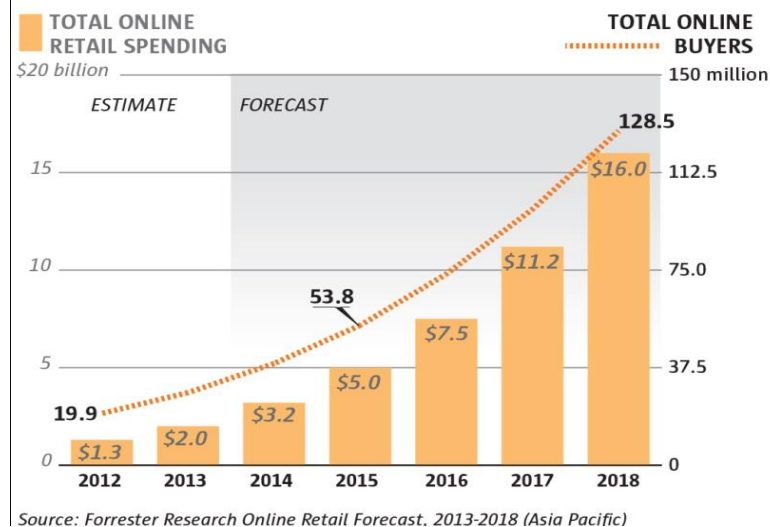
I. Introduction

Amazon.com, Inc. ("Amazon.com" or the "Company"), the Internet's number one book, music and video retailer, opened its virtual doors on the Web in July 1995. Amazon.com, one of the most widely known, used and cited commerce sites on the Web, offers more than 4.7 million book, music CD, video, DVD, computer game and other titles. The Company offers its customers a superior shopping experience by providing value and a high level of customer service. Amazon.com is a proven technology leader; it has developed electronic commerce innovations such as 1-Click ordering, personalized shopping services and easy-to-use search and browse features. Shopping at Amazon.com is fast and safe, incorporating a simple ordering system, secure credit card transactions, e-mail communication with customers and direct shipping worldwide.

The Internet is an increasingly significant global medium for online commerce. According to Forrester Research, the total value of goods and services purchased over the Web was \$43 billion in 1998 and is expected to increase to \$1.3 trillion in 2003. Amazon.com believes it is well positioned to capitalize on this growth. According to Media Metrix, approximately 16% of Web users visited Amazon.com's stores in December 1998. Amazon.com, Amazon.co.uk, Amazon.de, Internet Movie Database, Earth's Biggest Bookstore and 1-Click are either registered trademarks or trademarks of Amazon.com or its affiliates. All other names mentioned herein may be trademarks of their respective owners. Information contained on the Company's Web sites is not deemed to be a part of this Annual Report on Form 10-K. As used herein, "titles" offered by the Company means the items offered in the Company's catalogs and includes books, CDs, videotapes, audiotapes and other products. Amazon.com was incorporated in 1994 in the state of Washington and reincorporated in 1996 in Delaware. The Company's principal corporate offices are located in Seattle, Washington. Amazon.com completed its initial public offering in May 1997 and its common stock is listed on the Nasdaq National Market under the symbol "AMZN."

II. Phase Of Amazon In India

Online retail spending in India is exploding ...



Online retailer Amazon launched its India marketplace, 'Amazon.in', on June 5 2013, offering books, movies and television shows for sale. According to industry watchers, it notched up nearly 10,000 orders on the first day of operations. In this current marketplace model however, Amazon will not own any merchandise sold but will act as platform for any retailer who wishes to sell his products. The Company's objective is to become the best place to buy, find and discover any product or service available online. Amazon.com will continue to enhance and broaden its brand, customer base and electronic commerce expertise with the goal of creating customers' preferred online shopping destination, in India and around the world. India's ecommerce market is expected to grow to \$103 billion by March 2020 from \$26 billion. The number of Internet users in India has quadrupled to over 400 million now, of which about 300 million access the Internet at least once in a month and 40 million have engaged in online shopping. Amazon expects India to overtake Japan, Germany and the UK to become its largest overseas market, besides becoming the quickest to reach \$10 billion in gross merchandise value. Amazon is intended to invest about \$5 billion in India, up from \$2 billion of the past years. There are different agendas through which amazon has embarked a successful ecommerce market.

III. Transmutation Of Customer Service By Amazon

➤ The Proliferation of Customer Reviews

Amazon was among the first to display customer reviews and add transparency to the e-retail space. In a world before online reviews, consumers took a risk in making an online purchase, essentially clicking in the dark, not knowing what to expect when a product arrived. The open marketplace that Amazon has built let the consumers to gauge how satisfied they'll be with a product based on the experiences of fellow shoppers.

➤ A Real-Time Recommendation Engine

Amazon has become the king of cross-selling. Though it seems standard in e-retail now, the real-time product recommendation engine was pioneered largely by Amazon as a means to expose consumers to its vast marketplace. The recommendation engine creates a personal experience similar to an in-store interaction.

➤ Streamlined Checkout

Amazon has made it easy for shoppers to browse, search for, and buy products, and continues to deliver new ways to make the process as simple as possible. With One-Click-Shopping, for example, Amazon began automatically populating shipping address, billing address, and payment detail fields by using previously stored information.

➤ A Network Economy

Amazon has shown that the art of the possible can be delivered. One of the company's biggest strengths is that it has been able to build a functioning network economy. By putting together the content (goods), the

network (distribution), and arms (technology), they've built a vertically integrated model that gives them digital scale in customer service.

➤ *Strategic Shipping Support*

The fundamental shipping advantage Amazon offers to customers is reliability. Amazon provides customers with a tracking number within hours of purchase and regularly updates customers if packages are delayed. If problem arises, Amazon informs and communicates with customers before customers recognize an issue and reach out to the service department.

➤ *Deep Brand-Customer Relationships*

The company stands behind the vendors that sell products on its site, but if something is wrong with the delivery process or the product itself, Amazon will take its customer's side and fight for a desirable outcome. Through Amazon Exclusives, consumers gain access to Kickstarter-style videos that highlight each seller's entrepreneurial story and journey to market.

➤ *The Mayday Button*

The company debut a Mayday button on its Kindle Fire tablet in September 2013 to offer users round-the-clock customer support with a live agent with the tap of a button. Though the feature was designed to primarily provide customer support, Amazon agents are happy to do whatever they can in the name of great customer service.

➤ *Appropriate Automation*

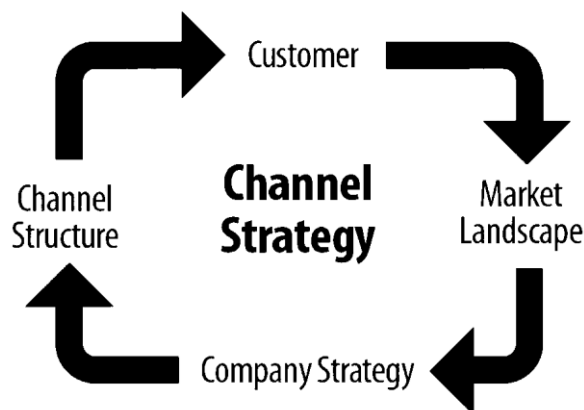
Amazon's empire is vast, and the company employs a massive worldwide workforce of approximately 150,000 people, but humans aren't the only ones responsible for its success. By relying heavily on customer self-service, tech automation, and even robotics, the company effectively prioritizes support interactions to keep customers consistently satisfied without putting a strain on its employees.

IV. Market Coverage Of Amazon India

Asia's third largest economy is poised to add to the bottom line of the world's largest online retailer launched in India just three years ago, Amazon has already become a significant player in the country's booming e-commerce market. Amazon's efforts in India could potentially start to positively impact the company's overall gross profit growth by 2018 to \$18 billion (Rs1.12 lakh crore), according to market research firm eMarketer, and by 2020, it could reach \$ 32 billion. In just two years, Amazon sells products across 14 categories in India.

V. Evaluation Of The Channel Strategy Used By Amazon India

Amazon being the world's largest retailer has created a storm in the e market place giving a tough competition to its contemporaries like Flipkart, Jabong, Snapdeal and many more, with its value proposition of next day or same day delivery. It has always focused on delivering value to its customers, fast shipment being its unique selling proposition. Amazon India has been using a hybrid model of delivery system, where it uses its in store delivery network for shipping some products while for others a third party logistics company is used. The evaluation of this model is not an easy job as it does have its share of benefits and limitations. The Company sources items from a system of merchants, distributors, and makers.



Although Amazon are among those few e-commerce retailers who have managed to pull off the game well in India giving a tough competition to Flipkart, the largest e retailer in the country. The bigger mass dealers and retailers have built up local conveyance focuses that ship truckloads to renew the stores. Ordinarily there are committed bearers or private armadas that can dependably transport cargo to showcase. Amazon has never appreciated this level of control over their outbound transportation capacity. They depend essentially on national package courier companies (e.g. DTDC, Blue Dart) to move item to showcase. Also Amazon has made strategic alliances with P&G, Future Group and the State Bank of India to strengthen its service offering to its customers. It uses the strengths of these big giants to leverage its profits.

VI. Conclusion

Customer service in the conventional sense has generally implied face-to-face communication, greeting a customer; providing him or her with product information, demonstrations, additional options, or size assistance; suggesting add-ons or complementary products; and finally, completing the sale. Amazon India plans to dramatically multiply its headcount in logistics and conveyance space in seven months as it pushes ahead with its offer of giving delivery services to vendors enlisted on the e-commerce portal. Of the 16,000 enlisted dealers with Amazon India, 7,300 utilize this administration to join with customers in 284 urban areas. By associating with the distribution centre and conveyance system of its suppliers, Amazon additionally diminishes expense of capacity and transportation, which permits it to end up more focused. In this regard, Amazon India's decision to build a fully grown in house logistic arm in two years to ship each and every product offered on its portal through it comes as a flicker of hope. It will ensure that the delivery of Amazon India is fast, secure and convenient unlike its competitors. The ultimate gain will be happy customers who will be indefinitely loyal to the company ensuring its growth in the further years.

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