

Brand Positioning – A Study on “Amazon” And Its Consumer Perception

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Abstract: Brand Positioning is about competitive visibility, recognition and consequent distinctive perception in the mind of the customer. In a market where intensity of rivalry and competition are increasing through dynamic disruptions in technology, buyers have a greater variability in the choice and perception of a brand even through the way they affect their purchase(s). Limitations of time and congestions in travelling and parking have propelled e-commerce to work as a wonderful tool to upscale a brand's intrinsic value. The consequent dynamics of consumer behaviour has resulted in positioning as an act of occupying a distinctive but fluid value proposition where the brand can no longer lease but at the most rent the mind space of the most brand loyal customer (Kotler, 2006, Aaker, 2011).

The question is by associating with a huge service brand like Amazon, does an established brand (let alone the store brands and start-up brands) uplift its positioning statement in terms of value, personality and salience, identity and equity? Additionally because of the aggressive penetration through re-enforced logistics, a lot more customers are able to carve a realistic positioning for upmarket brands in tier two Indian cities as well as many rural areas, where they were unable to access the brands because of non-availability in local stores.

The retail e-commerce model allows customers to think more about differentiation in products and services from the convenience of his laptop/desktop/mobile phone. When it comes to e-commerce the popular notion is to assume that customers are deprived of getting the feel of the product. Information to make the purchase and to be able to make comparisons with alternative offers plays an important role in the absence of sales staff and the inability to see and try the product (Corbitet.al, 2003). Word of mouth recommendation and social influence, as well as the unconditional guarantee offered by Amazon, is an important determinant to influence online purchase. The huge Brand Equity of retail e-commerce also accentuates further to leverage on these determinants. The interesting fact is that customers rely on Amazon for product reviews more than they do on Google.

Keywords: Consumer perception, retail e-commerce, brand positioning, innovative segmentation

I. INDIAN E-COMMERCE INDUSTRY

There has been a paradigm shift in the world of business with the emergence of e-commerce. The Indian e-commerce market is expected to grow to US\$200 billion by 2026 from US\$38.5 billion as of 2017. The reason for such growth of the industry has been made possible due to increasing internet and smartphone penetration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 560.01 million as of September 2018. India's internet economy is expected to double from US\$125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by e-commerce. India's E-commerce revenue is expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 per cent, the highest in the world (ibef, 2019)

Because of the rising smartphone penetration, the launch of 4G networks and increasing consumer wealth as well as awareness, E-commerce is increasingly attracting customers from Tier 2 and 3 cities, where people have limited access to brands but have high aspirations backed by enormous purchasing power. Average online retail spending in India was US\$ 224 per user in 2017 (ibef, 2019). Mobile penetration, Internet penetration, rich and fresh content have resulted in increase in customer base for the services mentioned above. (Wadhwa, et al., 2017).

The recent rise in digital literacy has led to an influx of investment in E-commerce firms, levelling the market for new players to set up their base, while churn out innovative patterns to disrupt old functioning. E-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and 40 deals worth US\$ 1,129 million in the first half of 2018 (ibef, 2019).

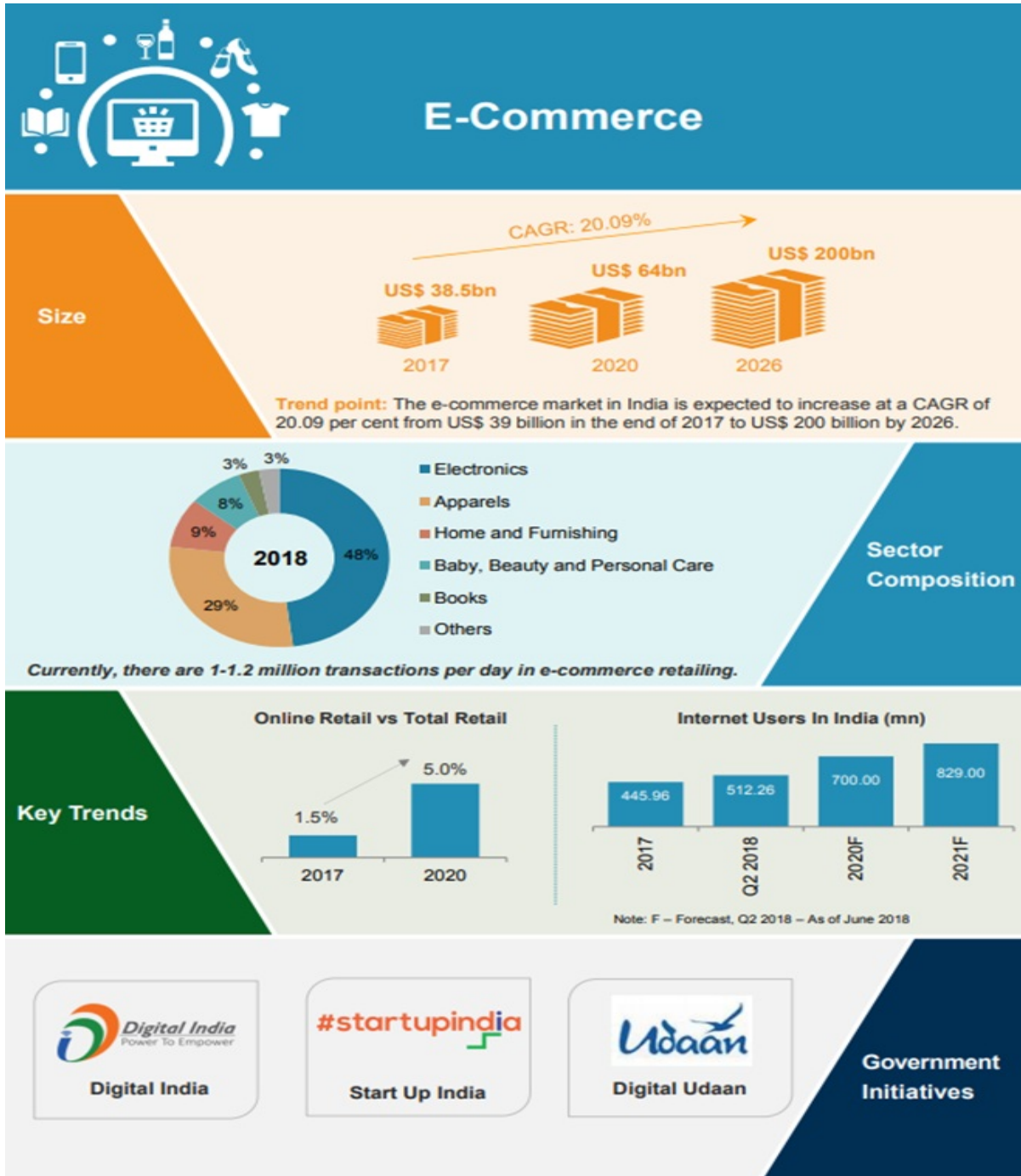


Fig: 1Source:(www.ibef.org, 2019)

II. INTRODUCTION OF AMAZON

In a period when there is intense rivalry among competitors, brands need to dynamically position their offerings in order to grab as well as retain the attention of the consumers. To ensure effectiveness of positioning, brand should be aware of the competition in the market and what strategies the rivals are using to position their product. Amazon has positioned its Amazon Kindle to create a new segment. It created a new

segment targeting bibliophiles rather than going all-in-one devices like iPad which could multi task like streaming content, playing games, browsing web etc. With artificial intelligence becoming an important part of modern consumers' lives, companies like Google and Amazon have started to innovate with smart speakers and lights which are voice enabled that respond to the user's voice to get switched on/off. Consumers have started accepting and adopting these

new technological changes to make their life easier and better. And thus a unique comparative, competitive and compelling brand identity.....

With DTH enabled services being popular in Asian countries, Google and Amazon saw an opportunity and rolled out devices such as Google Chromecast and Amazon Fire TV stick respectively. These are nothing but sub like devices which once connected to your TV can use the inbuilt WiFi to connect to their dashboard and provide you with streaming services like Netflix, YouTube, Amazon Prime Video, Music etc. The dashboard is controlled by a special remote that come with the devices.

Emergence of the Brand Amazon

Amazon was incorporated in 1994 in Seattle by Jeff Bezos, initially started as an online bookstore and today selling more than 5 crore products and expanding its services from e-retail to cloud services, smart speakers, e-book readers, studio, music and video streaming services. It has become a mammoth (\$797billion, Bloomberg, 8thJan, 2019) and has

overtaken Apple, Microsoft & Google as the most valuable company in terms of market capitalisation. By following the mantra for serving their customers first, it has achieved the status of being the most customer centric company in the world. Acquisition of companies like IMBD, Jungle, Zappos, Audible etc. has enabled the company to deliver high value to their customers through the use of technology of their acquired partners at low cost. Company has distinctive Customer Relationship Management (CRM) software, which helps them understand and predict the buying behaviour of the customers by reading their pattern of their buying. The company offers him deals, bundles, additional accessories, and discounts based on his demonstrative preference of products browsed by him. The company is also using analytics tools like Customer Analytics to further understand the complex behaviour of the customer in the marketplace and Market Analytics to understand their competitors and making moves ahead of them. Both of these tools provide company with the statistical data which makes it easy to interpret and do the analysis where they should further improve.

Amazon Echo Products Sold (Relative Numbers)

June 16 - July 16, 2018

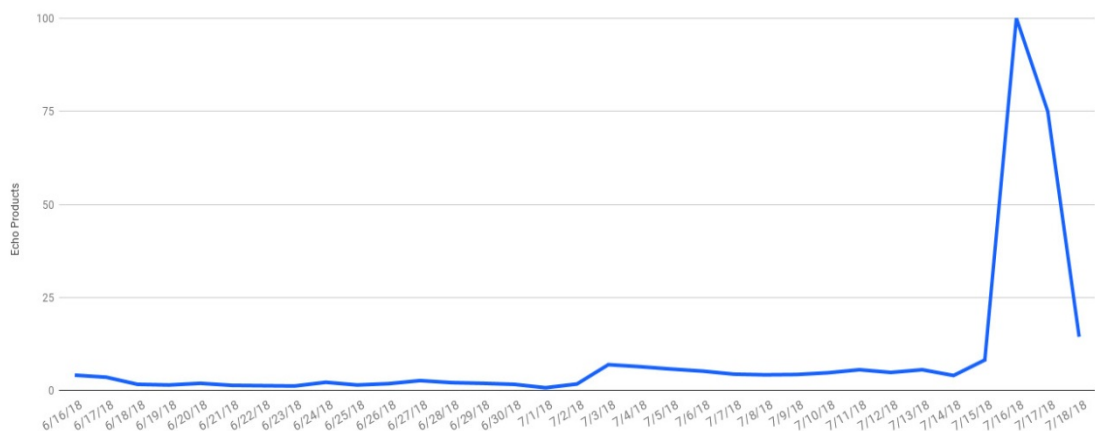


Fig: 2Source: (trends.edison.tech, 2018)

III. ADOPTION OF GLOBAL POSITIONING STRATEGY

Amazon has successfully positioned itself as a Glocal (Go global Act local) e-commerce giant where one can buy anything & get it delivered at any remote locations. The branding is done as per local taste. Using the catchphrase “AurDikhaao” in its most recent campaign in India, it has further helped them carve a differentiated space in the consumer’s mind(Bhasin, 2018).

Fulfilment Centres

Amazon has adapted delivery and fulfilment centres similar to the U.S. which uses a centralized shipping platform, which it calls Fulfilment by Amazon (FBA), to store and distribute the

products it sells. Sellers send their goods to Amazon’s fulfilment centres and pay a fee for the corporation to store, pick, pack, and ship their wares. Amazon implemented FBA in India as well, and to date has built nearly two dozen warehouses there, the largest one in Kothur in Telangana.

The company also localized its fulfilment platform in India by introducing Easy Ship and Seller Flex. With the former, Amazon couriers pick up packaged goods from a seller’s place of business and deliver them to consumers. With the latter, vendors designate a section of their own warehouses for products to be sold on Amazon.in, and Amazon coordinates the delivery logistics. This “fulfilment” approach is

convenient for sellers and has benefited Amazon by speeding up delivery of some products. (Govindrajan & Warren, 2016)

Ancillary services

Amazon has embraced certain procedures which has helped the organization to position itself distinctively by providing services like guaranteed one day delivery, exclusive deals, video and music streaming by giving Amazon Prime membership annually at an ostensible expense of INR 999 (\$15) per year. This has not only contributed to the overall growth of the company but has provided other media services on a single stage at an attractive price. The company earns through advertisements by displaying 10-30 sec videos on these platforms. India is one of the fastest growing markets for Amazon Prime. It also provides exclusive deals with Indian Cinematic Production houses. This has really boosted the Prime subscription and generated significant profits.

Secondly, site visitors demand unique experiences that cater to their needs and interests. Technology being available to smaller players helps them to capture individual shoppers' interests and preferences and generate a product selection and shopping experience led by individualised promotions tailored to them. Many E-commerce websites provide personalised experience to customers to cater to their needs and interests depending upon their location, choices, product preferences, and web-sites they visit etc. This strategy has helped companies to know customers' demands better and serve them accordingly.

Discounts and EMIs included with a solace of sitting at home and obtaining has turned into a successful driving element of E-business. Accessibility of different sites gives customers a great deal of choices to look over. Chatbots and individual help applications have made exchanges consistent. One can get a few brands and items from various merchants at one

spot. Likewise, one can get in on the most recent worldwide patterns without burning through cash on movement; one can shop from retailers in different parts of the nation or even the world without being constrained by geographic zone.

Innovative segmentation

Men in India are more enthusiastic customers than ladies to some degree in view of statistic and social contrasts. In spite of the fact that customers somewhere in the range of 25 and 34 years old were most dynamic on E-trade gateways, an astounding number of more established individuals likewise shopped online in 2016. Be that as it may, the age gathering of 15-34 years is the real customers of E-trade, a run of the mill conundrum. It has additionally brought about attracting customers between 60-65 of age make buys in view of the comfort where those potential customers may or probably won't almost certainly go to physical stores to make a buy. Likewise, there is another view for this, where it is expected that the genuine buy isn't for the old customer however for the utilization of ménage, making them the customers and family unit individuals the genuine customers which is a typical paradox misconstrued by the industry experts. Online retailers see this rising fragment as another development driver as the gradual development in versatile endorsers can be attributed for the most part to individuals who are comfortable with dialects other than English. (www.ibef.org, 2019)

Innovation is the key

Amazon is moving up the game one step further by providing augmented reality and virtual reality and integrating it with the product attributes. This will help and resolve the complains customers always have about the product, not being able to touch and feel it and provide them the assurance to make the purchase without any hesitation. This technology is in beta testing and likely to be implemented soon.



Fig: 3 Source: (Richter, 2018)

It can be interpreted from the above data that the reason to opt for Prime services is for free shipping being the first choice. It can be clearly inferred that the customers do not want to spend on shipping every time they purchase a product, instead they

prefer to subscribe prime services at a small cost which covers free shipping on all products and providing other additional benefits as well.



Fig:4 Source:(Richter, 2018)

IV. AMAZON'S GROWTH

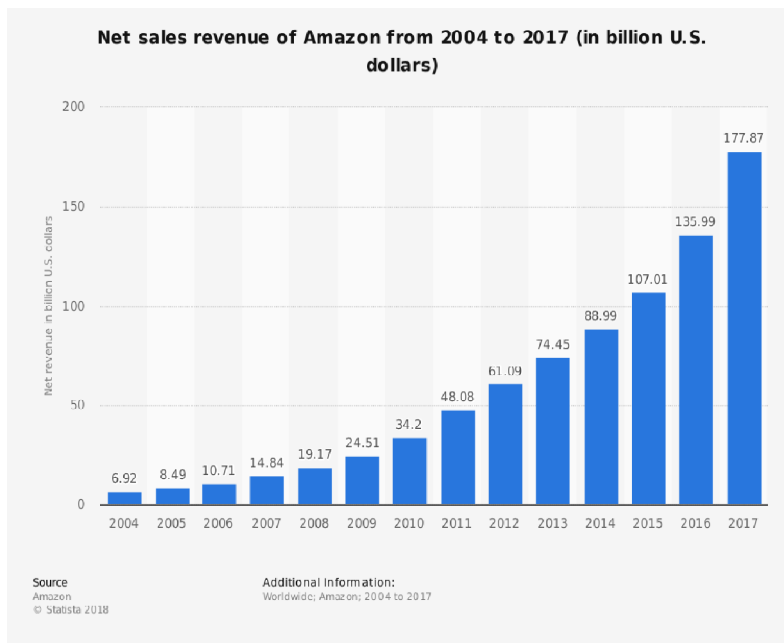


Fig: 5 Source: (Statista, 2018)

Amazon has witnessed a year on year growth in its revenue and has become a key player in the e-commerce industry. Providing IT Infrastructure services has helped in the sales growth of the company.

VI. COMPARISON OF AMAZON WITH OTHER RETAIL E-COMMERCE IN INDIA

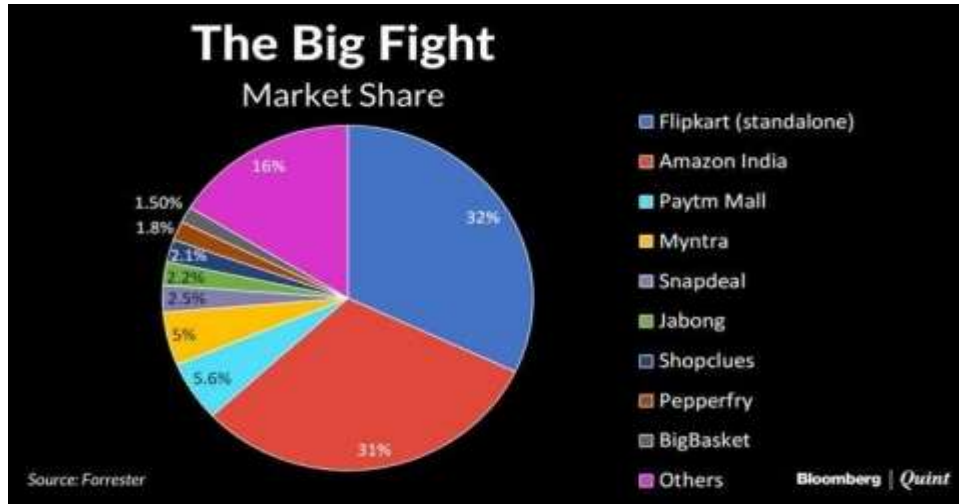


Fig: 6 Source: (Sharma, 2018)

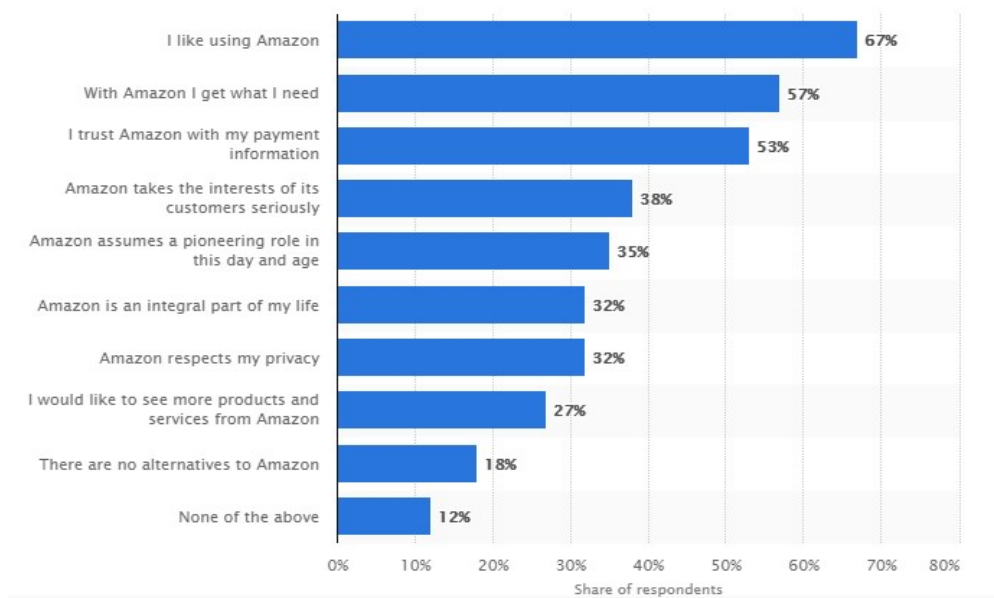
VII. CONSUMER PERCEPTION OF AMAZON

According to a survey conducted by VERGE-Reticle Research, Amazon is by far the most trusted and well-liked tech brand, more than its current smart home rivals Apple and Google. This sentiment may prove to be more significant than any other consumer metric in the years to come, as Amazon continues to aggressively push into hardware products that are primarily designed to listen and respond to our every command in the home.

The survey further finds that not only do consumers trust Amazon with sensitive personal details about what they purchase and data about their interests, they trust the brand

almost as much as they trust their bank. Among the top five big tech brands — Amazon, Apple, Google, Facebook, and Microsoft — Amazon ranks highest among consumers asked how willing they'd be to recommend the company's services to friends and family.

The reasons for Amazon taking the lead on consumer trust is that the brand has for years now spent billions, even suffering wildly inconsistent quarterly financial results, to improve its services and enter new markets. Unlike Apple, which has the largest cash hoard of any company on the planet, Amazon maintains the appearance of prioritizing the value and efficiency of its services, like its Prime membership, over financial gain. (Beard & Joel, 2017)



U.S. consumer perception of Amazon as a company 2017 (Source: Statista, 2019)

Fig:7

VIII. WHAT EXPERTS FROM ALL OVER THE WORLD THINK ABOUT E-COMMERCE CHANGING TRENDS?

Trend #1: Entrepreneurial E-Commerce Breakout

Ecommerce will be more important than ever in 2018. Luckily, it's also incredibly easy to get started. Expect to see an influx of e-comm entrepreneurs ready to get their digital feet wet.

It's never been easier to launch your own online store, find a product to sell, or start an advertising campaign. In the near-future we'll see even more aspiring entrepreneurs breaking through into the world of ecommerce, who may not have had the means to do so previously." —Tomas Slimas - Co-founder and Chief Marketing Officer, Oberlo. (Popomaronis, 2017)

Trend #2: Smarter, Faster, Blockchain-Enabled AI

As AI-powered chatbots become even smarter, expect the rise of artificial intelligence chatbot interfaces to continue. Combined with opportunities like blockchain technology, the power of chatbot messaging to fuel the future of retail is nothing short of astounding — the timing is ripe, too.

In 2018 we'll see more companies investing in chatbot services to automate part of their customer service process. The market for chatbots and automated customer service is growing; a Business Insider survey reported that 80% businesses expect to have chatbot automation implemented to some extent by 2020. A LivePerson survey of 5,000 consumers showed that 67% had used a chatbot for customer support in the last 12 months." —James Gurd - Owner, DigitalJuggler. (Popomaronis, 2017)

Trend #3: The Customer Journey Will Get Smarter

From virtual personal shoppers to personal recommendation technology powered by AI software, the future of retail is will indeed be more personalized.

During the coming year, it's likely consumers will increasingly choose to shop with brands that demonstrate customer centricity across all facets of their business, from personalized, customer-aware marketing to shopper-friendly shipping and return policies." Jimmy Duvall - Chief Product Officer, BigCommerce. (Popomaronis, 2017)

Trend #4: An Even Bigger Year for Amazon

We've only begun to see Amazon's impact on the retail landscape. They're transforming the way brands like Walmart compete and acquire customers; this trend will continue as Jeff Bezos and gang double-down on opportunities like voice-activated shopping and the international expansion of their Prime offerings.

I'd say the trend that'll have the biggest impact on ecommerce in 2018 will again be Amazon. Their growth is continuing to advance at an incredible rate, and they're changing the ways in which independent merchants have to sell, think and operate

online" — Andrew Youderian -Founder, eCommerce Fuel eCommerce Fuel.(Popomaronis, 2017)

Trend #5: Continued Emergence of Opportunity

Technology will continue to transform the digital landscape. Look for technological advances in everything from sensors to augmented reality (AR) that influence how consumers shop and interact with brands.

I think the 'nobody is 100% offline anymore' is the critical part. That and tech is getting more user-friendly & the users are getting more tech-savvy, which means there's a whole new area between 'traditional ecommerce' and 'traditional offline retail' opening up — it will be an exciting space that rewards bold new entrants." — Visakan Veerasamy -Content strategist, CandyBar.(Popomaronis, 2017)

Trend #6: More Subscription Box Models

We'll see more brands adopt a subscription mentality with part of their product inventory. This trend will continue to grow as retailers realize they must compete with subscription offerings if they hope to adapt and survive.

"I believe that the subscriptions segment of the eCommerce market is going to continue to grow rapidly in 2018. But beyond subscription boxes, many online retailers are finding a lot of success by adding subscription models onto their traditional eCommerce model." — Danny Halarewich - LemonStand Founder & CEO, LemonStand.(Popomaronis, 2017).

It may be concluded from the above that future lies not only in exploring newer segmentations(including hybrids), but also by perpetually augmenting your brands through innovative value additions so that not only the sales keep increasing but also the exhilaration continues to stay in the mind of the brand-loyal customer.

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