

A Study on Customer Satisfaction and Loyalty towards Amazon

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ABSTRACT

The study focused on the purchasing pattern of the consumers, to evaluate the satisfaction level of services provided by Amazon, loyalty of the customers towards Amazon. For fulfilling these objectives descriptive research design has been used. The data from 100 respondents have been collected from the area of Gurugram city. Tools like charts, pie-diagrams, bar-diagrams, sub-divided bar diagrams and cross-tabulation has been used for analysis of the data. It has been found that most of the respondents are satisfied with all the attributes i.e. loyalty, satisfaction, purchasing pattern. There is not even a single respondent who is very dissatisfied with Amazon. But still there are few respondents who are not making purchases from Amazon due to some of the short-coming from Amazon side. Amazon should work towards them so that it can increase its customers and finally profit.

1. Introduction

Amazon is an American E-commerce company based in Seattle, Washington it was founded by Jeff Bezos on July 5, 1994. According to revenue and market capitalization, Amazon is the largest internet retailer in the world and in the terms of total sales it is the second largest after Alibaba group. It gave a kick start with E- bookstore and later on expanded electronics, food, toys, jewellery, video download; MP3. Amazon also manufactured consumer electronics such as Kindle e-readers, Fire tablets, Fire TV, and Echo and is the world's largest provider of cloud infrastructure services. Amazon is growing with a fast pace having huge number of suppliers, partners, distributors and the kings of the market. Amazon is said to be the titan of e-commerce, payment system, media, hardware, data storage/ data mining, and logistics. Amazon's 2016 annual report says that Amazon became the fastest company ever to reach \$100 billion in annual sales. Also, Amazon Web Services is reaching \$10 billion in annual sales ... doing so at a pace even faster than Amazon achieved that milestone. Amazon's report said that "We want Prime to be such a good value; you'd be irresponsible not to be a member". Amazon's report says that it has grown from 30,000 employees in 2010 to more than 230,000 currently (Amazon annual report 2016). Amazon's every decision is based on the "flywheel" philosophy. Amazon CEO Jeff Bezos borrowed this term from business consultant Jim Collins back in beginning stage of Amazon. This philosophy describes a cycle in which the company cut down the prices which finally leads to increase in sales and more & more customers. This gives the company benefit of economies of scale. Jeff Bezos decided the name of his business after the biggest river in the world. Jeff Bezos also purchased the web address for "relentless.com". This address redirects to Amazon. Bezos gave customers the most priority and sometime even the shareholders of the company were not in favour. Amazon became public in May 1997; it earned losses for the next six years and earned profit thereafter.

Customer satisfaction means when the customer's expectations are fulfilled. Customer loyalty comes if the

customer is satisfied, it means when the customer prefer to purchase from only one company or shop due to high degree of satisfaction then the customer is said to be loyal. For any company it is necessary to keep the king happy.

1.1 Customer Loyalty

Customer loyalty can be said to have occurred if people choose to use a particular shop or buy one particular product, rather than use other shops or buy products made by other companies. Customers exhibit customer loyalty when they consistently purchase a certain product or brand over an extended period of time. As an example, many customers stick to a certain travel operator due to the positive experiences they have had with their products and services (Financial Times). Customer loyalty is the key objective of customer relationship management and describes the loyalty which is established between a customer and companies, persons, products or brands. The individual market segments should be targeted in terms of developing customer loyalty

1.2 Customer Satisfaction

"Customer satisfaction is one of the most important issue concerning business organization of all types, which is justified by the customer oriented philosophy and the principles of continues improvement in modern enterprise" (Arokiasamy, 2013). The concept of marketing lay in front that a satisfied customer will always be more probable to repurchase, or will have the intent of ordering another time, than those who are discontented. It is expected that customer satisfaction and their retention are the most vital long term goals. Reichheld and Sasser (1990) suggested that new buyers cost more to serve than repeat customer, which means that repeat customers are benefiting a firm's cost structure. Company's chief prearranged goal sure to reduce buyer retreat and to expand purchase intention rates buy, as confirmed by the newest stress on customer relationship management. When large number of satisfied buyers assures to repurchase in near future then those customers can help the company to cut marketing cost and stabilizes the sales.

2. Objectives

- To analyse the purchasing pattern of the consumers with Amazon.
- To evaluate the satisfaction level of services provided by Amazon among customers.
- To analyse the loyalty of the customers towards Amazon.
- To evaluate the difference in customer satisfaction and loyalty with Amazon on the basis of gender and age group.

3. Research Methodology

Research Design and Sample

Descriptive research design has been used in the study. This study used a statistically sample of population to determine the occurrence of an outcome of interest, for the population, generally for the purpose of knowing the consumer satisfaction and loyalty towards Amazon, in the area of Gurugram city.

4. Result

The consumers making purchases online specifically from Amazon have been targeted, from the area of old Gurugram city. With the help of convenient sampling the data from 100 respondents have been selected. Convenience sampling has been used because of ease of choice of sample unit. It was the random selection of people from the area who make online purchases.

Data collection

a. Primary data—Primary Data collected from the respondents with the help of self-structured questionnaire and face to face interview.

b. Secondary data—Secondary Data collected from different sources:

- Magazines
- Journals
- Websites
- Books
- Newspapers
- Online resources
- Blog

Table no-1: Demographic profile

S.no	Demographic profile	Number of respondent	Percentage of respondent
1	Gender		
	(i)Male	47	47
	(ii) Female	53	53
2	Age group		
	(i)18-24	58	58
	(ii)25-34	25	25
	(iii) 35-44	12	12
	(iv) over 55	5	5
3	Occupation		
	(i)Student	45	45
	(ii)Business	15	15
	(iii)Profession	17	17
	(iv)Service	23	23
4	Marital Status		
	(i) Married	29	29
	(ii) Unmarried	71	71
5	Monthly Income		
	(i)0-20,000	50	50
	(ii) 20,000-50,000	28	28
	(iii) 50,000-1,00,000	14	14
	(iv)Above 1 lakh	8	8

Interpretation- First question is about demographic characteristics. So, as we can see in table one, there are fifty-three female respondents and forty-seven male respondents out of the total hundred respondents. Out of these hundred respondents, 58% respondents are of age group 18-24. 25% of the respondents are of the age groups 25-34. The respondents of the age group 35-44 and above 55 are 12% and 5%

respectively. In the section of occupation it has been found that most of the respondents are students that are 45%. Then there are 23% of the respondents who are in service. Then it is 17% and 15% of the respondents who are in profession and business. It can also be seen that 50% of the respondents are from the income group of 0-20,000 as most of the respondents are student. Respondents from 20,001-50,000 and 50,001- 1

lakh income groups are having 28 and 14 percent respondents respectively. 8 respondents are from the income group of above 1 lakh. In total there are 100 respondents.

Table-2: Ever purchased from Amazon

S.NO	Ever purchased from Amazon	No. of respondent	Percentage of Respondent
1	Yes	60	60
2	No	40	40
	Total	100	100

Interpretation- There are total 100 respondents as seen in table-2, out of which 60% of the respondents have made the purchases from Amazon and 40% have not made any purchases from Amazon.

Table-3: Reasons for not making purchases

S.NO	Reasons for not making purchases	No. of respondent	Percentage of Respondent
1	Lack of interest in online shopping	19	47.5
2	Don't know about the site	2	5
3	Poor services	6	15
4	Others	13	32.5
	Total	40	100

Interpretation- It can be seen from the table-3 that there are various reasons of not making purchases from Amazon. There are total 40 respondents who have never made any purchases from Amazon. 47.5% of the respondents said that they have lack of interest in online shopping. 5% of the respondents said that they don't know about the site. 15% of the respondents shared that Amazon have poor services. 32.5% of respondents have given various other reasons for not making purchases such as lack of trust, no delivery in their area, fear of false product etc.

Pattern of making purchases from Amazon

Table-4: Last purchases made from Amazon

S.NO	Last purchases made from Amazon	No. of respondent	Percentage of respondent
1	Recently	25	41.7
2	Before months	22	36.7
3	Before one year	5	8.3
4	More than one year	8	13.3
	Total	60	

Interpretation-Out of 60 respondents it is seen that 41.7% respondents have made their purchases from amazon recently. 36.7% of the customers have made their purchases before 6 month. 8.3% and 13.3% respondents have made their purchases before one year and more than one year simultaneously.

Table-5: Condition in which you mostly purchase the products

S.NO	Condition in which you mostly purchase products	No. of respondent	Percentage of respondent
1	New	48	80
2	Used	2	3.3
3	Both	10	16.7
	Total	60	

Interpretation-It is depicted from the table-5 that 80% of the respondents prefer to purchase new products. Used products are used by only 3.3% respondents. 16.7% of the respondents use both the type of products.

Table-6: Pattern of making purchases (VO= Very, O= Often, Nu= Neutral, S= Sometimes, N= Neutral)

S.NO	Pattern of making purchases	VO	O	Nu	S	N	Total
1	Frequency of making purchases from Amazon	14(23.3)	21(35)	6(10)	16(26.6)	3(5)	60
2	You look for a particular category of product while purchasing	12(20)	24(40)	8(13.3)	10(16.6)	6(10)	60
3	Sales, discount & offers affect you purchasing decision	25(41.6)	22(36.6)	8(13.3)	4(6.6)	1(1.6)	60
4	"Recommendations for you" shown by Amazon does affect your purchases	11(18.3)	20(33.3)	11(18.3)	12(20)	6(10)	60

Interpretation-Table-6 shows pattern of making purchases from Amazon, it contains various variables which reflect the pattern of making purchases. First variable is, frequency of making purchases from Amazon, this reflects that out of 60 respondents 35% respondents often make purchases from Amazon. Second variable is regarding weather respondents look for a particular category of product while making purchases, it reflected that 40% of the respondents often look for a particular category of product while purchasing.

Third variable is regarding weather sales, discounts and offers affect their purchasing decision, it has been found that 41.6% respondents are very often affected by it. Forth variable study that weather "Recommendations for you" shown by Amazon affect their purchasing decision, it was found that out of 60, 33.3% of the respondents are affect by them.

All-over it is found that Amazons sales, discounts and offers are strongly affecting consumer's decision.

Table-7: Category of product you prefer to purchase

Category of products you prefer to purchase	VO	O	NU	S	N
Books	10(16.6)	9(15)	16(26.6)	6(10)	19(31.6)
Shoes, Clothes & Jewellery	12(20)	24(40)	6(10)	12(20)	6(10)
Electronics	10(16.6)	16(26.6)	15(25)	11(18.3)	8(13.3)
Home, Garden& Tools	8(13.3)	13(21.6)	6(10)	12(20.0)	21(35)
Grocery, Health & Beauty	13(21.6)	10(16.6)	11(18.3)	9(15)	17(28.3)
Sports & Indoor	7(11.6)	14(23.3)	5(8.3)	9(15)	25(41.6)
Others	7(11.6)	9(15)	19(31.6)	12(20)	13(21.6)

Interpretation-Table 7 reflects the category of products the customers prefer to purchase. Various products, liking has been measured on likerts scale. First product is books; it has been found that 31.6% of the customers never prefer purchasing books from Amazon. Second category of product is clothes, shoes & jewellery; it has been found that 40% of the consumer's oftenly purchases these items. Third category of product is electronic items, 26.6% of the customer's oftenly purchase electronic items. Forth category of product is home, garden & tools, it has been seen that 35% of the customers never purchase these items from Amazon. Fifth category of

item is grocery, health & beauty it has been found that only 21.6% of the customer's often purchase these items whereas, 28.3% of the customers never purchase these items. Sixth category of item is sports & indoor, it has been found that very rarely customers purchase these items, 41.6% of the customers never purchase this category of product. Last category of product is of other items, 31.6% of customers are neutral about purchasing these items. All over we can see that clothes, shoes & jewellery are the most preferable items. Sports & indoor are the least preferred products.

Table 8: Reasons for making purchases from Amazon
(SA = Strongly agree, A = Agree, Nu = Null, SD = Strongly Disagree)

Reason for making purchases from Amazon	SA	A	NU	D	SD
Trust/Security	19(31.6)	30(50)	9(15)	1(1.6)	1(1.6)
Enjoyment	13(21.6)	29(48.3)	15(25)	1(1.6)	2(3.3)
Timely fulfilment of order	19(31.6)	25(41.6)	14(23.3)	2(3.3)	0
Confidentiality of personal information	16(26.6)	26(43.3)	15(25.0)	3(5.0)	0
Membership rewards	9(15.0)	17(28.3)	16(26.6)	10(16.6)	8(13.3)
Reasonable price & good quality	14(23.3)	24(40.0)	15(25.0)	2(3.3)	5(8.3)
User friendly	17(28.3)	26(43.3)	8(13.3)	5(8.3)	4(6.6)
Others	11(18.3)	17(28.3)	21(35.0)	4(6.6)	7(11.6)

Interpretation- It is clearly visible in table-8, 50% of the respondents agree that trust and security are the major reasons, inducing them to make purchases from Amazon. Whereas only 1.66% of respondent strongly disagree that trust and security are not the major reasons inducing them to purchase. Second factor is enjoyment, 48.3% of respondents agreed that it of one of the major reason due to which they make online purchases from Amazon. 41.6% respondent agreed and 31.6% respondents strongly agreed that timely fulfilment of order is one of the major reason compelling them to make purchases from Amazon. As visible in figure and table, 43.3% of the respondents agree that confidentiality of information is the reason for which they make purchases from

Amazon. Whereas only 5% of the respondents disagree that this is not the reason for which they make purchases from Amazon. 28.3% of the respondent agrees that membership awards are the reason for their making purchases from Amazon. 40% of the respondents said that reasonable price and good quality are the reasons for which they make purchases from Amazon. As, seen in the table and figure 43.3% and 28.3% of the respondent agree and strongly agree that user friendly site is the reason for which they are making purchases. Most of the respondents are neutral towards other products. It can be seen in the table that trust and security are the most rated factor.

Table 9: Satisfaction with services provided by Amazon
(VS = Very strong, S = strong, NU = null, VD = Very disagree

Services provided by Amazon	VS	S	NU	N	VD
Satisfaction with the security services provided by Amazon	19(31.6)	27(45.0)	11(45.0)	2(3.3)	1(1.6)
Satisfaction with the content and information of products provided by Amazon	11(45.0)	32(53.3)	12(20.0)	4(6.6)	1(1.6)
Satisfaction with the help services provided by Amazon	14(23.3)	23(38.3)	17(28.3)	4(6.6)	2(3.3)
Satisfaction with pre and after sales services	13(21.6)	28(46.6)	13(23.3)	2(3.3)	4(6.6)
Satisfaction with product quality and prices	12(20.0)	24(40.0)	16(26.6)	3(5.0)	5(8.3)
Satisfaction with the user interface of the site	13(21.6)	23(38.3)	15(25.0)	7(26.9)	2(11.6)
Satisfaction with the process involved in purchase and return of goods	15(25.0)	18(30.0)	20(33.3)	4(6.6)	3(5.0)

Interpretation-As seen in in table 9, 45% and 53.3% of the respondents are satisfied with the security services provided by Amazon and with the content and information of the products provided on site respectively. Only 1.66% of the respondents are very dissatisfied with the services and content and information of products on site. 23.3% and 21.6% of the respondents are very satisfied with the help services and pre and after sales services. 3.33% and 6.66% of the respondents

are very dissatisfied with the help and pre and after sale services. 40% and 38.3% of the respondents are satisfied with the product quality and prices, and user interface of the site respectively. 5% and 11.6% of the respondents are not too satisfied with the product quality and prices, and user interface of the site. Most of the respondents are neutral with regard to process involved in purchase and return of goods.

Table 10: On the whole satisfaction with Amazon

S.NO	On the whole satisfaction with Amazon	No. of respondent	Percentage of respondent
1	Very Satisfied	7	11.7
2	Satisfied	35	58.3
3	Neutral	12	20
4	Not too satisfied	6	10
5	Very dissatisfied	0	0
	Total	60	100

Interpretation-It is clearly visible from the table that 58.3% of the respondents are satisfied with Amazon on a whole, this is because Amazon is playing a great role in making the customer happy. 11.7% of the respondents are very satisfied with Amazon. 20% of the respondents are neutral and 10%

are not too satisfied, this is because still Amazon is lacking somewhere to make its customers happy. It is important to state that not even a single respondent is very dissatisfied with Amazon. So, over all we can say that mostly people are satisfied with Amazon.

Table-11: Customer loyalty towards Amazon

Customer Loyalty towards Amazon	SA	A	Nu	D	SD
Prefer to make purchases from Amazon	13(21.6)	26(43.3)	15(25.0)	4(6.6)	2(3.3)
Recommended Amazon to others	11(18.3)	27(45.0)	11(18.3)	11(18.3)	0
Promoted Amazon in any way like praising , sharing links	13(28.3)	17(28.3)	18(30.0)	9(15.0)	3(5.0)
Buy every new product offered by Amazon	5(8.3)	17(28.3)	19(31.6)	14(23.3)	5(8.3)
Less sensitive to the price changes made by Amazon	7(11.6)	16(26.6)	23(38.3)	10(16.6)	4(6.6)
Willing to share the ideas on improving the products & services provided by Amazon	6(10.0)	24(40.0)	16(26.6)	11(18.3)	3(5.0)

Interpretation-It is interpreted that 43.3% of the respondents agree that they prefer to make purchases from Amazon only; this is because 43.3% of the respondents are loyal towards Amazon. Only 3.33% of the respondents strongly disagree that they prefer to purchase from Amazon, this shows that they are not loyal towards Amazon. 45% of the respondents agree that they have recommended Amazon to others. 28.3% of the respondents agree that they have promoted Amazon, whereas 30% of the respondents are neutral on this. 31.6% of the respondents are neutral on buying

every new product offered by Amazon, as they neither agree nor disagree. 8.33% of the respondents strongly disagree that they purchase every new product offered by Amazon. Only 11.3% of the respondents strongly agree that they are less sensitive to the price changes made by Amazon. 38.3% of the respondents are neutral to price changes. 40% of the respondents agree that they want to share the ideas on improving the products and services provided by Amazon. It can be seen from the Table 15 that overall respondents agree towards loyalty variables.

Table 12: Factor drives you back to shop from Amazon

Drives you back to shop from Amazon	SA	A	N	D	SD
Good quality & Reasonable prices	15(25.0)	28(46.6)	11(18.3)	5(8.3)	1(1.6)
Good pre-sale and after-sale services	14(23.3)	24(40.0)	18(30.0)	3(5.0)	1(1.6)

Convenient & safe website	12(5.0)	25(41.6)	17(28.3)	5(8.3)	1(1.6)
Best offers & sales	13(21.6)	21(35.0)	18(30.0)	5(8.3)	3(5.0)
Others	10(16.6)	15(25.0)	21(35.0)	9(15.0)	5(8.3)

Interpretation-As seen in table 12, 46.6% of the respondents agree that good quality & reasonable prices drives them back to shop from Amazon, most of the respondents agree with this because Amazon is providing good quality and reasonable prices products. 23.3% of the respondents strongly agree that good pre-sales and after-sales services drives them back to shop from amazon, whereas only 1.66% of the respondents strongly disagree. 41.6% of the respondents agree that convenient and safe website drives them back to shop from Amazon. 35% of the respondents are neutral towards other reasons driving them to purchase from Amazon.

5. Findings

The information collected from 100 sample respondents in the study area of Gurgaon city were tabulated, analysed and

the findings of the study are presented under the following points:

- Most of the respondents are youngsters and students.
- It has been found that 40% of the respondents have never made purchases from Amazon.
- Majority of the respondents said that they have lack of interest in online shopping. Various other reasons have also been specified by the respondents such as no delivery in their area, fear of false products; don't trust Amazon and various others.
- Gender and reasons for not making purchases; it is found that 9 males and 10 females say that they have lack of interest in online shopping. Single male and female respondent say that they don't know about the site. Two males and four females say that they don't purchase due to poor services.

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