



Expert Speak

Know Your Customer to Delight Your Customer

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If capital is the fuel for a successful business, the customer is definitely the engine that drives it. In a growing sector like e-commerce in India, with choices galore, the customer remains the king and a successful customer journey begins when you step right into the customer's shoes to know their needs and expectations. Take a walk-through with Kishore Thota who shares his insights in this informative article on building successful customer journeys and fulfilling the needs of a customer by offering them a vast selection, at the right price as per their convenience.

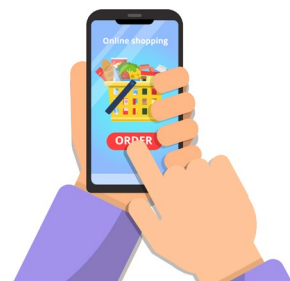
E-commerce has completely revolutionised the way we shop and continues to do so by pushing the boundaries and defining new customer, business, and interaction models. E-commerce apps and in general, consumption apps are inventing and providing customers with a wide array of choices across hundreds of use cases. As more customers adopt these digital means, they demand more, and are “divinely discontent.” It may be an academic conversation on whether the growing customer demands fuelled the innovation and transformation or vice-versa. Irrespective, the e-commerce sector is growing in India and the biggest beneficiary is the Indian consumer.

Statistics¹ suggest that the Indian e-commerce market will reach US\$ 99 billion by 2024, growing at a 27% CAGR over 2019-24, with grocery and apparel likely to be the key drivers of incremental growth.

High penetration of the internet fuelled by the lowest data costs in the world, increase in relevant content, improved logistics infrastructure, and rapid growth in digital payments along with a host of entrepreneur and investor interest, have opened up this space for rapid invention-driven growth and various business models. A leading research report² predicts that India is likely to have 900 million active internet users by 2025 as against around 622 million as of 2020, registering a growth of about 45% in the next five years. The report suggests that even though the internet penetration in urban regions is more than 2X that of rural, usership in rural has been growing at a faster rate on a year-on-year basis.

Unleashing India’s Untapped Market Potential

If you look at the growing number of internet users in India, an average of 60 to 80 million internet users are being added every year. Look closer, and you will find that these new users are from the smaller cities and non-metro markets. They are different from our early adopters of technology in the e-commerce cycle. From 2018 onwards, a majority of the growth that has been taking place is from outside of the metros.



¹Indian Ecommerce Industry Analysis. (2019). Ibef.org. <https://www.ibef.org/industry/e-commerce-presentation>

²For Immediate release India's active Internet population likely to touch 900 million by 2025: IAMAI-Kantar ICUBE 2020 Report. (n.d.). Retrieved from <https://cms.iamai.in/Content/MediaFiles/7d9fac50-7cac-43df-93c9-0cf34fb52403.pdf>

India is a massive growth market with its sheer scale and diversity. The enormous potential of the e-commerce sector is still being explored and it is more than a level playing field in terms of the competition. This space is so vast that it will always have multiple players trying to improve very pointed aspects of customer experiences, and eventually making the lives of an Indian customer better. Being a young, growing sector, it provides an environment which is ripe for innovation and enough space for healthy competition, which is beneficial to both customers as well as platforms.

Customer journeys and satisfaction, thus, largely depend on how far an organisation is willing to go with its technological advancements and digital innovations, to tap deeper into the markets, ensuring even the remotest customer is on board.

For instance, we at Amazon, are observing significant adoption from tier-II and below cities. 85% of our new customers are from tier-II and below cities and we are expecting to acquire our next 500 million customers from these tiers. Over 65% of orders and over 50% of sellers on our platform are from smaller cities. This is the result of conscious and concerted efforts to understand and methodically invent on their behalf to remove customer barriers to adoption.

Understanding Your Customer

For us, understanding the customer really starts with understanding the customer barriers first, listening to them, and empathising with their needs and challenges. Then, ideating on how to overcome those challenges and as an experience builder, interpreting that core need and mapping it to a solution, is one of the most important traits. As you think about the best way to solve

a problem or fulfil a need, naturally, there are many ways to do it. For instance, if people cannot read, can an image help? Can a video help? Or do they even need to consume that information, can we eliminate it altogether? So, we believe it is really important to identify the core need and ideate 'backwards' from there. Sometimes you may realise that you actually do not have the competency needed to build that solution, but that is a better position to be in, early on in the cycle.



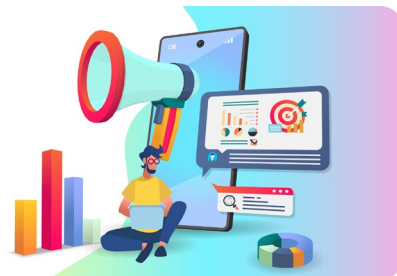
In addition, as you evaluate solutions, timing and scale are critical dimensions any builder will face—going through a deliberate process where experimentation, speed, and scale live in perfect harmony—to build a solid product strategy and experience roadmap.

When we first built Kindle, we were not experts in building devices. We were not experts in network operations either. But working backwards basically says, here is a problem to solve. Let us figure out a way to solve it and it does not matter how. Many organisations may take a contrary view to it by doing what they are good at and then presenting something to the customer packaged in a way that could be attractive to them. But that approach may not always work. As Jeff Bezos says, “What works for us is that customers are always divinely discontent. Their expectations are never static, they go up.” They always need to be presented with multiple opportunities to shop, engage, or transact in multiple places. And as long as you provide them with the right experience, they will engage with you. The moment you are not able to do that, and somebody else is, they will just move on to the next option that offers them that experience. So, this keeps us very close to what a customer’s need is, and we just work backwards from their perspective.

Earning Customer Loyalty

So how do you ensure that your customer remains yours? Here are some factors that help:

Unique experience: To ensure that customers continue their journey with you, giving them a unique, valuable experience is the key. Ask yourself—do you have the product that they need? Can you get it into their hands? Can you list your product in a competitively priced manner through your sellers, and can the customer get it



in a reasonable amount of time? It does not require a fancy programme. You just need to have the right input. Universally, a customer needs three basic things—*selection, pricing, and convenience*. If you are able to provide these three, your customer will have no reason to switch loyalties. For instance, at Amazon, we add more selection for our customers each day such that we stay true to our objective of being the de-facto destination for anything they want to buy, and continuously

elevate the convenience of those transactions. Similarly, we are continuously personalising the experience across various use cases—someone who is buying a mobile phone is looking at different aspects of buying, such as researching for the right device, getting the best price, financing, accessories, and insurance for the device, etc. Likewise, a customer looking for a beauty product has a different set of needs. Ensuring that all cohorts of customers get a personalised, gratifying and delightful experience, is what we aspire to do every day.

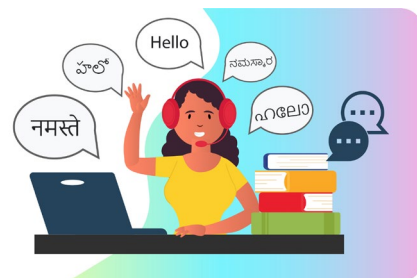
On-time delivery: Next comes the delivery part.

Another key aspect to ensure in a customer's journey is to make sure that the customer is served well on time. India has around 20,000 serviceable PIN codes. To make sure that customers have a uniform, core-shopping experience that they expect, we opened a considerable number of



delivery centres and in one single step, we were able to double the PIN codes that we were serving, and our customer acquisition continues to increase.

Eliminate language barriers: To understand your customers better and to maximise your own reach, give them the freedom to interact with your platform in a language they speak. In addition to English, customers can shop in vernacular languages including Hindi, Kannada, Telugu, Tamil or Malayalam with us. Between



April-September 2019, the adoption of shopping experience in Hindi grew by 3X. When COVID-19 hit the globe, many customers who were otherwise still unprepared to switch to online shopping for various reasons, had to rely on e-commerce websites and apps to meet their daily needs. Last year, we launched, 'Voice Shopping' powered by Alexa (Amazon's AI enabled virtual assistant) to enable our customers to shop and pay bills by using voice commands. Within six months of its launch, customers using voice shopping grew by 4X and utterances (specific phrases that customers use while interacting with Alexa) grew by 9X. Not only did it help in making the customer experience delightful, it also provided an inclusive approach, thus improving the customer experience for those who may otherwise find it difficult to type or shop in a language they are not comfortable with.

Forging an Integral Business Ecosystem

During 2020, with lockdowns becoming the new normal, businesses and consumers increasingly went digital. Consumers purchased more goods and accessed more services online, raising e-commerce's share of global retail trade from 14% in 2019 to about 17% in 2020 per a report.³

The e-commerce sector has helped forge a unique business ecosystem for both sellers and customers by providing equal opportunities of growth for everyone. Owing to its omnipresent reach, small entrepreneurs, unique sellers such as weavers, artisan communities, craftsmen, etc. who would have otherwise not been able to even showcase their products across the country, now have customers from all parts of the world placing orders for their products. To empower and lend more visibility to these local sellers and small and medium businesses, Amazon India launched its *Karigar* programme in 2016. This was aimed at leveraging the power of digital technology to revive the authentic, indigenous arts and handicrafts of India. Under this programme, artisans retail their unique 'Made in India' offerings to any part of the world. This programme has positively impacted the lives of over one million artisans and weavers, from over 20 states and union territories as of January 2021. Even on the seller side, there is a provision of information in multiple languages for the sellers to understand how to leverage the platform and its tools. There are dedicated teams which onboard these sellers and provide them with all the necessary guidance such as ideas on how to sustain their business and make a mark for themselves. It is a win-win for customers—who get enhanced choices ranging from high-end to indigenous products, and for sellers—who get to showcase their art and craftsmanship to the world at the click of a button.

So, the next time you see a handcrafted footwear or an artisanal product from the remotest corner of India, know that it is not accidental. This was made possible after successful acquisition efforts to bring those nondescript, marginal sellers to the online world.



³How COVID-19 triggered the digital and e-commerce turning point. UNCTAD. (2021, March 15). <https://unctad.org/news/how-covid-19-triggered-digital-and-e-commerce-turning-point>.

The Internet has indeed played a huge role in making this enormous transformation especially during the last ten years. The purpose is not to reach a particular revenue number or customer count, but to transform the way India buys and sells.

Learnings from Amazon's Playbook for India

Here are some of the learnings from our journey, and these keep us afloat and tuned-in at all times:

1. It goes back to knowing what the customer needs and values. Do not lose focus of the customers. There could be many ways of solving a need, and we often try multiple models of reaching our customers and solving it, but you have to remain true to what they value, always.

2. We can build a lot of different things, but one should aspire for customer delight, build what they want, not what looks 'cool' to us. In the shopping world, it continues to be about price, convenience, and selection. To be able to delight them on those dimensions is a continuous journey.

3. The e-commerce space is where customers come to have new experiences. A customer does not owe you an explanation for jumping on to the next best option if you are unable to provide them their best experience. Be on your feet always and continue to delight your customers with unique experiences, otherwise they will transact and engage with whoever does that better.

4. Your platform needs to be relevant to your customers' needs instead of expecting them to understand how to engage with you.



Kishore Thota is Director, Customer Experience and Marketing, Amazon India. Instrumental in launching Amazon and Jungle in India, Kishore specialises in product strategy, project management, customer insights and customer experience. He loves to experiment and build customer experiences, brands, and marketing channels that increase reach, acquire new customers and engage them at scale.