

The Research of the Localization Marketing Strategy of Amazon in Germany

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Abstract: Amazon Germany has formulated a series of marketing strategies based on the shopping habits of German consumers and it has achieved success. This article summarizes the current marketing strategies of Amazon in Germany, and explores the key factors for the success of this marketing strategy. By comparing with other e-commerce platforms, this article critically analyzes the innovation and deficiency of Amazon in Germany.

Keywords: Amazon in Germany; Localization; Marketing strategy

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1 Introduction

Germany play an important role in the development of e-commerce in Europe. In 2019, German consumers spent a total of 68.41 billion euros on German e-commerce platforms, with 52 million online consumers and Amazon is their favorite e-commerce platform in Germany. According to "Digital Shopping Index" released by EY-Parthenon, Amazon and eBay Classifieds account for 66% of the German e-commerce market share and they are ahead of all other major e-commerce platforms in Germany.

In order to adapt to the consumption habits of German residents and reduce the negative impact caused by cultural differences, Amazon has implemented a series of localization measures in terms of marketing strategy after entering the German market.

So far, German Amazon has been the leader among all e-commerce platforms in Germany because of the competitive marketing strategy. This article summarizes the marketing strategies of Amazon in Germany and compares other e-commerce platforms to analyze the key factors and shortcomings of Amazon's success in the German market.

Amazon was founded in 1995 and is headquartered in Seattle, USA. The CEO is Jeff Bezos. In 1997, Amazon went public in the United States, and now it has developed into the world's most influential online retailer with multiple categories such as books, audio and video, home appliances, clothes and shoes, jewelry, home kitchens, and outdoor sports. The predecessor of German Amazon was the German online bookstore TELEBOOK which was acquired by Amazon in 1998 and now turns into Germany's largest e-commerce platform.

2 The marketing strategy of Amazon Germany

Amazon Germany has positioned itself clearly in the market expansion process while

formulated of a series of marketing strategies for German market and gradually expanding sales channels and occupying more market shares. Amazon Germany advocates a consumer-centric service concept and formulates suitable German localized marketing strategies based on the consumption habits of German.

2.1 Low price marketing strategy

Low-price marketing is a more advantageous marketing method for e-commerce than physical

stores. As one of the five largest e-commerce platforms in the world, Amazon is more mature in the use of low-price strategies and the formulation of related requirements. Amazon Germany provides consumers with a full range of products, while giving consumers additional discounts and vouchers. Consumers can buy products on Amazon at a lower price than other e-commerce platforms, which makes consumers willing to spend more time browsing product information on the website. Amazon's low-price promotion strategy has been favored by middle and low-end consumers. Regarding the price fluctuation of the goods, Amazon Germany provides consumers with price-insurance measures. In a promotion stage, if the price of the goods purchased by consumers fluctuates greatly, consumers can ask the Amazon to refund the price difference to ensure good consumers shopping experience in low-price promotions. For the low-price promotion of products, Amazon has strict regulations and management, and provides channels for the shops to report malicious low prices to prevent individual merchants from making extreme price reductions in order to attract views.

2.2 Holiday marketing strategy

A consumer behaviour survey by the German Federal Association for E-Commerce, Mail Order and Creditreform Boniversum GmbH found that 30 % of German consumers usually shop online on Saturdays and 61 % between 6 p.m. and midnight. There is a greater propensity and willingness to spend time on online shopping during weekends and festive holidays in Germany, when people get together with their families so Amazon Germany often offers discounts on holidays in accordance with the spending habits of Germans on holidays. The general forms of promotion during holidays include:

- [1] Commodity discounts calculated as a fixed amount or percentage
- [2] Free shipping for purchased goods
- [3] Comes with a freebie

During the holiday promotion , the seller will prepare sufficient goods to ensure supply capacity. In the delivery, sellers pursue fast delivery and postage in order to reduce delivery delays.

2.3 Email marketing strategy

Germans use the mail a lot and they often use e-mail in daily life. Amazon Germany places great

importance on the use of emails in its merchandising strategy. German Amazon sellers send emails with all the details of the product to the buyer as soon as the order is placed to ensure the consumer's satisfaction. After the product transaction is completed, the seller sends an email requesting the consumer's experience with the product and comments to gain more user experience. Amazon merchants send emails to potential customers with discounted offers and offer promo codes to consumers when there are discounts on products or during holiday sales. Because German email marketing laws are very strict and in order to avoid the annoyance of too many emails to customers, Amazon's customer propensity analysis system provides consumers with the product information they need to avoid receiving too many emails.

2.4 After-sales service marketing strategy

Amazon offers a consumer-centric service. Amazon has strict requirements and severe penalties for sellers in terms of product quality, which has led to a significant increase in consumer trust in the quality of goods. Amazon Germany provides consumers with a 30-day free return and exchange service and a comprehensive after-sales guarantee, perfectly addressing consumers' fears and concerns during the purchase process. These consumer-centric service strategies have made Amazon Germany gain the favourite of consumers among many e-commerce platforms. Amazon Germany guarantees they can provide good quality of its products and services such as comprehensive display of product information, timely customer service communication, fast logistics delivery and good after-sales service, which can constantly improve consumer satisfaction. By its own brand influence and good reputation, Amazon Germany has made more consumers become loyal customers, increasing the product praise and repurchase rate. Through its own brand influence and good reputation, Amazon Germany has made more experience consumers become loyal customers and increased the product praise and repurchase rate.

3 Marketing innovation

3.1 Marketing innovation based on consumer demand

German consumers have their own consumption habits, they are concerned about product quality,

shopping experience and information transparency. The Localization of product marketing means promoting products according to the habits of consumers. Amazon Germany cost a lot of money in customer service, and each part of the transaction process has dedicated certain personnel for customer service to improve customer satisfaction.

Good customer service leads to communication that leads to purchases and recommendations of similar or better quality products. In terms of information transparency, Amazon Germany encourages consumers to leave reviews, displaying both positive and negative reviews. Potential consumers can see real and valuable feedback, which increases shopping satisfaction.

3.2 Marketing innovation based on the product itself

Amazon Germany offers consumers a wide variety of goods, including a variety of well-known brands. At the same time, Amazon sells its own products as well as those of third parties. In Germany, consumers attach great importance to product quality, and Amazon must guarantee the quality of the products sold by third parties. In marketing innovation, a wide range of products attracts more consumers to browse product information and the quality factor is key to gaining consumer trust. Product quality assurance increases customer loyalty and is better promoted by good reputation. In the shipping part, the Fulfillment By Amazon model is an innovation from Amazon Germany. Fulfillment By Amazon is a new sales model in which German Amazon sellers can ship their products to the Amazon warehouse in advance, and the subsequent transaction and delivery process, including customer service, is completed by Amazon Germany, which avoids the loss of customers due to long logistics times.

3.3 Technology-based marketing innovation

When you buy a product on Amazon in Germany, you will find that it can quickly know your needs and recommend products that interest you. An Amazon spokesperson said, "Our task is to please users and let them discover wonderful products inadvertently. We believe that happiness will appear every day, and this is our measure of success."

When Amazon recommends products to consumers, it is not unfounded. Amazon has a strong business system and technical support. The core of

Amazon's technology is completely based on Linux. Amazon already has three of the world's largest Linux databases with a total capacity of 7.8TB, 18.5TB and 24.7TB. Amazon's central data warehouse consists of 28 servers, each node has 4 CPUs, running Oracle 9i database software. Multiple functions can be realized at the same time: query, record historical data, extract data, convert data and load data. Amazon's powerful technical support can predict consumer behavior based on constantly changing sales data, recommend products to consumers, and increase product sales.

4 Shortcomings in the localization of marketing strategies

4.1 Insufficient marketing promotion

Amazon Germany's merchants offer a certain level of special discounts to attract consumers during product promotions, which are advertised to consumers via email and web advertising. As a result of this approach, most potential consumers do not receive the promotional information in time. Although promotional efforts are not a hype for the product, the information should be distributed on a wider range of platforms. Posting product information and links to discounts on Instagram, Twitter and Facebook, which are commonly used by Germans, would enhance the effectiveness of marketing.

4.2 Incomplete marketing group

From the perspective of Amazon's marketing products in Germany, it is mainly book promotion, big brand digital product promotion and departmental daily necessities promotion. This type of promotional products are mainly aimed at academics, students and young digital enthusiasts. The group of these consumers does not represent the majority of consumers, and students will be restricted by funds in purchasing goods. Amazon's promotional products should include various categories, not just limited to basic needs.

4.3 Insufficient marketing efforts

The main promotional products on Amazon are big brand digital products and groceries. This type of promotional product is aimed at academics, students and young digital enthusiasts, which are not representative of the majority of consumers, and students are subject to financial constraints in purchasing goods. Amazon's promotional products

should cover all categories and not be limited to basic needs.

4.4 Insufficient marketing logistics guarantee

Products sold on e-commerce platforms require third-party logistics. German Amazon chooses UPS and DHL to deliver goods. Actually, the product delivered by other logistic company will increase certain risk to the distribution and transportation of goods. The transportation of goods and door-to-door delivery services will greatly affect consumers' satisfaction with the purchase process, and consumers also have certain difficulties in returning or exchanging purchased goods.

5 Conclusion

When a company formulate the localization of marketing strategy ,they need to fully consider cultural differences and consumer buying habits with the guidance of local culture and local market.What's more,they are supposed to regard consumers as the main service body to develop appropriate marketing strategies. Unlike other e-commerce platforms that blindly advertise, Amazon Germany collects and analyses consumer data before marketing to its targeted customers. From what have discussed

above, we can know providing consumers with comprehensive and real data, ensuring the quality of third-party sellers' products and strong technical support are indispensable elements of Amazon Germany's success.

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