

# The Double-Edged Sword: Orchestrating Framing Effects for Competitive Advantage in Amazon's E-Commerce Ecosystem

Ziyan Yan\*

Ready Global Academy, Columbus, Ohio, OH 43220, United States

\*Corresponding author: yz2603718960@gmail.com

**Abstract.** This paper provides insights into how framing effects have been used in Amazon's business competition strategy, discussing both its benefits and possible shortcomings. It posits that Amazon's market dominance is not merely a function of scale and logistics but is significantly reinforced by its sophisticated, system-wide application of framing techniques derived from behavioral economics. Through a case study analysis of Amazon's strategic practices—including time-limited promotions, personalized recommendation algorithms, and its Prime membership model—this paper delineates how these mechanisms function as deliberate framing techniques. Such framing tactics have been found to drive sales, customer loyalty, and user experience considerably. Nevertheless, the paper also singles out a number of problems, such as the manipulation of consumers, the distortion of prices, a decrease in the diversity of the market, and moral hazards. To mitigate these risks and foster a more equitable digital marketplace, the study proposes a governance framework comprising measures such as: enhancing pricing transparency, curbing the overuse of urgency framing, diversifying recommendation algorithms, and strengthening consumer protection mechanisms. The study concludes that while framing effects are a potent source of Amazon's competitive edge, their ethical deployment is paramount for sustaining consumer trust and long-term market health. It contributes to both business strategy literature by elucidating the operationalization of behavioral economics in platform competition and to consumer protection policy by outlining a normative framework for responsible practice.

**Keywords:** Framing Effect, Amazon, E-commerce Strategy, Behavioral Economics, Consumer Decision-Making.

## 1. Introduction

### 1.1. Research Background

The framing effect is an established cognitive bias in behavioral economics. In the digital age, where consumer attention is scarce and choice architecture is dictated by platform design, the strategic application of framing effects has become a critical determinant of competitive advantage. This describes a situation where people make different choices based on how the same product information is shown. In shopping, customers often pick differently when a discount is written as "\$5 off" compared to "5% off." This shows that the way something is phrased can change what people buy. As more people shop online around the world, the effect of these small wording changes becomes even stronger. This is because websites rely completely on how they display information—like product details, prices, and special offers—to influence customers.

Amazon, as a top global online store, uses this method widely. Since starting in 1994, it has grown into a market leader serving millions of people with all kinds of goods. Its success isn't only due to its large size and fast shipping, but also because it skillfully shapes how customers see things through presentation. For example, Amazon uses phrases like "Limited-time deals," "Deal of the day," and "Frequently bought together" to guide buying decisions. These create urgency and change how customers view products, ultimately influencing their choices. These methods demonstrate how Amazon builds word-of-mouth effects into its strategy to increase sales and maintain loyalty.

Studying the effects of framing on Amazon's business competition matters for two reasons. For business, understanding how Amazon uses framing shows why it stays competitive in different markets, even with other global retailers. For society, looking at these strategies shows how much

platform design and marketing affect consumer choices. As digital platforms shape buying habits more and more, exploring how companies like Amazon use framing effects is both relevant and important. Because framing is central to digital commerce, we should connect Amazon's practices to wider academic research on this topic.

## **1.2. Literature Review**

A lot of research shows that framing effects strongly shape how consumers decide. This gives us a theory to understand modern online selling. Chen, Monroe, and Lou found that how a price promotion is shown changes what consumers think and what they plan to buy [1]. Their work showed that for costly items, a dollar-off deal works better than a percentage discount. For cheaper items, the opposite is true. This finding helps explain why Amazon uses different discount formats for different products to make the deal seem as good as possible.

Khan and Dhar added to this idea by studying how framing affects choices when buying product bundles [2]. Specifically, they noted that consumers became more receptive to suggestions about savings made in a context such as Amazon Better Together, where the hedonic and not utilitarian item was framed. This means that the strategic bundling initiated by Amazon is not merely a pricing strategy but also a framing strategy to make the discretionary purchases more attractive.

More recently, Van Loo and Aggarwal analyzed the Amazon pricing structure and found what they called a pricing paradox [3]. They claimed that Amazon's algorithms create a misperception among consumers by choosing to make the lowest market prices hard to find. This is more of a generalization of framing to the platform design level, where information architecture in itself is used as a competitive weapon.

Gallo, Townsend, and Alegre researched the concept of experiential framing and discovered that framing products as an experience, as opposed to a simple object, is more likely to produce a consumer reaction through reviews and word-of-mouth [4]. Such framing can affect sales results indirectly by promoting user-created content on Amazon, where consumer reviews are considered the most influential factor in buying decisions.

Last but not least, Guo has reviewed several online retail framing strategies such as time scarcity, discount framing, and recommendation systems [5]. The research has found that these strategies have a great influence on the product assessment and buyer attitudes, particularly after the consumer attitudes and brand names are mediated. It is especially applicable to Amazon, which combines various framing strategies on its platform.

These studies demonstrate that framing is not a marginal tactic but a key process through which online platforms shape consumer behavior. While these studies provide critical insights into the mechanics of framing, a significant gap remains in understanding how these principles are systematically operationalized by a dominant platform like Amazon to build and sustain a competitive advantage. This lack of a platform-specific, strategic analysis leaves a crucial void in both behavioral economics and e-commerce literature.

The majority of the current studies concerning framing effects have been done on general consumer behavior, pricing experiments, or conventional retailing environments. Even in the e-commerce contexts, the research usually focuses on online retail in general and not on platform-based studies. Conversely, studies that have focused on how Amazon competitively employs framing are still scarce. This shows we don't fully know how the world's top e-commerce platform actually uses framing effects as a strategic tool.

## **1.3. Research Framework**

This paper aims to fill this gap by examining how Amazon uses framing effects in its pricing, promotions, and user engagement to strengthen its market position. First, it reviews existing studies to explain the theory behind framing effects in consumer decisions. Second, it uses Amazon as a case study to show how framing appears in its competitive strategies, focusing on pricing, promotions, and customer interaction. Third, it analyzes the advantages and drawbacks of Amazon's framing methods,

including benefits, ethical concerns, and market risks. Finally, it offers practical suggestions to improve how framing is used, in ways that support both consumer well-being and business performance.

## **2. Case Analysis: Amazon as a Paradigm of Strategic Framing in E-Commerce**

### **2.1. Amazon's Overview**

Amazon is a global e-commerce company that Jeff Bezos started in 1994 as an online bookstore. It grew quickly into a large global business [6]. Today, Amazon works in many areas, including online retail, cloud computing through Amazon Web Services, entertainment, and artificial intelligence. The company has changed how people shop by offering a huge range of products, from electronics to groceries. It also built a large worldwide logistics network to support these services. By 2023, Amazon had become the world's largest online retailer. It held a major share of the U.S. e-commerce market, handling over 40% of all online retail sales in the country. This large-scale and business system results from more than just efficiency. They also create the data networks and customer touchpoints needed to use framing effects in sophisticated ways, as this study shows. Amazon's Prime membership platform, with over 200 million users worldwide, further strengthens its position. The program offers added benefits like faster shipping, media content, and special offers.

### **2.2. E-commerce Competitive Landscape**

Amazon operates in a highly competitive global market, with major competitors including Walmart, Alibaba, eBay, and newer platforms such as Shopify [7]. Walmart, as one of the largest brick-and-mortar retailers, has successfully expanded into e-commerce to compete with Amazon, particularly in the U.S. and Canada. Alibaba also leads in China and other Asian markets, with strong platforms like Taobao and Tmall. eBay remains a global competitor, mainly in auctions and second-hand goods. This strong competition means Amazon must not only compete in terms of price and shipping but also improve its psychological influence on customer choices to keep its advantage. Therefore, part of Amazon's strength comes from using framing effects widely and effectively.

The e-commerce market is also changing quickly. Trends in global trade, artificial intelligence, and big data are changing how customers behave and how platforms operate. AI-powered personalization is a key advantage, as it helps platforms like Amazon tailor product suggestions to each user. Also, with the rise of mobile shopping, companies are designing their websites for mobile first, making online buying more convenient and faster. It is in this setting of data-driven personalization and mobile-focused interaction that Amazon's framing strategies become especially powerful and need closer study.

### **2.3. Strategic Application of Framing Effects: Mechanisms and Examples**

Amazon's competitive strategy uses many methods that guide customer choices through presentation. We can understand these methods by seeing how they present information to guide customer behavior. A clear example is Amazon's pricing approach. The company often uses short-term offers like "Deal of the Day" and "Lightning Deals." These are shown as limited chances, using scarcity to make people buy quickly. This method makes customers feel they must act before the offer disappears.

Another key tactic is product suggestions. Tools like "Frequently Bought Together" and "Customers Who Bought This Also Bought" shape the shopping journey by proposing additional items. This not only raises sales but also makes the suggestions appear more relevant, helping to persuade shoppers to buy.

The Amazon Prime program is another important example. It frames the membership as high-value by offering benefits like free shipping, exclusive content, and member discounts. Amazon positions the fee as an investment rather than a cost. This boosts the perceived value of the service, builds loyalty, and leads members to shop more frequently.

Together, these methods show how Amazon regularly uses framing across its platform. This organized approach turns common thinking habits into a wide, lasting business advantage.

### **3. A Dual-Effect Analysis: Competitive Advantages and Ethical Dilemmas of Framing at Scale**

Based on the case description, this section uses a two-part analysis to examine the results of Amazon's organized use of framing effects. The analysis shows these strategies are a double-edged sword. The same methods that create short-term business benefits also create long-term risks for market fairness and consumer choice. This basic conflict comes from using thinking biases on a very large and advanced scale.

#### **3.1. The Efficiency Engine: Competitive Advantages Derived from Framing**

Amazon's strategic use of framing effects has significantly contributed to its dominance in e-commerce. A key benefit is increased sales and conversion rates. This effectiveness stems from urgency framing, which uses time-based biases by creating a sense of scarce opportunity. This approach shortens the customer's decision process and encourages immediate purchases. An example of this is the use of time-sensitive deals like the Deal of the Day and Lightning Deals, which give consumers a feeling of urgency. This positions the discount as a special offer and encourages the consumer to hurry and buy a product, which increases the conversion rates. Experiments indicate that such framing of discounts tends to prompt a quick decision-making process, where consumers tend to spend more on impulse purchases because they feel the discounts are scarce.

In addition, the strategy of engagement with the value framing effect is evident in Prime membership to Amazon. Amazon focuses on the value of Prime by highlighting the advantages of the product, which include free shipping, streaming video material, and first access to sales, positioning the annual subscription fee as an investment, rather than an expense. This framing will improve the perceived value of service, leading to customer loyalty. This exemplifies value framing and leverages the sunk-cost fallacy: by framing the fee as an upfront investment, it psychologically incentivizes members to maximize usage to justify their expenditure, thereby increasing platform stickiness. The members of Amazon Prime are more prone to make regular purchases because the membership strengthens the perception that it is getting better service and more convenience at a reasonable price.

The other important positive effect of framing is that it leads to increased user experience and product discovery. The recommendations of products proposed by Amazon, expressed as frequently bought together, or Customers also bought, direct the shoppers to purchase further. This effect of framing not only raises the average value of the order but also makes a shopping experience seem more personal and relevant. Consumers are shown options that appear to be custom-made to their tastes, which boosts their chances of becoming inclined to add more to their cart.

Lastly, the pricing strategy employed by Amazon, such as dynamic pricing and price comparison framing, helps the company to stay competitive. Pricing Amazon establishes a sense of value by comparing prices with related products or by use of anchor pricing, and this can greatly affect the decisions of buyers. Through these strategies, Amazon can establish itself as a price leader, which takes a larger market share by influencing consumer perception of the prices of items in various categories.

#### **3.2. The Ethical Shadow: Systemic Risks and Consumer Harms**

Although the advantages are obvious, Amazon's use of framing effects has prompted numerous questions, particularly regarding consumer autonomy and ethical concerns. However, this analysis contends that the remarkable efficiency of Amazon's framing strategies is inextricably linked to a set of systemic risks and potential consumer harms. Using cognitive biases to improve sales creates trade-offs that challenge market fairness and consumer choice [8]. A major concern is the possible

manipulation of shoppers. While framing can increase sales, it also encourages impulse buying. Time-limited deals that create a feeling of urgency can make customers rush to buy things they do not need. This pressure can lead to a buying habit based on external prompts, not real need, which can result in wasteful consumption.

Also, Amazon's pricing system can cause confusion and false impressions. For example, showing a crossed-out original price next to a discount can make customers believe they are getting a good deal, even if the original price was set too high. This creates a situation where customers do not have all the information. The way the price is shown changes how a customer sees its value. This is more than just missing information; it is a plan that hides the true cost and hurts the honest pricing that a fair market requires. It shows a market problem where the company uses its knowledge not for better service, but for more profit. This may finally break customer trust when people realize the pricing is deceptive.

Another issue is that Amazon's methods may help it become a market monopoly. By using personalized suggestions and smart technology, Amazon controls the shopping experience. Customers often see only a small group of products that fit their past purchases. While this helps sales, it also means shoppers find fewer new or competing items. This limited view can reduce customer choices, lower the variety of goods, and harm fair competition. Over time, this creates worry about Amazon's control and its power to direct what people buy.

The ethical outcomes are also key to think about. Methods that create a false need to buy or that strongly guide choices could be seen as unfair. If customers feel they were misled into making quick or unplanned purchases, it could cause anger and attract government attention. Also, if these methods distort a product's true worth, they might break laws designed to protect consumers, especially in places with strong rules about honest advertising. The efficiency gains derived from urgency, social proof, and value framing are precisely what generate the ethical quandaries related to manipulation, information asymmetry, and market concentration. This inherent tension underscores that the central challenge for Amazon and similar platforms is not whether to use framing, but how to calibrate its application to optimize for both commercial success and sustainable ecosystem health.

## **4. A Governance Framework for Ethical Framing: Strategic Recommendations**

### **4.1. Instituting Radical Price Transparency and Algorithmic Disclosure**

Among the main issues that were identified in the above analysis were the deceptive pricing habits and the inadequacy of displaying the discounts [9]. To overcome this challenge, Amazon can pursue a more transparent pricing strategy in which the past price and the real market value of products are displayed. Such a strategy will aid consumers in making better buying choices and help them avoid price confusion. For example, companies should show discounts based on the product's real market value, not by using an inflated original price as a reference. One way to do this is by creating a transparent pricing tool that displays an item's price history over the past 90 days and compares it to the average market price for similar products. This would turn unclear pricing into a clear and competitive signal.

In addition, Amazon should ensure all discounts are clearly presented, with a straightforward explanation of how the discount works. By giving customers more accurate and complete price information, Amazon can build greater trust and reduce the risk of shoppers being misled by deceptive offers.

### **4.2. Empowering Consumer Autonomy Through Choice Architecture and Education**

Promotions like "Deal of the Day" and "Lightning Deals" do increase sales, but they also encourage impulse buying by creating artificial urgency. To avoid this, Amazon would want to look at lowering the occurrence of these time-limited offers and rather give consumers time to evaluate their purchases. Amazon can reduce the pressure of limited-time promotions to enable consumers to make fairer choices regarding the actual necessity and not the emotional one.

Amazon might also add a cooling-off time to purchases made during promotional events. This would enable consumers to have a second chance to change their mind and cancel any unnecessary purchase without repercussions, limit the possibilities of after-purchase regret, and develop a feeling of consumer autonomy.

Amazon should make sure that its framing effects are ethically right and based on the well-being of consumers [10]. This could be done by making sure that urgency and discount framing do not control and mislead consumers into making hasty decisions. In order to encourage ethical marketing, Amazon may implement ethical principles in using framing so that all promotional methods are transparent, honest, and fair.

Amazon can also increase consumer education by offering materials that will assist them in learning how promotional offers and price framing work. This might come in the form of educational materials such as blog posts, frequently asked questions, and tutorials to assist consumers in recognizing and comprehending various forms of promotions and pricing tactics. Practicing information empowerment will enable consumers to make improved decisions and overcome the manipulation of framing.

#### **4.3. Promoting Market Equity through Algorithmic Diversity and Proactive Compliance**

One of the most important concerns that surfaced was the fact that Amazon relies heavily on tailored recommendation algorithms, which, on the one hand, are efficient, but on the other, restrict consumer selection and advance a select few products. To solve this, Amazon needs to aim to diversify its recommendation algorithms to provide a wider selection of products, especially in other categories that customers might not have considered before. With cross-category recommendations, Amazon should also consider introducing new merchandise and avoiding the development of an information bubble where consumers are shown only products that are similar to those they have previously bought. Amazon might improve the openness of its recommendation system so that consumers can understand how and why certain products are being recommended to them. By showing the logic behind the product recommendations, users can be made aware of the logic behind it, and they feel much more in control of their decisions.

To resolve the possible legal risks of framing effects, Amazon ought to make sure that all promotional practices do not violate consumer protection laws in various jurisdictions. This can be achieved by including a self-regulation mechanism, which would render all marketing practices legally and ethically inclined. Amazon can set up a special department that reviews and controls its promotional efforts to ensure that they do not break any of the advertising or pricing regulations. Amazon ought to have an effective consumer feedback system where users can report false or unethical framing behavior. Having a simple method where consumers can register complaints or submit feedback will not only assist Amazon in maintaining its strategic marketing ethics but also enhance the consumer experience and platform image.

#### **4.4. Implementation Pathway: From Technical Feasibility to Strategic Integration**

The proposed framework is not only technically feasible, given Amazon's resources, but it also represents a strategic opportunity to future-proof its business model. The initial investments in transparency and ethics should be framed as building long-term brand equity and trust capital, which are increasingly critical in a regulated digital economy. These recommendations can be implemented using Amazon's available technological resources and facilities. For example, the optimization of pricing displays and discount arrangements can be incorporated into Amazon's existing pricing engine. To redesign the recommendation system to include more differentiated products, Amazon would need to update the algorithmic models, but this can be achieved with only relative ease, as Amazon has a wide range of machine learning and data science capabilities.

While improving transparency, educating consumers, and following regulations may cost money at first, these efforts will likely save money over time. They help build customer trust, reduce legal problems, and strengthen customer loyalty. Securing consumer rights and adopting an ethical

approach to marketing creates a more sustainable environment and favorable relations between Amazon and its users.

## 5. Conclusion

This study has demonstrated that Amazon's sustained market dominance is significantly attributable to its systematic and sophisticated orchestration of framing effects across its platform ecosystem. The results indicate that framing mechanisms like urgency promotions, value framing in the Prime membership, and recommendation systems have worked well in increasing sales, enhancing customer loyalty, and improving user experience. However, some of these practices are also controversial, such as consumer manipulation, misleading pricing policies, a decline in market diversity, and ethical threats. In response to this inherent tension, the study proposed a strategic governance framework designed to recalibrate the application of framing effects. This framework moves beyond ad-hoc remedies, advocating for institutionalized measures such as radical price transparency, consumer-centric choice architecture, and algorithmic diversity to align Amazon's competitive practices with the imperatives of an equitable and sustainable digital economy.

This research is important because it will contribute to both business practice and the protection of consumers. Business-wise, it shows how framing effects may be applied strategically to sustain Amazon's competitive edge in the e-commerce market worldwide by boosting sales and customer retention. From the social perspective, it emphasizes the importance of following ethical and transparent framing operations to protect consumer autonomy, create trust, and promote reasonable competition. It is essential to balance these two dimensions so that Amazon's sustainable growth is maintained and its marketing strategies become profitable and consistent with its social responsibility in general.

However, this research is limited in some ways. As a focused inquiry into Amazon as a paradigmatic case, this study inevitably has boundaries. Its reliance on secondary data and platform-level analysis opens fertile ground for future research to build upon this framework with empirical data on individual consumer decision-making and cross-platform comparative studies.

Future studies could, therefore, leverage the framework established here to conduct comparative analyses with platforms like Alibaba or Walmart, investigating how cultural and business model differences shape the application and impact of framing. Furthermore, as AI and big data evolve, research into the development of 'ethical by design' algorithmic frameworks that inherently balance persuasion with autonomy will be critical. Ultimately, this research underscores that in the age of algorithmic commerce, competitive advantage must be redefined to include ethical governance. The future of e-commerce leadership will belong not to those who merely exploit cognitive biases most effectively, but to those who can master the delicate balance of guiding choice while empowering the consumer.

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