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International Marketing

Daraz Online Shopping Store in Nepal

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1. Introduction

Daraz Nepal, which was founded in 2012, has grown to become Nepal's largest online store. In May 2018, Alibaba Group, China's largest e-commerce company, bought Daraz for an undisclosed sum. Alibaba's global goal to be in the global market and seek 2 billion users includes Daraz. It can be regarded as a victory for Alibaba's internationalization effort. In terms of online business potential, the world's largest e-commerce market is in South Asia, where Daraz has established itself as an emerging market leader with a fast-growing retailer in five nations. Nepal, Pakistan, Sri Lanka, Bangladesh, and Myanmar are among the countries where they are active. It boasts 15 million monthly clients in South Asia and is attempting to conquer the worldwide market with its technologies. Daraz was once known as Kaymu, and it was acquired by Alibaba Group in April of this year. This was founded by Rocket Internet Ventures, which was founded in 2012 and is overseen by Ahmed Khan as its MD in Asia. Since 2014, when it was launched as kay-mu.com, Daraz has had an online retail presence in Nepal. They decided to unite Daraz and Kaymu into the Daraz group of Alibaba in 2016 due to the digitalization of electronic commerce. Alibaba Group acquires an e-commerce platform that connects both sellers and buyers. Daraz has set its sights on establishing an online marketplace in Pakistan, Nigeria, Morocco, Ghana, Bangladesh, Afghanistan, and the Middle East, including Nepal.



Bjarke Mikkelsen, CEO of Daraz, switched from investment banking to electronic commerce in 2015, focusing on the underserved South Asian market with great success. Mikkelsen explains, "I chose to do something different." "To exploit and achieve a leading position, I needed to be in the right business, at the right moment, in the right business sectors unexpectedly." Daraz offers a diverse set of market settings, data, and service offerings. It also has 30,000 vendors and 500 brands, serving 5 million customers and offering 2.5 million products across the region. It offers a wide range of products to customers, including household goods, cosmetics, fashion, sports equipment, and groceries. Kaymu, Nepal's first online shopping app, launched in May 2014 and was later renamed Daraz Nepal. Daraz has become Nepal's fastest growing and selling online marketplace since its inception. It has also made a cash-on-delivery option available to both buyers and sellers. In Nepal, Daraz has expanded its online purchasing experience to include mobile platforms. Day by day, as the number of people who use phones grows, so do sales. As a result, the phone gives an excellent online shopping experience on a mobile platform, making it highly convenient for customers to explore.

The Android and iOS mobile applications made it easier, and these programs were created to make purchasing and selling online faster, easier, more popular, and user-friendly. This app also offers unique services to help their customers have a better experience. Mr. Rajiv Amatya, the overseeing chief, and Mr. Laxman Basnet, the human asset administrator, oversaw Daraz in Nepal. Daraz Nepal recently had the largest sale by hosting 11-11 Daraz sales, which proved to be very popular and profitable. Daraz currently has over 250,000 products over more than 100 categories, and 75,000 people visit its website every day. Every month, its institution provides education to 500 new vendors. It offers over 5,000 unemployed people job chances by teaching them at their own institution. It just launched an online payment system in collaboration with Nepal's major banks.

Daraz In the sphere of online purchasing, Nepal has had a lot of success. It was a huge success in keeping people's attention and attempting to provide them with a better shopping experience. People in today's busy lives no longer go from store to store looking for things at a reasonable price that they can afford or to obtain the greatest deal. It wastes people's time and causes energy loss. As a result, e-commerce facilitates people's lives. It allows all clients to get knowledge about an online shopping experience with only one click in a split second.

2. Marketing strategy of Daraz Nepal

Daraz is always focused on what consumer's desire and will satisfy all clients. Daraz also offers a variety of brands and price points to all clients, allowing them to simply choose their goods based on the brand they want or prefer from the web portal.

They send their products to all consumer locations within their target area and location for customers. Daraz changed their price and priorities after partnering with Alibaba Group Holding Limited. They begin to accept client feedback and comments, making their social site more dynamic and making it easier for users to locate what they want from the website by analysing the comments and reviews. Daraz takes a variety of initiatives to strengthen their branding, internet service, and other aspects of their business.

Social, individual, and psychological variables influence a customer's purchasing behaviour. Buyer behaviour is a type of human behaviour, and advertisers can predict how shoppers will behave in the future while making purchasing decisions by researching previous purchasing behaviour. It also aspires to use e-commerce to deliver environmentally friendly technology, stimulate trade, and improve internal and external trade.

3. Online Marketing of Daraz Nepal Ltd

Daraz Nepal Ltd. is primarily an online shopping platform. As a result, they concentrate mostly on online marketing to increase their sales. The following are some of the mediums they employ for web marketing:

- For online marketing, Daraz Nepal Ltd. uses social media networks.
- They have a Facebook page where they post updates on their products and forthcoming promotions on a regular basis.
- Daraz Nepal Ltd. Uses Instagram as part of its online marketing strategy.
- They give advertisements on the YouTube.
- Daraz Nepal Ltd. constantly places adverts on many websites. If a visitor clicks on those advertising, they will be taken to the Daraz Nepal Ltd website.

4. Offline Marketing of Daraz Nepal Ltd

Despite the fact that online marketing has surpassed offline marketing in recent years, offline marketing has not lost ground. Daraz Nepal Ltd. is a Nepalese company based in Kathmandu Does offline marketing as well. The following are some of the offline marketing mediums they employ:

- Advertisement in the newspapers on a daily basis.
- Taking part in many types of fairs
- Customers are given tickets for discounts at various eateries

5. Organizational Environment:

5.1 Specific Environment

- **Customers:** To deal with customers they have to provide an email address a number for giving further information and for solving customer's queries.
- **Competitors:** They compete with other online retailers by offering products of more than 300 brands and by providing feasible mode of payments.
- **Suppliers:** Daraz has many suppliers and it maintains good relationship with them so overall they have negligible supplier dependence.
- **Public Pressure Group:** Public Pressure group forces new designers that offer trendy products.

6. Marketing Mix of Daraz Nepal Ltd

It consists of seven significant corporate criteria that can be used to evaluate a firm's competitive advantage in the market. The seven pillars are referred to as the 7ps.

- Product
- Price
- Place
- Promotion
- Process
- People
- Physical Evidence

Product:

Daraz Nepal Ltd. is a company that does not produce any goods. It's an online marketplace where a variety of sellers can offer their wares. Daraz Nepal is distinct from other Nepalese shopping portals. It gives their customers the greatest ecommerce experience possible. Daraz allows customers to purchase the things they want. Men's Fashion, Women's Fashion, Phones & Tablets, TVs, Audio & Cameras, Computing & Gaming, Appliances, Home & Living, Sports & Travel, Beauty & Health, Baby, Kids & Toys, Grocer's Shop, Other Categories are just few of the categories where they can find it. Customers will discover all of the following categories in a column on the website. They can use the website's search bar to find the things they want. It contains over 8000 products and skilled authorized sellers to supply them to the appropriate buyers.

Price:

Daraz is attempting to develop its own ecommerce marketplace in Nepal. As a result, they strive to contact with Nepalese marketers and learn about product costs in the offline market, which helps them determine the average price of the product. When compared to offline Nepali Marketers, Daraz's products are of relatively excellent quality and low cost. For the sake of the company's goodwill, Daraz offers its products at a low cost in order to increase brand awareness and appeal. Daraz may suffer difficulties or losses in the next years as it establishes itself correctly. They employed a variety of strategies in order to make a profit.

Daraz Nepal Ltd. does not have any sort of pricing policy. It calculates pricing using the prices provided by the sellers. Because various vendors set different prices for the same products on Daraz, the pricing of the same products can vary. Sellers occasionally provide discounts on their products' prices.

Place:

Daraz, as we all know, is entirely internet-based, and it cannot function without it. Daraz Nepal Ltd. has an entirely virtual or internet-based location. Daraz sells all of its items on its website. Daraz does not have any physical locations where it sells its products. Daraz's web address, "www.daraz.com.np," can be used to determine the location of Daraz Nepal Ltd.

Daraz sells all of their items through this website to the various places that are available. It has a deal with some logistics to deliver the product according to the customer's specifications. Daraz currently has a market share of 75% in Kathmandu and 25% outside of the Kathmandu valley.

Promotion:

Daraz Nepal Ltd. engages in a variety of promotional initiatives. The primary goal of promotion is to raise brand recognition, stimulate interest, generate sales, and build brand loyalty. Advancement is the process through which a company tries to educate, persuade, and remind customers about all of the products and brands it sells, either explicitly or implicitly. They are regularly active on social media platforms such as Facebook and Twitter, where they advertise their products. They also have a lot of TV commercials on Youtube. Daraz's personal email database was also saved. So that by sending emails to millions of clients, they may reach out to them. They also keep track of their customers' phone numbers in a database. They send SMS to clients in order to contact them and promote their products.

The approach of communication between the vendor and the purchasers is known as promotion. This promotion method is used by Daraz to boost its public image. This marketing tactic arouses curiosity in the minds of buyers. Black Friday and festival events are Daraz's busiest selling days. And any other noteworthy occasion or event that they advertise in the newspaper or on television. Daraz is primarily concerned with consumer promotion.

Process:

It has a well-defined procedure. In an ecommerce service, proper administration is quite vital. The firm will not be able to get the intended and exceptional results without effective procedure and management. They require improved procedure and management in order to achieve better results. As a result, Daraz follows all of the required procedures while doing transactions.

It has a well-defined procedure. In an ecommerce service, proper management is quite vital. The organization will not be able to get the intended and exceptional results without effective process and management. They require better procedure and management in order to achieve better results. As a result, Daraz follows all of the required procedures when doing transactions. This process comprises everything from placing an order for a product to receiving it, and it covers a wide range of topics. Daraz, as we all know, does not have its own product.

1. *Go to the website of Daraz*
2. *Search the product you want*
3. *Select the product*
4. *Read and check the product details*
5. *Register/ verification of customers ID/ log in*
6. *Select the address*
7. *Confirm your order and choose for payment method*

People:

People have a vital part in the realm of marketing, and they act as the organization's backbone. Without them, the term "people product" would be meaningless. People are what make a company successful. Daraz is a well-known ecommerce site with branches in more than 20 Nepalese cities. According to latest data, Daraz employs over 300 people (Crofts & Pokhrel, 2018.). Daraz is increasing the number of individuals working on product delivery in order to

shorten the time it takes for the product to arrive. It aids Daraz's development of partners and customers.

Physical Evidence:

Customers mostly experience their goods firsthand while utilizing services, so physical evidence is an important part of the marketing mix approach. It makes a significant contribution to the perceived quality. Daraz constantly displays its items in clear photographs and provides accurate information about them.

7. Daraz Benefits from Alibaba Effect

Daraz, the Pakistani e-commerce platform, is making big ambitions thanks to the knowledge it garnered after being acquired by Alibaba last year. Alibaba's e-commerce business has expanded into South Asia with the acquisition of Daraz in an undisclosed agreement.

Rocket Internet launched Daraz in 2012, and it now has operations in Pakistan, Bangladesh, Myanmar, Sri Lanka, and Nepal. Alibaba has purchased the whole Daraz company, according to a statement by Rocket. Alibaba has now acquired two Rocket companies, the first of which was Lazada in Southeast Asia two years ago.

According to the statement, Daraz will be able to use Alibaba's leadership and experience in technology, online commerce, mobile payment, and logistics to drive further growth in the five South Asian markets, which have a combined population of over 46 crore people, 60% of whom are under 35 years old. The transaction has been verified by an Alibaba spokeswoman, although the business has yet to make an official statement. "Daraz has found a natural home in the Alibaba family with this acquisition, and we are happy to be a part of the objective to make it easy to conduct business wherever." We have begun the e-commerce journey in our markets by hard effort and devotion, but we have barely scratched the surface of the possibilities "Daraz Co-CEO Bjarke Mikkelsen stated.

Daraz has been learning and benefiting from Alibaba's expertise since its purchase in May 2018. The company's long-term goal is to enable manufacturers in one part of Nepal to sell their products to purchasers in other parts of the nation.

Daraz Nepal has reaped significant benefits as a result of Alibaba's acquisition. Daraz has its roots in South Asia, not China, but Daraz Nepal now have the world's most successful e-commerce firm with them, and Daraz Nepal shares their aim of encouraging e-commerce in South and East Asia's rising markets. Daraz Nepal has also improved technologically, and our mobile app has been entirely redesigned, making it much more personalized for each customer. What appears on your device's screen is determined by what you're looking at. Aside from personalization, Daraz Nepal's technological systems and procedures have undergone substantial changes. As a member of Alibaba, Daraz Nepal gain from and learn from their knowledge while retaining our Nepalese identity.

User base of Daraz grown during this period

The fact that Daraz Nepal's user base is rising proves that Daraz Nepal is on the right route. Every day, Daraz app is used by over 100,000 people, and Daraz app user base has increased by around 200 percent in the previous year. If you aggregate the order growth of all Daraz Nepal suppliers, it's much higher, with yearly volume growth rates

close to 300 percent from 2018 to 2019.

The number of people using the internet is increasing all the time. The use of mobile phones is increasing at a fast rate. Daraz Nepal regards smartphone access as one of the most important drivers for the growth of the e-commerce business because 90% of the clients utilize its platform via an app.

8. Unique Selling Proposition of Daraz

Daraz has a larger product selection than any other platform in Nepal. Customers may access over 300,000 products through a single app and have them delivered to their home quickly and conveniently through our wide delivery network. This also implies that Daraz is continually working to deliver the most up-to-date and requested products to Daraz Nepal clients. For example, if a new phone is out, you can almost certainly find it on Daraz for a very low price. Daraz also offers a 7-day return policy on all products, allowing buyers to return a product if it does not meet their expectations and receive a full refund.

This is a one-of-a-kind product that you won't find on any other online platform or in your neighborhood store. If you purchased something from our premium section, Daraz Mall, you can return it within 14 days. Overall, there are no risks associated with shopping on Daraz.

9. Nepali e-commerce market

Nepal's e-commerce market is still modest, but it is rapidly expanding. In India, e-commerce companies such as Amazon and Flipkart compete fiercely. In Nepal, however, this is not the case. This e-commerce transition is being led by Daraz Nepal. Other smaller firms, such as SastoDeal, are rising as well, which is excellent for the industry as a whole. Daraz Nepal desires a more competitive market since competition leads to improvement. Companies will experiment with numerous models in order to appeal to customers, and overall user adoption of e-commerce will improve. As a result, the market must and will expand.

When it comes to the market size of the Nepali e-commerce business, there hasn't been any recent research done. When it comes to the general economy, however, Nepal's prospects for 2020 are highly promising, with an anticipated GDP growth of 6.9%, which is higher than India's. These projections, together with our recent excellent growth, give me reason to be positive about Nepal's e-commerce business.

10. THE DARAZ NEPAL GROUP'S ENVIRONMENTAL ANALYSIS

10.1 SWOT Analysis:

Strength:

Daraz has prioritized security as a key competitive advantage. They keep the personal data and information of their customers protected. Another advantage is the availability of new products and high-quality branded products. Good relationships with partners and great communication within the departments of Alibaba's massive corporation aid in the company's ability to stay

a float in the market. Customers are willing to pay in a variety of ways that are both practical and convenient. Daraz's other strengths include free registration, timely delivery, and easy access to its website.

Weakness:

Daraz's operational procedure includes a few flaws. There are no refunds available for individual products. In certain circumstances, they do not pass judgment on the dealer's ability to conduct business with Daraz or adjust to the cycle in order to find additional vendors. Another problem of the corporation is its limited brand recognition across a variety of products, as well as its low profit margins. In Nepal, a large portion of the population uses the internet. Because the online is such an important part of the development of an e-commerce web-based firm, having only about half of the web penetration rate effectively means that the company is losing half of its potential clients in the country.

Opportunities:

Daraz has long been regarded as Nepal's most popular internet store. As a result, all they have to do now is maintain their current place. Nepal is a developing market where people are discovering new purchasing trends such as online shopping. Flexible delivery hours, significant rise in mobile and internet users, digital payment method instead of cash in delivery, and easy accessibility for the worldwide market are just a few of Daraz's potential.

Threats:

Following Daraz Nepal's lead, a slew of other internet stores, as well as overseas competitors, have opened recently (eBay and Amazon). They're making good progress. As a result, it could pose a threat to Daraz. There are still some security concerns about the erroneous payment, which could harm the company's reputation. Another major factor could be an insecure government and a limited internet coverage region in developing cities.

See Appendix Fig. 1 (SWOT Analysis)

10.2 PEST Analysis:

Following Daraz Nepal's lead, a slew of other internet stores, as well as overseas competitors, have opened recently (eBay and Amazon).

Political environment:

Assistance in international trade, primarily from a neighbouring country (India and China). They are Nepal's primary trader. Government assistance in both intra- and extra-capital trading. Support for the e-commerce marketing policy, guidelines, and regulations.

Economic environment:

Rapid growth in SEMs, as well as a surge in the global market, contributes to urbanization and globalization. Income growth has a positive impact, whereas inflation has a negative impact.

Socio-cultural environment:

Lifestyle, fashion trends, religion, and demographics are all part of it. Customers' current fashion wants are addressed via their website. Increase the number of transactions between

different organizations. increase the company's value and the e-commerce business's value.

Technological environment:

The most important factors for growth are technological innovation. Providing network coverage across a vast area, often in developing cities. More B2B, B2C, and C2C platforms will be established. More effort should be put into technology development and research.

See Appendix Fig. 2 (PEST Analysis)

10.3 PORTERS'S five force model

- **Threats of new entrants:** Daraz is one of Nepal's most popular internet shopping destinations. Collaborations are strong, as is the self-storage and delivery system.
- **Threats of existing competitors:** Shopmandu.com, Sastodeal.com, Muncha.com, Gyapu.com, and direct shipment of select suppliers, as well as some physical stores, are some of the company's existing online competitors.
- **Bargain power of buyers:** Customers' bargaining power is limited, as is their willingness to pay.
- **Bargain power of suppliers:** A large number of providers offering a wide range of products are available. A new supplier has arrived.

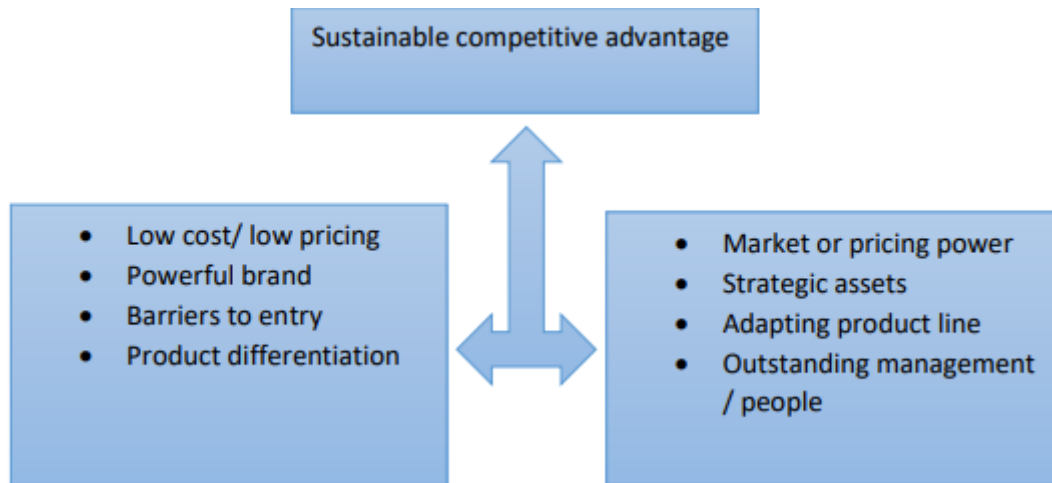
See Appendix Fig. 3 (PORTERS'S five force model)

11. Daraz's SCA (Sustained Competitive Advantage) strategy

Sustainable competitive advantages (SCA) are company assets, traits, or talents that are difficult to duplicate or surpass, and help the firm or organization maintain a competitive advantage over its competitors over the long term. Daraz is Nepal's largest e-commerce site at the moment. They are well-known for the great quality of their products and services as compared to other online shopping portals such as Sastodeal, E-sewapasal, and others. Daraz is well-known for its cost-effective products and services. It has been gaining a competitive advantage over its competitors in general.

Daraz strives to make its networking site easier and more appealing to its clients as a marketing strategy. As a result, they began interacting more with customers in order to learn what they want and need. It also considers a variety of suggestions for how they can win the customer's trust and compete with their rivals. Daraz is backed by Rocket Internet Ventures, an e-commerce platform that connects buyers and sellers. Daraz is always one step ahead of its competitors, monitoring what they are doing with new product offerings and schemes that may have a direct impact on Daraz's sales. Daraz is constantly on the lookout for anything that can help them improve their service system and stay current.

For example, the image below depicts some of Daraz's long-term competitive strategies:



12. Affiliate Marketing in Nepal (Daraz Nepal)

This is a more efficient, simple, and quick way to earn more money with a larger firm or organization. For digital marketers, they are boosting their online business. It entails earning a commission by selling the goods of organizations. It has had a significant impact on the various organizations that have been founded in Nepal. Daraz Nepal, HamroBazar, Sastobook, CPA Network, Sabkopal, and others are among them. The commission is determined by the company or organization's product that you promote via social media or other online channels. Performance-based marketing is another name for them.

Consider the case of a smartphone manufacturer that requires a large number of marketers to promote its product online. Here, a partnership with a web-based company site will gladly sell your cell phone on your behalf. Your cell phone is circulated during this cycle, and the wholesaler earns a specified amount of commission. The following are some of the advantages of affiliate marketing:

- There is no requirement for a certificate.
- Low-cost enterprise
- Individual efforts are required.
- Earnings source
- Increased traffic

Summary

Daraz Nepal is one of Nepal's most popular e-commerce websites. It has established itself as Nepal's internet market leader. For most Nepali customers, e-commerce is still a new concept. It is still in its infancy. In 2014, Daraz joined the Nepali market. It has established itself as one of Nepal's major e-commerce sites in just a few years. For fresh grads, Daraz has established a variety of chances. Customer pleasure, according to Daraz, is the key to e-success commerce's in Nepal. Daraz has been working hard to build a strong e-commerce platform.

It also has a lot of promotional deals or events, such as 11:11, Black Friday, and so on. Daraz is Nepal's largest e-commerce market; however it is still trailing in terms of capturing the market that an e-commerce site should have. Daraz prefers sophisticated marketing over traditional marketing.

Daraz's selling aim is to sell quality things from restricted and well-prepared merchants, as well as a spectacular endeavor from Alibaba with amazing ambitions and limited-time deals. It might be a trailblazer in Nepal's web-based business market transformation. The benefit of Alibaba Effect on Daraz shows how much changes it has brought to the Daraz Market Sales and

how much it has benefitted from the new strategies as well and shows its potential in overseas market.

This report shows the environmental analysis from SWOT analysis, PEST mode and Potor's five forces to analysis the marketplace for success in Nepal. In addition to that marketing mix and its marketing strategy has been discussed.

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Appendix:

Fig. 1 SWOT Analysis:

| Strength | Weaknesses |
|---------------------------------------|---|
| High security | No refund on specific product |
| High branded and new product | Low brand recognition |
| Good relationship with partners | High turnover rate |
| Feasible modes of payment method | Low profit margins |
| Strong collaboration among department | Operates in few area outsides of capital region |
| Easy and free register | Lack of IT expertise |
| Fast delivery | |

| Opportunities | Threats |
|---|--|
| Flexible delivery hours | Security issue |
| Growing ecommerce sales | International competitors (eBay, Amazon) |
| Rapid growth in mobile user and internet user | Rise in the online retailers |
| Digital payment system | Political instability |
| New trends | Low coverage area of internet in developing cities |
| Easy accessibility for global market | Upcoming of native competitors |

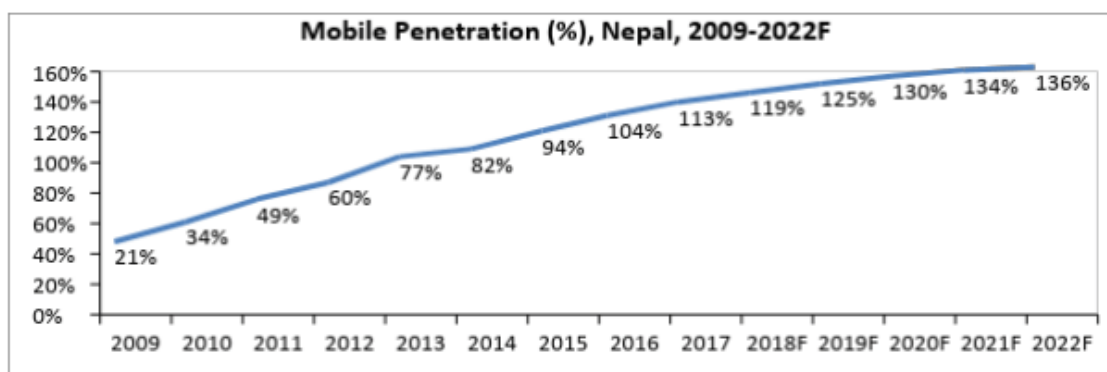
Fig 2. PEST Analysis:

| Political environment | Economic environment | Socio-cultural environment | Technological environment |
|--|---|--|---|
| Help in International trade (India, China) | Development in SEMs | Includes life-style, fashion trends, religion and demography | Technological innovation |
| Government supports in trading (inside and outside valley) | Rise in the global market | Addressing the fashion need of people through their website | Availability of online service covering undeveloped areas |
| Supporting on e-commerce policy, rules and regulations | Helps in urbanization and globalization | Increasing transaction among other organization | Establishment of B2B, B2C, C2C platforms |
| | Income growth affects positively whereas inflation negatively | Trend of online shopping | Must spend more in research and development |

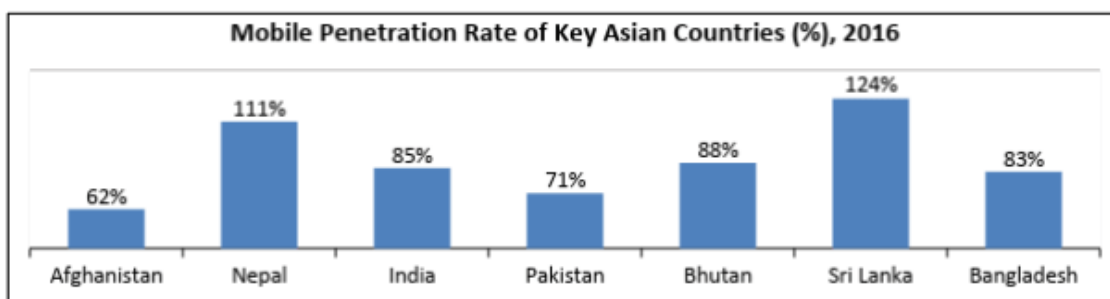
Fig 3. PORTER'S five force model

| Threats of new entrants | Threats of existing competitors | Bargain power of buyers | Bargain power of suppliers |
|--|-----------------------------------|---------------------------------------|--|
| One of the leading online stores | Shop-mandu.com | Low bargaining power | Large number of suppliers for the varieties of product |
| Strong collaborations and self-storage and delivery system | Sastodeal.com | Many numbers of buyers willing to pay | New supplier entries |
| | Muncha.com | | |
| | Bigpasal.com | | |
| | Direct shipping of some suppliers | | |
| | Many physical stores | | |

Fig 4. Growing Online Markets in Nepal



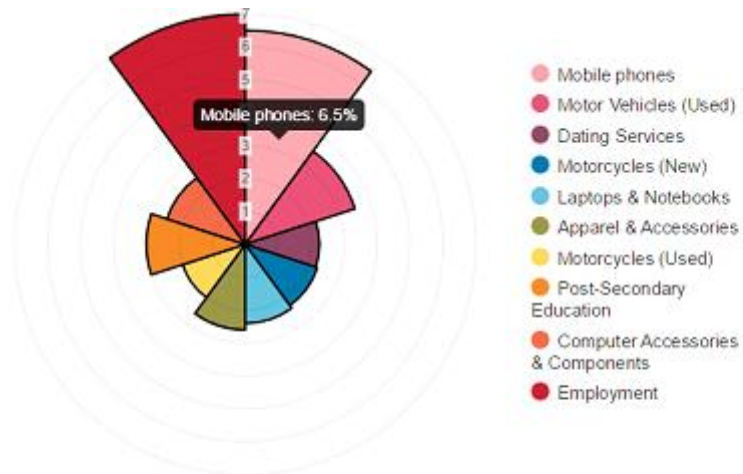
Source: Nepal Telecommunications Authority



Source: World Bank

Fig 5. E-Commerce trends in Nepal with respect to market segment

Daraz Online Shopping Store in NEPAL



E-commerce trends in Nepal with respect to market segment