



Report on

**Improvement of E-Commerce in
Bangladesh**



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Abstract

The whole world is experiencing the major transformation in retail business, and Bangladesh does not differ from the global trend. The e-commerce in Bangladesh is still a young and emerging industry; it is growing fast. This paper has described the Improvement of Ecommerce in Bangladesh, its past and present development based on secondary data from different sources. The study highlighted the Improvement and areas for perfection in the e-commerce market in Bangladesh. The article comprises a suggestion for improvements in marketing activities for the Bangladesh online stores.

Introduction

Electronic commerce or e-commerce, as it is more popularly referred to, is defined as any form of trade or exchange of goods, services and information using electronic means. Globally, the application of e-commerce has been rapidly gaining acceptance, particularly since the dot-com boom and bust in the 90s. The level of international acceptance and popularity among businesses, especially small businesses and entrepreneurs, is largely due to the ability of e-commerce to go beyond international boundaries and enable activities within the virtual marketplace. This enables entrepreneurs to do business internationally at relatively low cost.

E-commerce has been shaping the business process in Bangladesh. Bangladesh is a densely populated country in the world with about 164.7 million people living in small area including 81 million internet users. It can be concluded that without any doubt, economy of Bangladesh is a growing economy; it is a developing country and business diversity in its varied regions. Online transaction in our country has been increasing gradually over the time with the changing of business environment.

In Bangladesh ecommerce industry emerged in the 90s but could not be evolved as expected. With the improvement of economic aspects, such as banking, the logistics, communications, payment method, etc., there has an outstanding opportunity of e-business. Along with the banking sector in Bangladesh, many other sectors have introduced a new era with the start of internet payment system. A Wider range of technologies is used in Ecommerce. Some of them are electronic data interchange (EDI), electronic mail (e-mail), electronic funds transfer (EFT). Electronic Data Interchange (EDI) is comparatively better and standard method for exchanging business data. E-mail and fax are also forms of EDI. [1]

Key E-commerce platforms in Bangladesh:

Name	Website	Type of Business
Rokomari	www.rokomari.com	B2C
Ajker Deal	www.ajkerdeal.com	B2C
Daraz	https://www.daraz.com.bd/	B2C
Chaldal	https://chaldal.com/	B2C
Othoba	https://www.othoba.com/	B2C
Pickaboo	https://www.pickaboo.com/	B2C
Bagdoom	www.bagdoom.com	B2C
Clickbd	http://www.clickbd.com/	B2C
Priyoshop	www.priyoshop.com	B2C
Meenabazar	http://www.meenaclick.com/	B2C

Kiksha	www.kiksha.com	B2C
Sheba	https://www.sheba.xyz/	B2C
Ghoori	Ghoori.com.bd	B2C
Cellbazaar	https://cellbazaar.com/	C2C
Buysellbazar	http://buysellbazar24.com/	C2C
Kaymu	www.kaymu.com.bd	C2C
Bikroy	www.bikroy.com	C2C
Ekhane	www.ekhane.com	C2C
Addressbazar	http://addressbazar.com/	B2B
Bizbangladesh	https://bizbangladesh.com/b2b-trade	B2B
Busytrade	http://bangladesh.busytrade.com/	B2B

Improvement of E-Commerce in Bangladesh

In Bangladesh E-commerce sector growth has exceeded all expectations and has had a leading impact on changing the economy in terms of aggregate investment. In Bangladesh e-commerce started in the late 90s. Massive changes occurred in the mentioned sector when Bangladesh Bank allowed online payment in the country, thus, officially opening up the e-commerce sector. According to e-commerce association of Bangladesh (e-CAB), the following three types of E-Commerce are popular in Bangladesh.

- Business-to-Consumer (B2C)
- Consumer-to-Consumer (C2C)
- Business-to-Business (B2B)

B2C is the most popular form of e-commerce. It observed growth rate above 300% for the last three years. Market share for ecommerce for B2B and B2C are 10% and 90% respectively. Currently 18-23% of mobile phone users are using a smartphone with an annual growth rate of 30%. There are 50,000 people actively engaged in e-commerce with projections of 1,000,000 people being employed in the sector over the next 10 years. Transaction sizes for ecommerce purchases are still relatively small. Average spending per online shopper is BDT 9000-10000. About 70.5% of e-commerce users spend less than BDT 5,000 a month. About 29.3% buyers using a website directly as compared to 43.5% using Facebook Page for purchasing products online.[2]

Contribution of e-commerce as a percentage of GDP is less than 1%, if we take industries connected with e-commerce under consideration it nears 2.5%. At present per day, approximately 20 thousand & per month 5-6 lakh parcel was delivered all over the country. All commerce will become an e-commerce within the next few years and this process will help the sector mature. Currently, there are 1,000 e-commerce entrepreneurs in the country, who are running their business through websites. There are approximately 8,200 Facebook pages also running this business.

Demographic and business trends in the Bangladesh e-commerce sector are also noteworthy, as revealed by a recent report published by Kaymu. [3]

Online-shoppers still comprise the primary traffic in the Bangladesh e-commerce sector.

- They are usually within the age bracket of 25-34 years.

- Over 80% of e-commerce traffic in Bangladesh comes from three locations; Dhaka (35%), Chittagong (29%), and Gazipur (15%)
- Gender disparity is evident as the user base comprises of 83% male users and 17% female users.
- New online shopping visitors stand at 49% of the total traffic, while returning visitors are 51%.
- Cash-on-delivery is still the most popular mode of payment for e-commerce transactions. Cash-on-delivery constitutes 95% of all the payments that take place, followed by bank/wire transfer (2%), bKash/Ucash (2%), and credit cards (1%). These statistics are expected to change in the next 5-10 years as regulations for online payments with credit cards mature, and overall financial literacy of citizens, increase.
- Most online shoppers appear to search for and purchase consumer electronics and mobile phones.
- With regard to devices used, 71% of shoppers use either a desktop or a laptop, followed by mobile phones and tablets.
- About 69% of consumers use Windows operating systems for e-commerce.
- Google and Facebook-paid advertisements are primary click-through points for online shoppers

Future Growth Areas

There are other significant drivers of growth of e-commerce of Bangladesh, which are expected to play a more major role in the next 5-10 years. Most of these drivers are applications and services being conceptualized and implemented by the financial services sector and the telecommunications sector. Notable among them are e-banking, mobile financial services, mobile agricultural services, rural e-commerce, and f-commerce. E-banking has begun to gain traction in Bangladesh as more users gain comfort in banking through online portals, allowing banks to cut costs on their services. Customer satisfaction and future growth of e-banking depend primarily on assurance, visibility and responsiveness of e-banking portals. [4] However, for increased adoption rates, security of payment continues to be an important consideration. Ease of operability, security and status are the key drivers for adoption of Internet banking while accessibility, time and cost are also important factors. [5] According to industry experts, frequent use of credit cards for online payments is correlated with the use of e-banking portals by citizens, pointing to further growth opportunities in this area.

Although there is much hype with regard to mobile financial services (MFS), and tangible business growth to justify the hype, for service providers such as bKash and Dutch-Bangla Mobile, there are several products offered by MFS providers that are yet to gain traction. As for now, the most popular uses of mobile financial services include:

- Cash exchange
- Inward remittance
- Personal payments
- P2B payments (e.g. utility bills)
- B2P payments (e.g. salary)
- Government payments

However, MFS products such as deposit schemes and loans are still not popular among users and this is expected to change in the coming years. Information may also be gleaned with regard to rural or remote population displacement, while top-up frequency after disasters can reflect financial status after a disaster. Thus agriculture-related services are expected to grow in popularity and scope in the future, and gradually connect to online portals of information and feedback on smart phones. A related driver for this is the popularity and penetration of smart phones, which continues to increase as cost of manufacturing these phones go down. [6]

Facebook has become a pervasive metaphor for the demographic dividend in Bangladesh and its concomitant potential. Facebook has seen several important social and business applications.

Conclusion

Bangladesh could be a potential user of e-commerce. Although a few numbers of people in our country getting the benefits from e-commerce, development of e-commerce in our country must have strongly reflects on livelihood. By flourishing this potential sector all people of our country will be benefited. E-marketplace is a store of information which acts as information agent that provides buyers and sellers with information on products. To increase participant of online shopping, the sources of consumer confusion, apprehension and risk need to be identified, understand and alleviate. It can be concluded that through adopting e-commerce intensively and extensively businessmen can improve their income level along with improvement of customer satisfaction and buyer can reduce their cost of living along with improvement of their standard of living.

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