E-COMMERCE

The adventure begins in Bangladesh

LightCastle Partners
Inspiring Business | Boosting Economy

SD ASIA

At LightCastle – we work to democratize data in Bangladesh and across the world. We aim towards a world where the businesses are connected to the voice of the consumers and work together to build a more affluent community.

In our short span of 24 months we have collaborated with 45+ clients including global names like The Boston Consulting Group, Telenor, Robi, GIZ, Care, Habitat for Humanity, Swiss Contact and large local conglomerates like A K Khan, Rahimafrooz, Gazi, Fortuna and Alliance.

We are also part of the Open Data Portal Initiative under Prime Minister's Office Bangladesh and represent the voice of the private sector. Know more about us at lightcastledata.com/drive.

SD ASIA creates content about startups, entrepreneurs and business in Bangladesh by connecting with our audience here in Bangladesh and tapping into a larger audience abroad. Right now one of the leading voice in the entrepreneurial ecosystem of Bangladesh, SD Asia plans to augment into the most innovative regional online content site for businesses supported by the community and entrepreneurs.

SD Asia has also developed the crowd funded documentary "Startup Dhaka" which was at the forefront of Startup revolution that is currently taking place in Bangladesh. Know more about us at sdasia.co

AT A GLANCE

Bangladesh is set for growth with a market of 160 million+ packed into a territory roughly one-quarter the size of Thailand (5th most dense in the world). Geo-strategically positioned between India and China, Bangladesh consists of the world's 8th largest population, where consumer spending is around USD 130 billion+ growing at 6% annually.

The consumer class is young, technologically adaptable and exhibits high engagement through the mobile internet. As an emerging economy, Bangladesh has embraced technology at a rapid pace. The penetration of the telecom sector, mobile commerce and advent of internet based applications designed by businesses and supported by the tech friendly government validates the growth story that is going to unfold in the e-space of Bangladesh. Bangladesh's telecom penetration has been impressive compared to regional peers and is growing with increasing per capita income.

With growing internet connectivity, proliferation of cheaper varieties of smartphones, rapid rise in social networking (10 million + Facebook users) and e-commerce firms in Bangladesh, the consumers are getting more and more digitally attuned which eventually ends up having a profound impact on their consumption pattern.


E-COMMERCE

CONTENTS

CONTENTS

CHAPTER 1

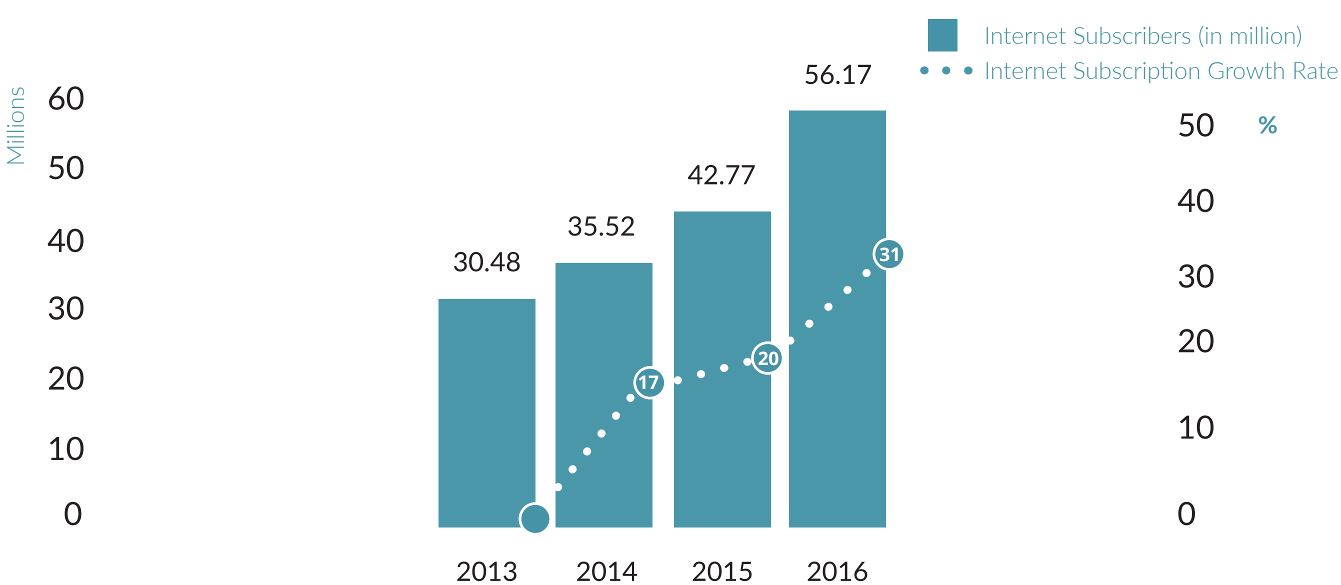
Bangladesh stands at the cusp of digital transformation

1.1 Exciting times for Bangladesh as mobile internet penetration starts affecting social texture

Recording the highest growth rate in internet penetration over the last 15 years, Bangladesh, the dazzling delta has embarked on a fascinating journey to become truly digital with its relatively young, tech savvy consumer base. While the country still has miles to go to realize its vision of becoming "Digital Bangladesh", its growth story in the digital space, buoyed by changing consumer attitudes, is reaching new milestones every other day.

A demographic youth bulge, proliferation of cheaper smart devices, reaching the next level of development in social indicators and increasing per capita income have changed the pace of becoming digitally attuned in Bangladesh. Amidst continuous battles against climate change, the country has experienced an average 22.6% growth in internet subscriber base after 3G services got launched in 2013:

Internet subscribers growth in Bangladesh



Source: Monthly BTRC reports on internet subscribers in Bangladesh (February 2012- January 2016)

Though internet penetration still stands at 35% of total population, increasing investment in 3G network by telecom operators, positive economic outlook, prospect of 4G and LTE era enabling faster internet and proliferation of low-cost smartphones indicate a much bigger "online" population by 2021 than the 90% population coverage govt. is projecting currently.

This online population is **rapidly substituting many of the traditional consumption behavior with digital alternatives.** OTT (over the top) impact on voice and messaging revenue of telecom operators is a common example to this shift in behavior. Communication, entertainment, education, transportation even dining behavior of this digital population have transformed in the digital era.

To help businesses understand this digital consumer class better, **we at LightCastle have conducted an online survey using our proprietary technology enabled market research platform - LightCastle Data - across 800+ respondents across Bangladesh.** Dhaka which is the leading representation of e-space consumers accounts for 40%+ of the sample, with the rest being from Chittagong, Sylhet, Rajshahi, Khulna and Rangpur.

1.2 The Big "6" that are shaping consumer attitudes in the e-space driven business models

Every year 2 million Bangladeshis are moving up the income ladder and adapting to the various blessings of smart and mobile technology. These consumers are looking for benefits other than convenience and variety from e-driven business models:

Authenticity: Bangladeshi consumers are leaning more towards quality for brands and services and ensuring ingenuity of product has become a key concern for marketers. This has given rise to review platforms (e.g. social media groups based out of Facebook like DSD – Desperately seeking Dhaka) which consumers go through to arrive at purchasing decision for similar/ same product.

Convenience: Multi-tasking consumers want to have it all, at once. They want food delivered to their workstation while choosing a color palate for upcoming home-renovation project. Traditional brick shops like Aarong and Berger have initiated e-business channels recognizing the growing need for convenience.

Experience: Consumers have started caring about customer service and point of sales experiences. Considering often product delivery of e-commerce companies take place by third party services – "last mile" logistics will become increasingly important. Other than that Bangladesh based consumers often opt for brand touch points via phone calls – indicating the importance of high quality "call center" services.

Simplicity: Easy, seamless product/ service purchase and review/ after sales service have become crucial for customer satisfaction and loyalty. 95% of the internet users are on mobile hand held devices indicating a mobile-centric strategy like mobile-light versions would provide additional value to the Bangladesh based customer.

Variety: This quality seeking consumer base also wants to try many things. Bangladesh based consumers like to "shop around". Before committing to a purchase even for low basket value items bouncing off the decision among peer network and getting reviews from social media/articles get significant preference. They compare brands, prices and looks for edorsement. Hence e-spaces would need to provide sufficient variety in the product categories they choose to operate on and be strong on the options providing curve.

Value: Bangladesh based consumers are not only price conscious but quality conscious as well. Hence there is a need for brand equity and a high score in the cost-benefit ratio. E-space businesses that understands these and are able to make an appealing proposition with the optimum price-quality ratio will start "winning".

1.3 Mobile devices and social media are accelerating and amplifying needs for instant gratification

Rapid urbanization, internet penetration and advent of social media (especially Facebook which has 10 million + users) has shifted consumer desire towards instant gratification which in turn is consistently giving rise to a stronger case for e-space business models.

How consumerism has shifted to instant gratification for digital consumers

	2005	2010	2016
Power Focus	Retailers	Consumers (conformity)	Consumers (individualism and opinionated)
Enabler	Mass production with broad categorization for consumers to come and choose	Internet allowing consumers to search before-hand and then visit physical stores to purchase	Emergence of smart devices allowing on the go search at time inside shopping malls
Central Touch point	Physical stores (emergence of super stores)	Online followed by visit to malls	Mobile, mobile, mobile
Driving Experience	Shopping as experience	Convenience (online allows higher variety and accuracy)	Instant gratification and social (like check-ins in Facebook)
Life Style	Urban	Urban and Globalization	Urban , Globalization and second screen life

Source: LightCastle Partners Digital Consumers Survey

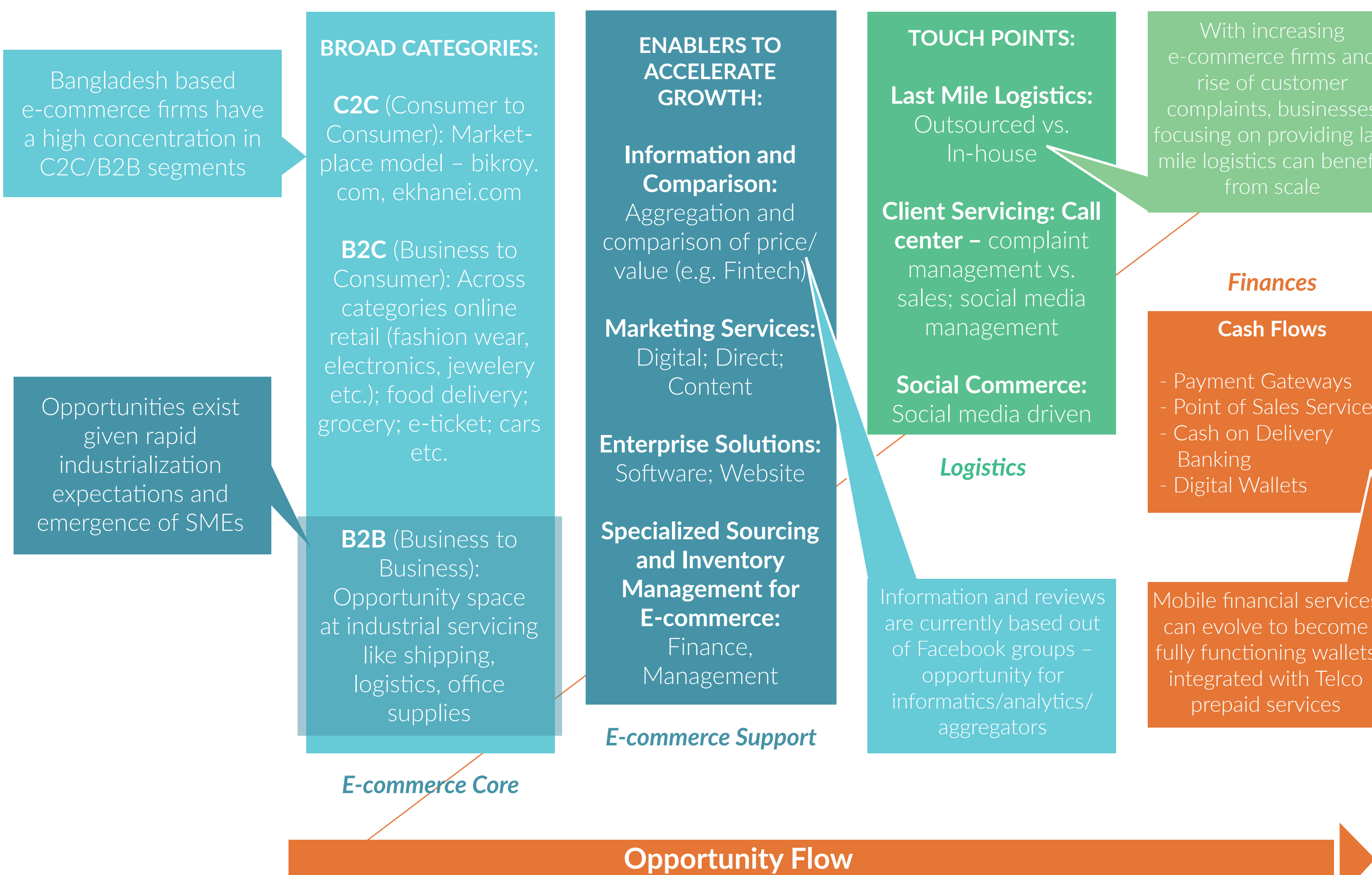
As the trend shows over the last decade the power focus has shifted from retailers to consumers. However the consumers have also evolved to give rise to a digital sub-class who initially started using internet to have better visibility while purchasing. As of recent with the arrival of **cheaper smart devices digital consumers have started living life with "second screen" as part of their lifestyle.** Visits to shopping malls, restaurants, experience shows like concerts are accompanied by "check-ins" in social media. Purchase decisions starts with reviews of previous consumers; however conformity has been replaced by the need for try outs and forming opinions.

In short the current digital consumers of Bangladesh are connected individuals with opinions as opposed to large segments, which previously defined the retail era. Hence providing the opportunity for individual-ized experience will start getting preference in future.

1.4 E-commerce presents business opportunities across a multitude of categories

These digital trends have given rise to emergence of innovative (in-country) business models geared towards achieving scale as internet usage proliferates. As e-commerce companies rise there is an advent of support system players that are necessary for the digital ecosystem to thrive.

E-space emergence provides a multitude of business model innovation opportunities that will keep on expanding



CHAPTER 2

Understanding the forces of change

2.1 Insight into the E-commerce market fundamentals

Driven by increasing discretionary income, technology adoptive consumers, literacy rate, effects of globalization, middle income societal enhancement and rapid urbanization e-commerce in Bangladesh is growing rapidly. Local businesses are jumping on to the bandwagon to reap the benefits.

The earliest e-commerce sites present in Bangladesh were back in the 90's and were primarily gift sites targeted towards Non-Residential Bangladeshis living abroad. Right now, in addition to exclusive e-space firms existing businesses are also rehashing their business models and are offering more customized and online services to meet the ever increasing customer demand.

Majority of e-commerce business in Bangladesh falls under C2C (consumer to consumer) transaction business model where a consumer sells products to another consumer. Companies like Bikroy.com, Clickbd.com, and Olx.com are the top players. A growing number of B2C (business to consumer) e-commerce sites also operate, mostly existing businesses adding an online shop front. However there are also social media exclusive firms as well. B2B (business to business) transaction based businesses in Bangladesh are the least prevalent form of e-commerce business in Bangladesh. Mostly companies operating in the RMG sector utilize B2B online transaction to do business with foreign firms.

Within five years between 2007 and 2012 the e-commerce and online auction area grew by 10.4% and **is expected to grow by 15%+ annually through 2017.** The number of businesses operating in the e-commerce sector are expected **to grow exponentially to 61K+ over the next five years** (source: IBIS World). Currently, **annualized volume of e-commerce is estimated at USD 50 million with seasonality peaks during yearly religious festivals** (source: LightCastle Partners Projections).

For e-commerce right now there is a positive correlation between lower priced products and high sales. This is attributed to the fact that currently Bangladeshi consumes are more prone to value buy via e-commerce sites. For high value items the trend is still to have a physical “Feel” of the product before purchasing.

This has been one of the primary reasons why e-commerce sites have concentrated on competitively priced products. However with companies are establishing strong security protocols and easier transaction facilities with the help from banks and trusted logistic companies – **consumers are becoming more conducive to online transactions. This has increased festival based shopping and enhanced basket size.**

2.2 Most popular categories in the market

Currently, there is a diversified set of e-commerce models driving growth in the market:

Online Retail Stores - These are the most widespread form of e-commerce sites present in Bangladesh and the most popular ones with transaction taking place in a B2C and C2C basis. Well renowned websites include Ekhanei.com, Bagdoom.com, Kaymu.com and Bikroy.com. Additionally, social media based commerce mostly based out of Facebook also operate heavily in this space often targeting niches (like wedding décor or seasonal fruits) making the category fragmented.

Food Delivery Stores - Foodpanda.com, a concern of Rocket Internet from Germany, and Hungrynaki.com are two major players in the food delivery services in Bangladesh. As the country and culture has evolved so has the taste buds of its inhabitants. This led to the boom in the restaurant business and services like home food delivery.

Grocery Stores - Chaldal.com serves as the most renowned online grocery store in Bangladesh where consumers can order groceries online and it'll be delivered to them. Chaldal also received funding from 500 Startups, a VC firm based out of California and Y-combinator. Recently, Meenabazar, a concern of Gemcon group and one of the biggest retail supermarket chains in Bangladesh also opened up their own online grocery order and delivery service. Additionally, Direct Fresh operates in the premium segment of the market with a large expat base as customers.

E-ticket - During the major holidays in the country, like Ramadan and Eid, most people living in cities travel to their villages to celebrate Eid. They have to wait in long queues for hours on end to buy tickets for bus, train and steamers. To evade this hassle faced by everyone, Bangladesh Railway introduced the e-ticketing system where tickets could be bought online. Around 25% of the tickets in 2014 were bought online. BusBd.com also introduced online tickets for buses and they sold thousands of bus tickets online. Other notable players are sohoz.com and bdtickets.com (a concern of Robi – the second largest telco in Bangladesh).

Online Car market - Carmudi.com serves as an online marketplace for people who want to buy used or new vehicles and connects them with individual vehicle owners or vehicle dealers that want to sell new or used vehicles. They are the first company to provide this service and the most renowned one.

Online Real-Estate market - Lamudi.com is the first website in Bangladesh solely dedicated to the real estate market where consumers can find the best real estate offers within the country. Both Lamudi.com and Carmudi.com are a concern of Rocket Internet Group, an e-commerce focused venture capitalist firm and startup incubator from Germany.

CHAPTER 3

Deep dive into the consumer mind

3.1 E-space consumers are optimistic and expect to purchase more in future

Our digital consumers coming from emerging middle and middle/affluent income segments, are mostly living in 3-5 member families, 47% of whom own an apartment and the rest live in rented apartments or independent houses. 44.5% of them spend USD 626-1250 monthly within the family and another 30.5% have a family expenditure between USD 250 and USD 625.

With a comfortable spending pattern, **68% of these consumers eat outside with their family at least once every 2-3 weeks and majority of them have almost equal preference for Quality and Brand Name** - aspects of products they are willing to spend extra for. People here listen to a lot of radio – can be attributed to high traffic congestion – indicating even it to be an important channel for reaching customers. Besides social media usage and instant messaging – other top categories include reading and listening to music.

This surging consumer class feels the need to “buy more things every year.” However 83.8% of them show a propensity to save more as their income increases. Compared across different consumer categories, the propensity to saving against spending as income goes up, the trend remains almost similar. However, this consumer group shows marginal interest in “finding the best deals, discounts or promotion offer” and propensity to consume more as well.

This indicates that, digital consumers do feel the need to scale up their consumption but their go-to-market time could be a bit lengthier than usual population as they think about saving up first, and spending later. **However, once converted, for quality or brand appeal - they will bear the additional cost and not focus on deals or limited time offers.**

In terms of general outlook towards, the online consumers have an optimistic attitude. More than 87% participants were either agreeing or strongly agreeing to this perception that we live in a better consumer world compared to our parents. The same population also believe that going forward, market scenario is going to improve further to make life more comfortable for the new generations. We also reached out to the respondents in terms of categories that interest them most. **This consumer class is fragmented among sports fans (20%), music lovers (16%), movie lovers (16%) and technophiles (18%)**. Other important categories were shutterbugs (9%) and smart device enthusiasts (9%).

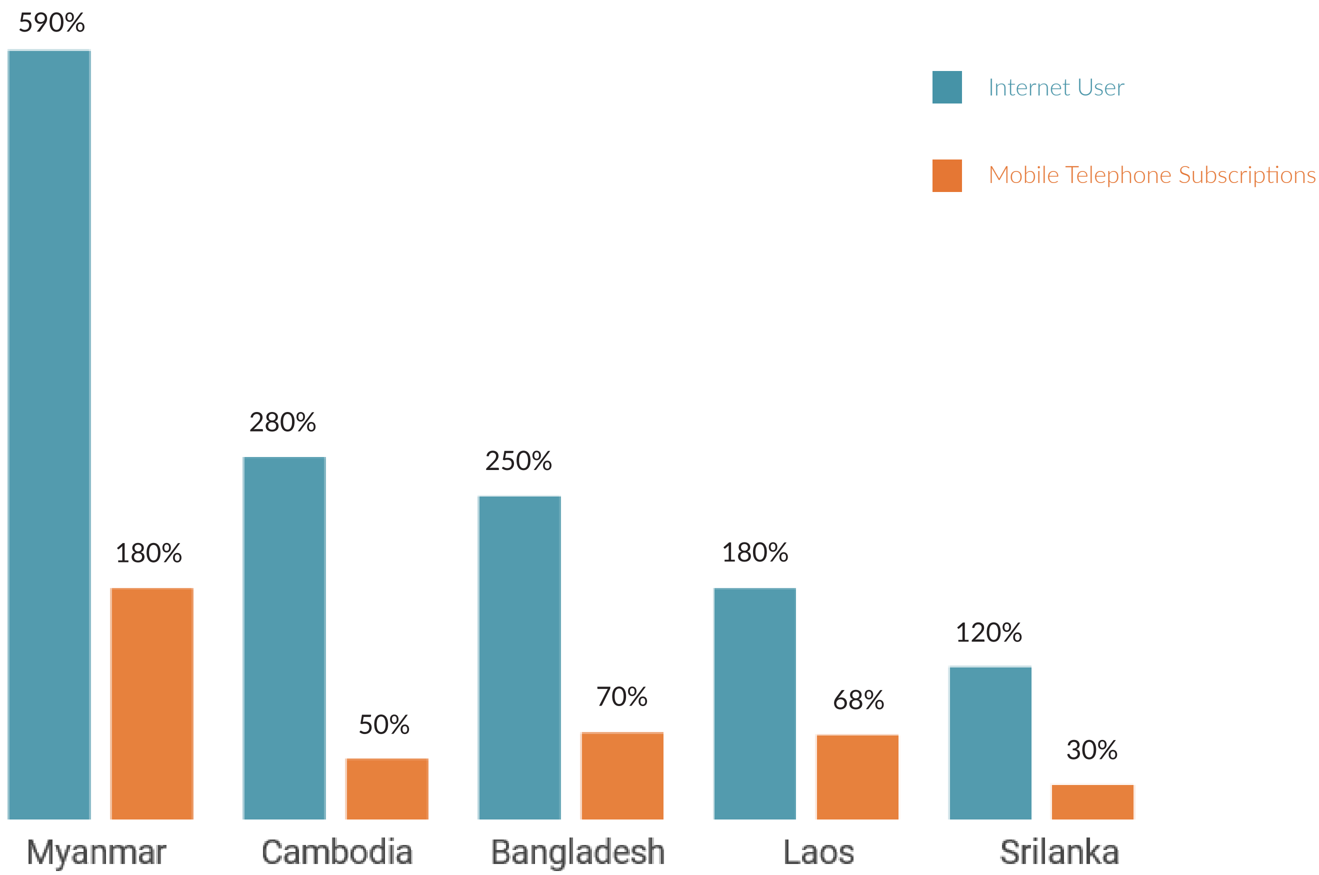
3.2 Similar to others in Asia the Bangladeshi consumers fall into the "Browse first, Buy Later" segment

In ways more than one, Bangladeshi digital consumers are a bit similar with the ones living in India, China, Malaysia or Indonesia. **Given the delayed mass level introduction to latest technologies compared to the developed countries, this region and its consumers fall into the "Browse first, Buy Later" category.**

This scenario improves a bit in China where 32% of the population shops online, for Indonesia the rate comes down at 7% and for Vietnam 6% of the online population is shopping via digital channels. Access to internet is largely enabled by mobile devices in the region and for online shopping consumers preferred device is smartphones, which has had 220% year-on-year sales growth in Bangladesh in FY 2014-15.

A Euromonitor study projects the growth rate of Bangladeshi consumers on digital space, among other frontier markets as such:

Growth in Internet Users and Mobile Telephone Subscriptions: 2014-2030



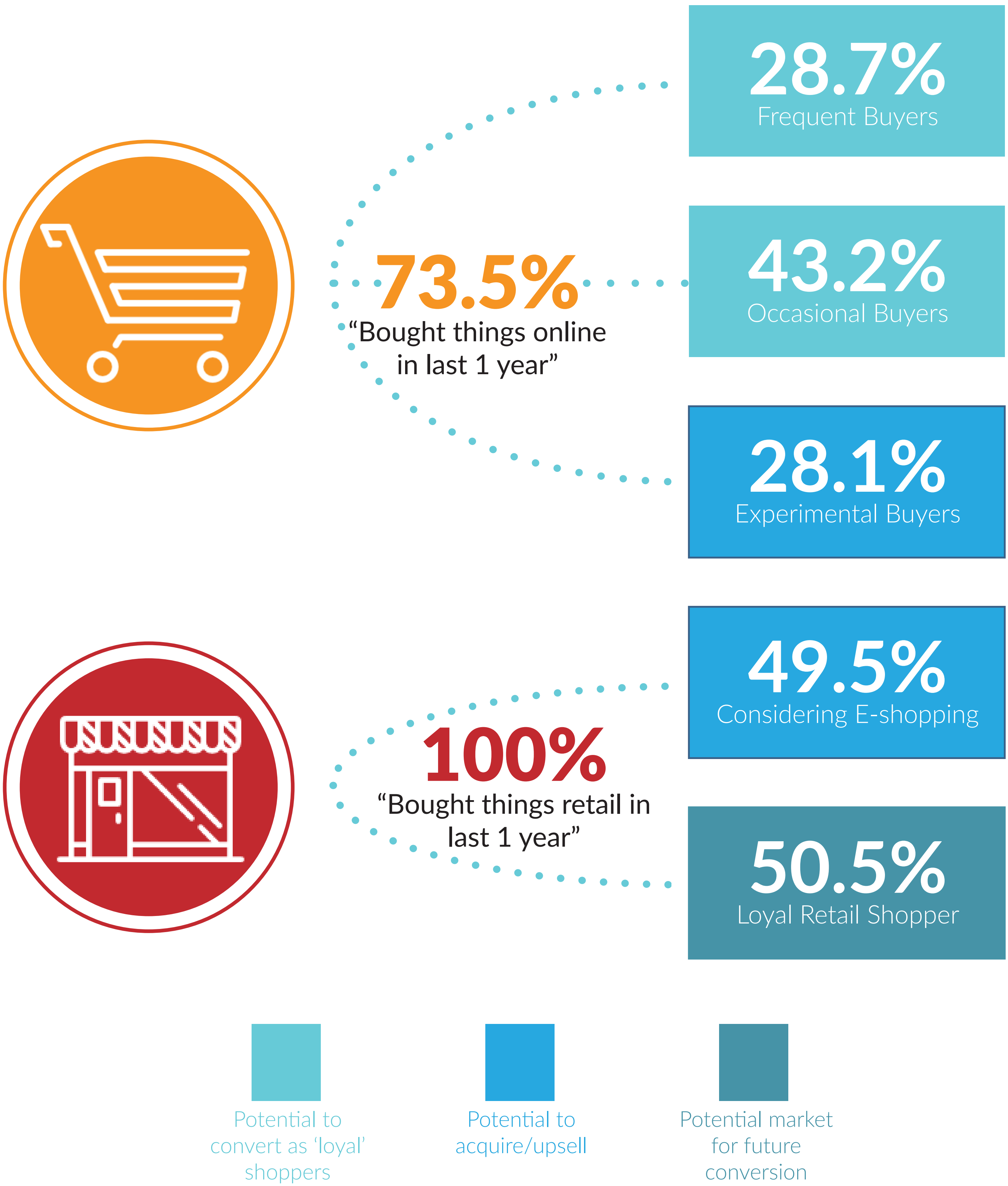
Source: Euromonitor International from International Telecommunications Union/National Statistics

In the next decade, while the focus in Myanmar, Cambodia would be to bring in more people online, for countries like Bangladesh, Sri Lanka, India and Malaysia key focus would be on true digital transformation of current and new online population. Responses from business and infrastructure side would critically transform the digital trend of consumers in these countries as well.

3.3 Consumers are primarily information seekers leading to purchase

Bangladeshi consumers are primarily information or review seekers on the digital space as is represented by 74% of our respondents. Starting from gadgets to fall fashion collection to online contents - this population has a wide spectrum of interests. However, consumer awareness level and interest level tend to vary between product categories. Thanks to thousands of Facebook enabled outlets, personal clothing and accessories are popular items that consumers are purchasing online.

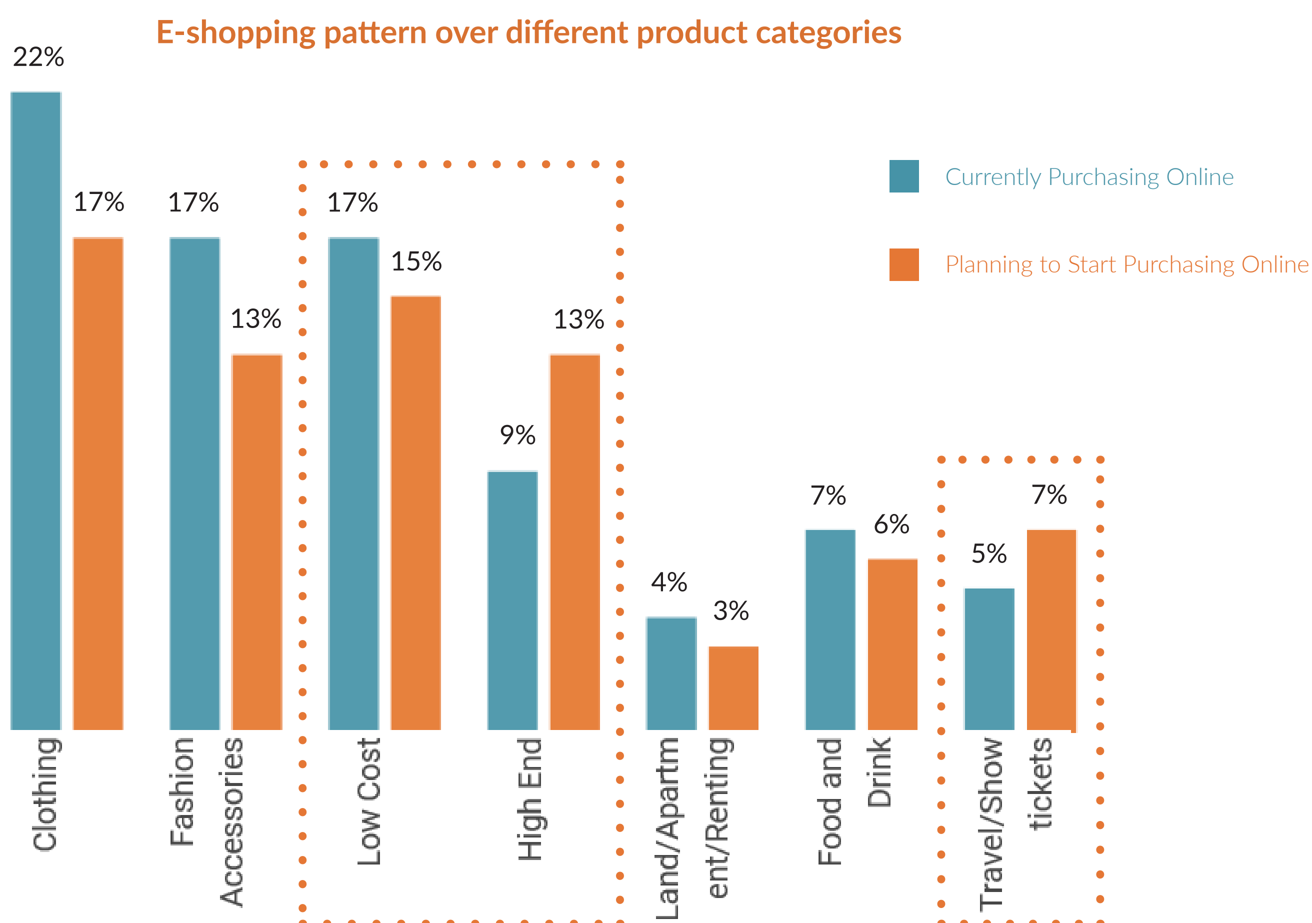
More and more Bangladeshi consumers are considering 'digital options' to meet both every day and luxury requirements of their lives. **73.5% of the respondents surveyed have bought things as varied as books or show tickets online at least once in the last 12 months, while 13.1% have considered online shopping but have not progressed till product purchase phase yet**. 43.2% of the online shoppers are occasional buyers, meaning they sometimes buy things online. About 28.7% of these online shoppers have been frequently buying things online.



Source: LightCastle Partners Survey on Digital Consumers, 2016

3.4 Within the next 12 months, existing market concentration gets dispersed over a diverse array of product categories

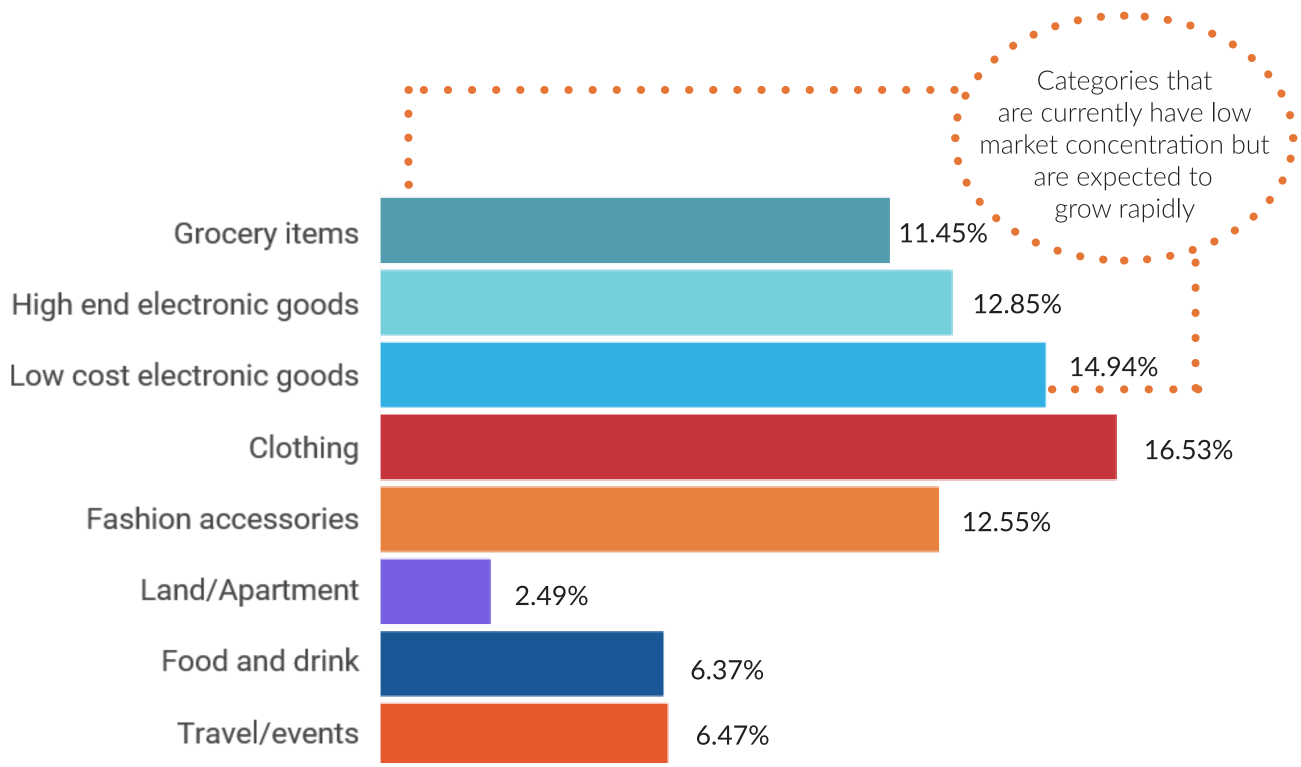
While it is important to realize the market size that can be tapped into for conversion or acquisition or upsell both in the short and long term, it is also a common concern in the market to gauge current and expected demand across product categories. Comparing current trend for online purchase with the intention to go digital in the future over different product categories gave us some interesting insights:



Source: LightCastle Partners survey, 2016

Clothing and fashion accessories, widely made available via mainstream e-commerce and f-commerce outlets are the most popular product categories attracting 49%+ buyers at the moment. However, within the next 12 months, this concentration gets dispersed over a diverse array of product categories:

Consumer interest in electronic goods maintains its current momentum in the near future. However, **desire to go digital for high-end electronic goods experiences a positive growth** (13% on top of a current 9% share in product portfolio). This indicates increasing demand for staying connected in the digital space with higher and better tech consumption in our consumers. Shoppers purchasing smartphone accessories or low-cost digital devices online are most likely to trade-up in the future to get their latest smartphone brand online.

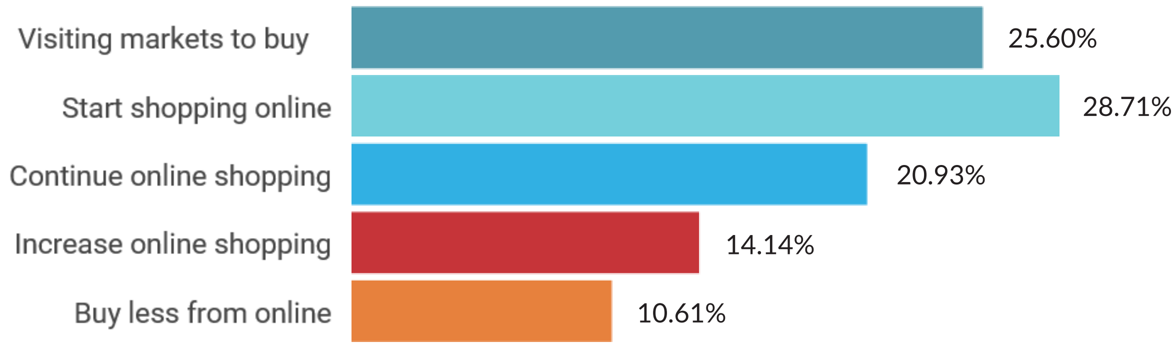


Source: LightCastle Partners Survey, 2016

Consumer demand for online grocery shopping gets established within the year. 11.5% (interest level positioned right after fashion and electronic goods) of the consumers surveyed plan to start purchasing groceries from online shops.

Online ticketing solutions are expected to experience higher demand than now in the next 12 months. For travelling, going to movies and/or attending cultural/social events, **more consumers are likely to look for tickets online than spending long hours standing in lines.**

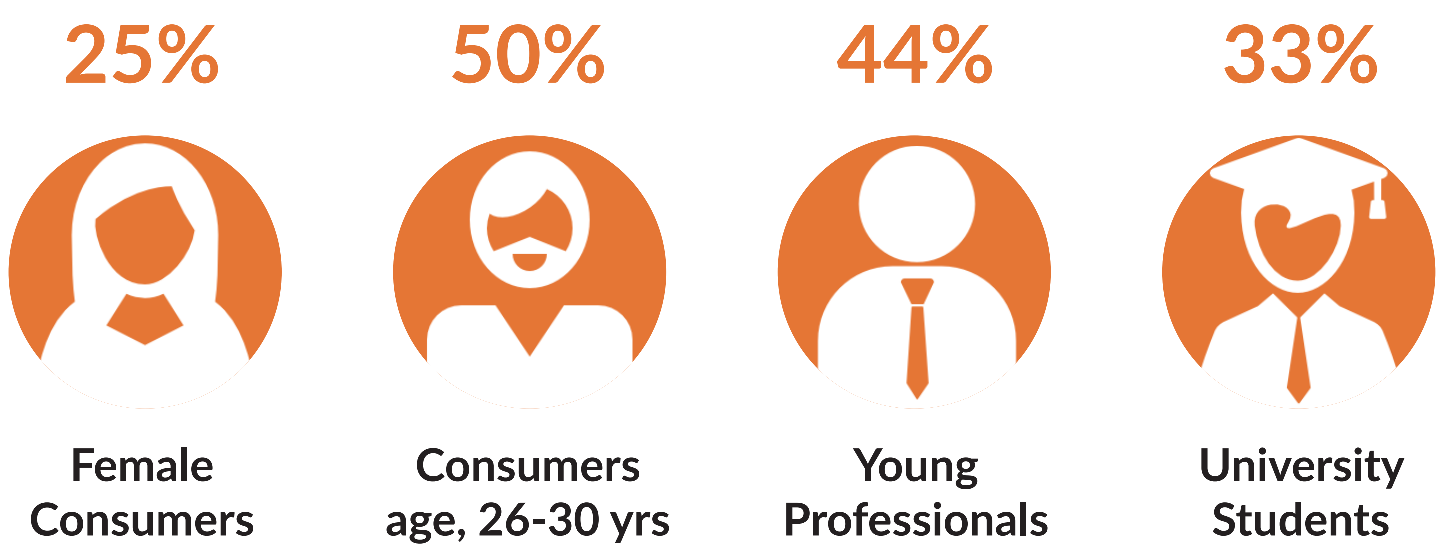
Consumers are optimistic – 65%+ expects to start, continue and increase (~15%) online shopping. This shows there are large percentage of consumers who are potential segments for conversion or upscale.



Source: LightCastle Partners Survey, 2016

3.5 Demographic curve is accelerating the adoption of e-commerce

The current consumer demographic of E-commerce in Bangladesh is primarily made up of youth with male consumers making up the majority (75%). **The most prevalent age group is 26-30 years old consisting of 50% of the consumer group. Majority of the consumers are either young professionals (44%) or university students (33%)** with one-third of them has a monthly income of BDT 30K+. Fashion wear and consumer care products are the top selling categories in the market.



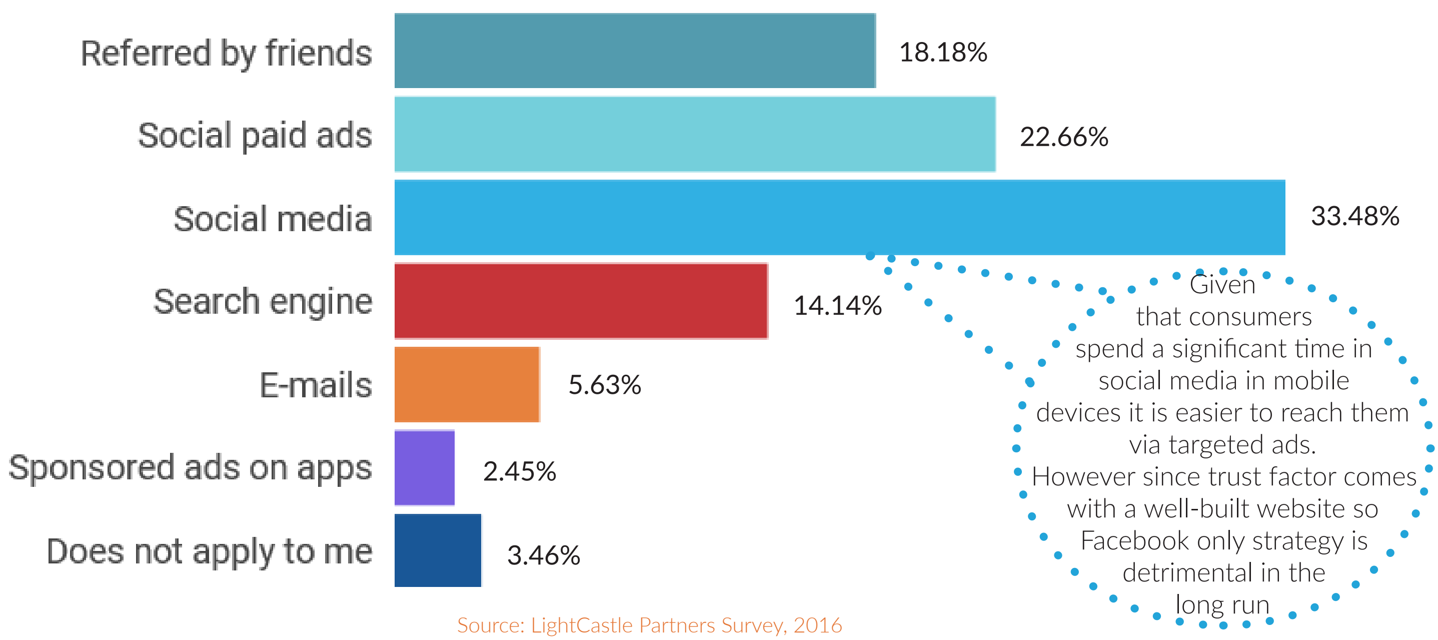
Source: LightCastle Partners Survey on Digital Consumers, 2016

3.6 E-commerce customers have to be reached via a multi-channel strategy with a strong focus on below the line activities like peer endorsements

When asked about the e-commerce service perception, **57% of the consumers purchasing products online were 'indifferent' or rated the service 'bad'. These consumers - preferring quality over price, and being loyal to brand name rather than aesthetic aspects - can be converted as true brand ambassadors, if only service class is considered an integral part of creating value by e-businesses.**

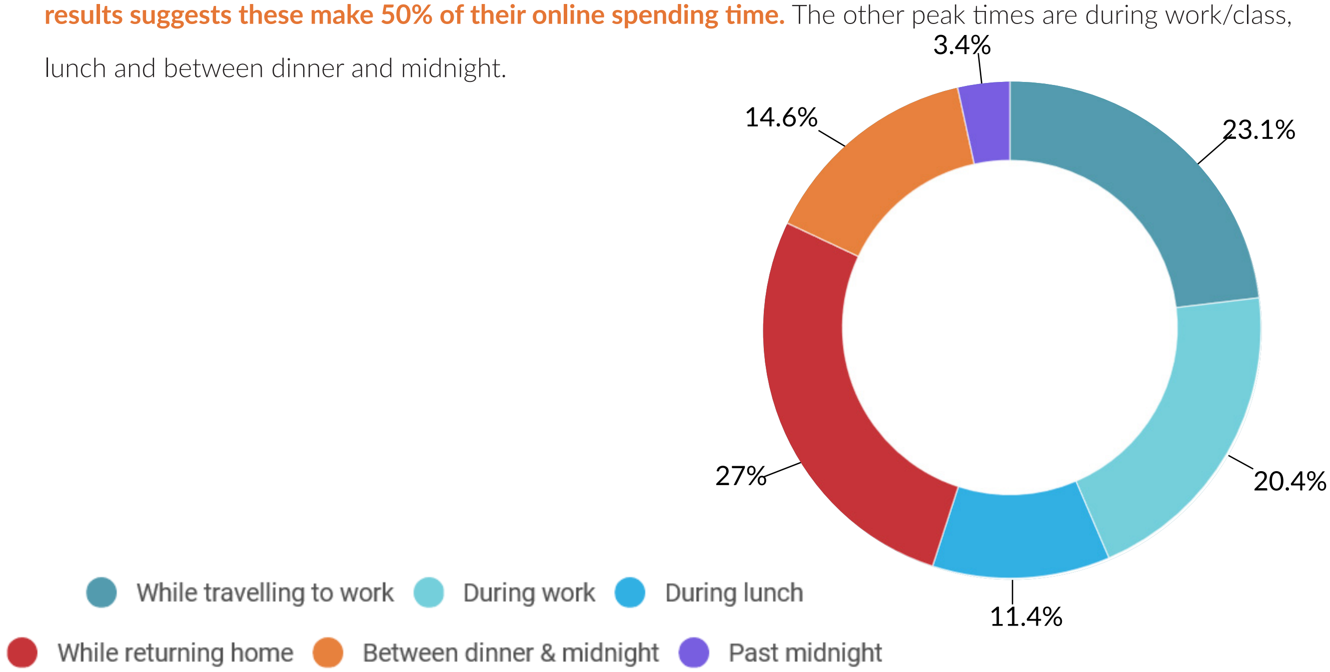
Despite having long exposure to social media and online review platforms, **digital consumers still get influenced by 'offline peer review' as 83.8% of consumers said they would 'Trust" or 'Strongly Trust' product or service review given offline by friends and relatives. The next big influencer is certifications obtained by organizations** (like BSTI approval). Product information found on official company website persuades 69.5% of the population and traditional media advertisements affect only 30% of the consumers. In-house store promotions also work with the same credibility level as TV commercials.

Facebook or social media pages and links work as the best navigators to e-commerce websites. Though quality seeking consumers depend on reviews given by their peer network and sponsored ads on social media for product purchase decision, for landing on e-commerce websites 31.5% of the respondents rely on product/ e-commerce platform pages or links available on social media. **Sponsored ad and peer suggestion are the next best alternatives while e-mails work with only 5.6% of the consumers.**



Source: LightCastle Partners Survey, 2016

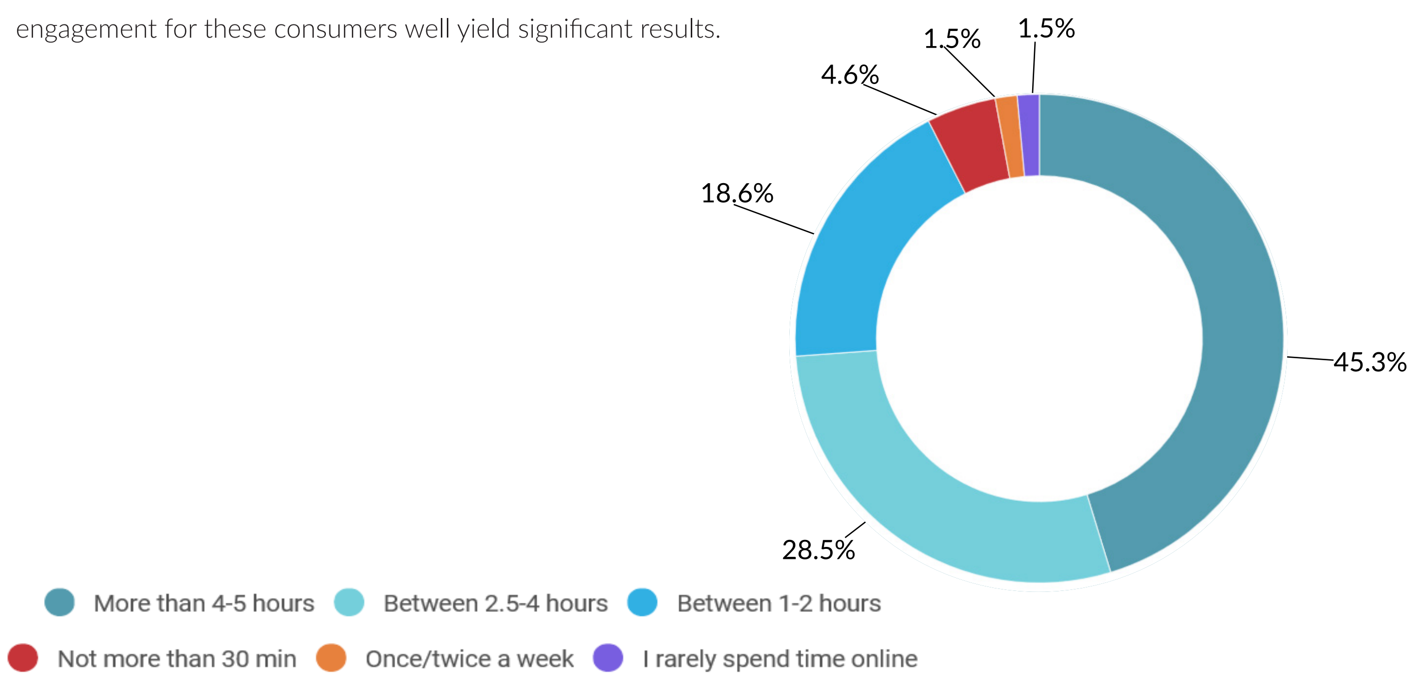
The best time to target this consumers are during their commute time to classes/work. As the survey results suggests these make 50% of their online spending time. The other peak times are during work/class, lunch and between dinner and midnight.



Source: LightCastle Partners Survey, 2016

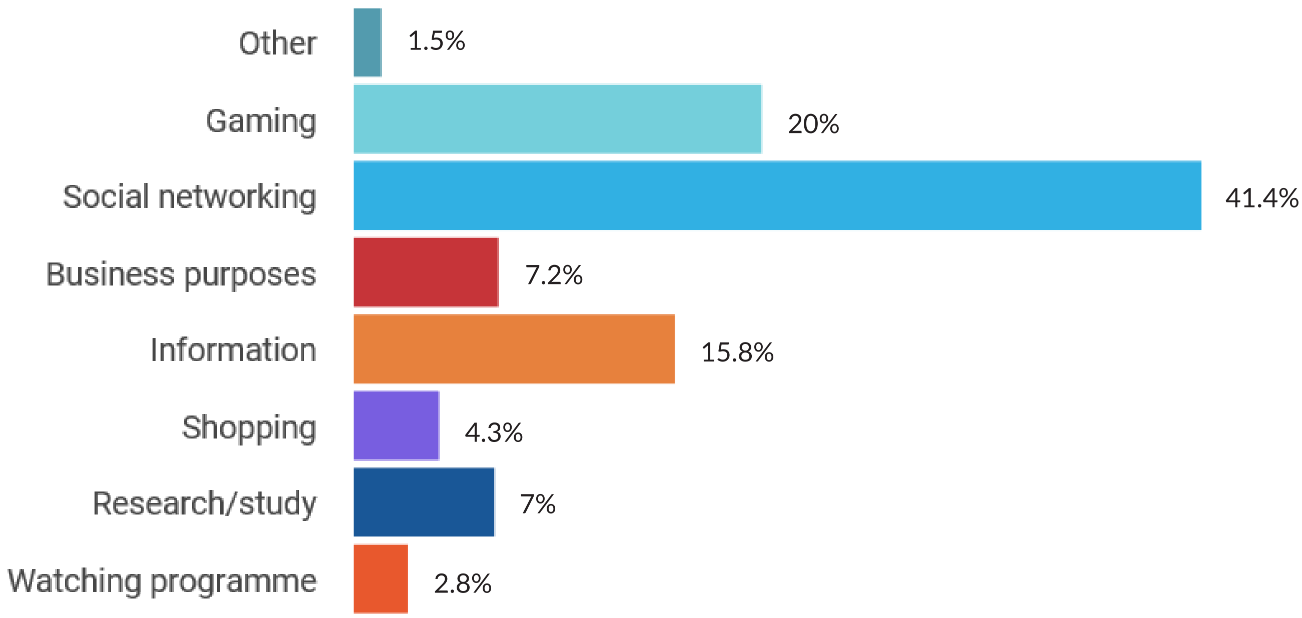
3.7 Customer engagements via games and social media will yield high results

45%+ of the consumers spend 4-5 hours daily online. That's a significant number and well designing online engagement for these consumers well yield significant results.



Source: LightCastle Partners Survey, 2016

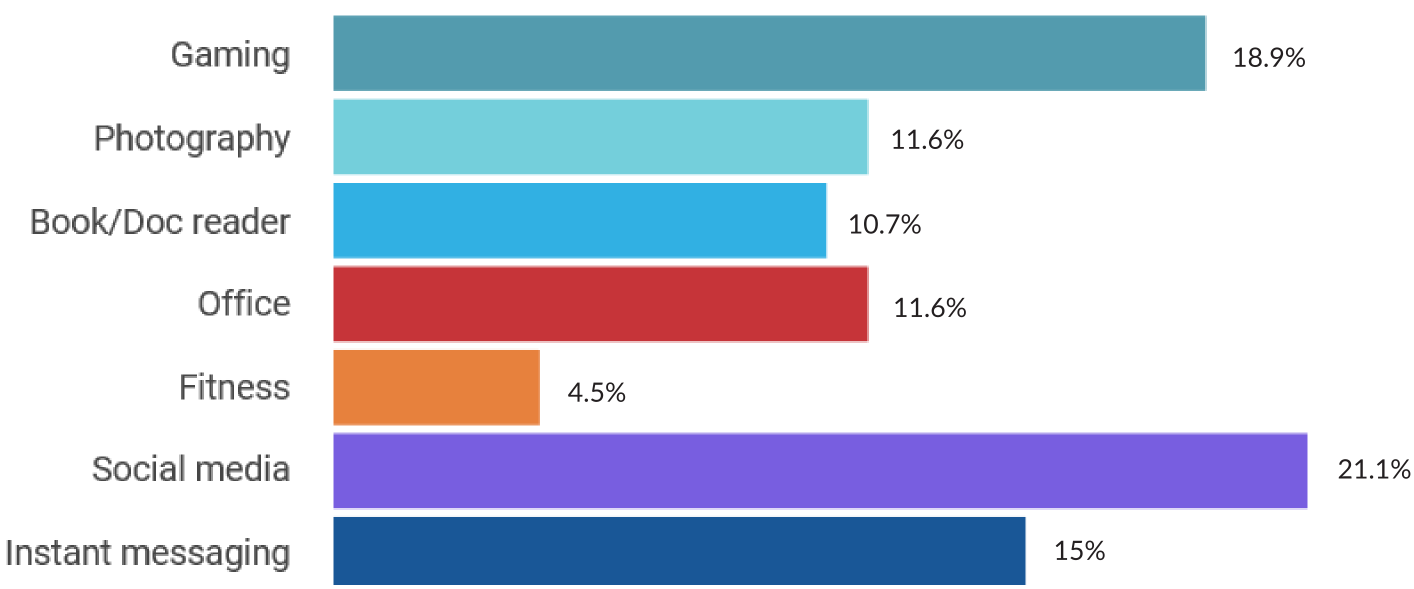
42% of the time spent online is utilized for social networking, followed by gaming (20%) and information search (16%). Thus designing engagements around this activities will result in higher e-commerce adoption.



Source: LightCastle Partners Survey, 2016

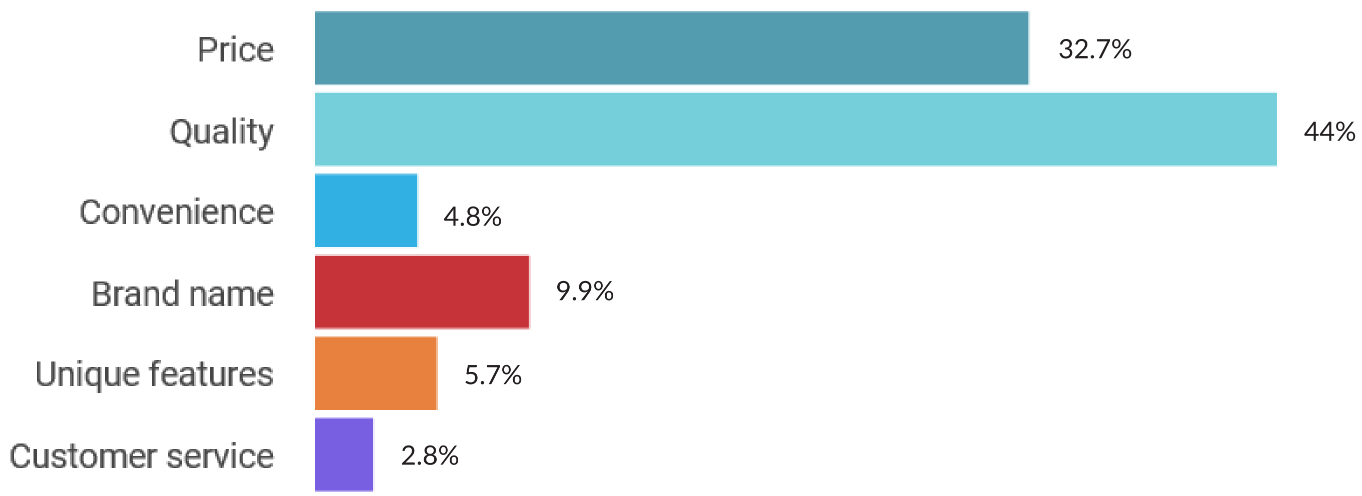
This can be further stressed by the facts that mobile applications that the consumers use have a high concentration around **social media (21%), games (19%) and instant messaging (15%).**

However these are closely followed by photography (12%), office (12%) and book/doc readers (11%) – targeted advertisements in this categories may result in positive conversion.



Source: LightCastle Partners Survey, 2016

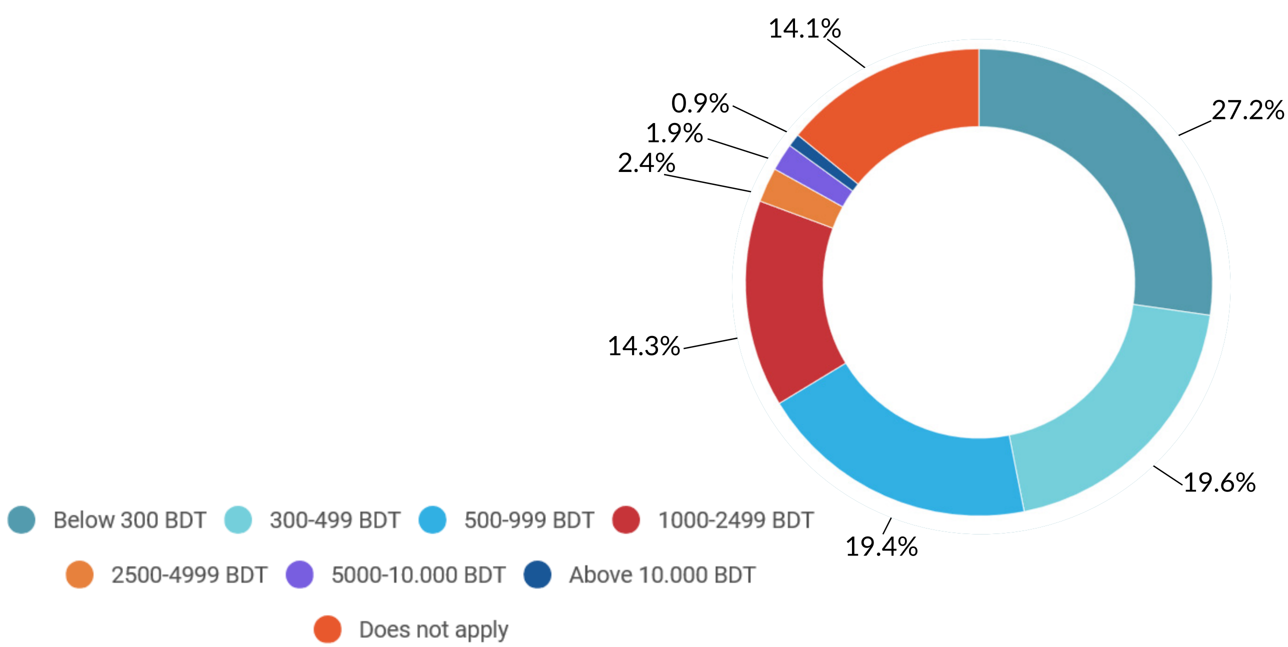
The most important factors to market in this targeted adverts would be **"value for money" given that the consumers are price conscious (33%) also puts a high emphasis on quality (44%)**. This trickles down to factors like having a healthy brand image and add on top of hygiene factors like convenience and customer service. Interestingly, consumers though individualistic in nature do not need the products to be unique however they are opinionated and want to make the choice themselves hence customization of orders may benefit businesses.



Source: LightCastle Partners Survey, 2016

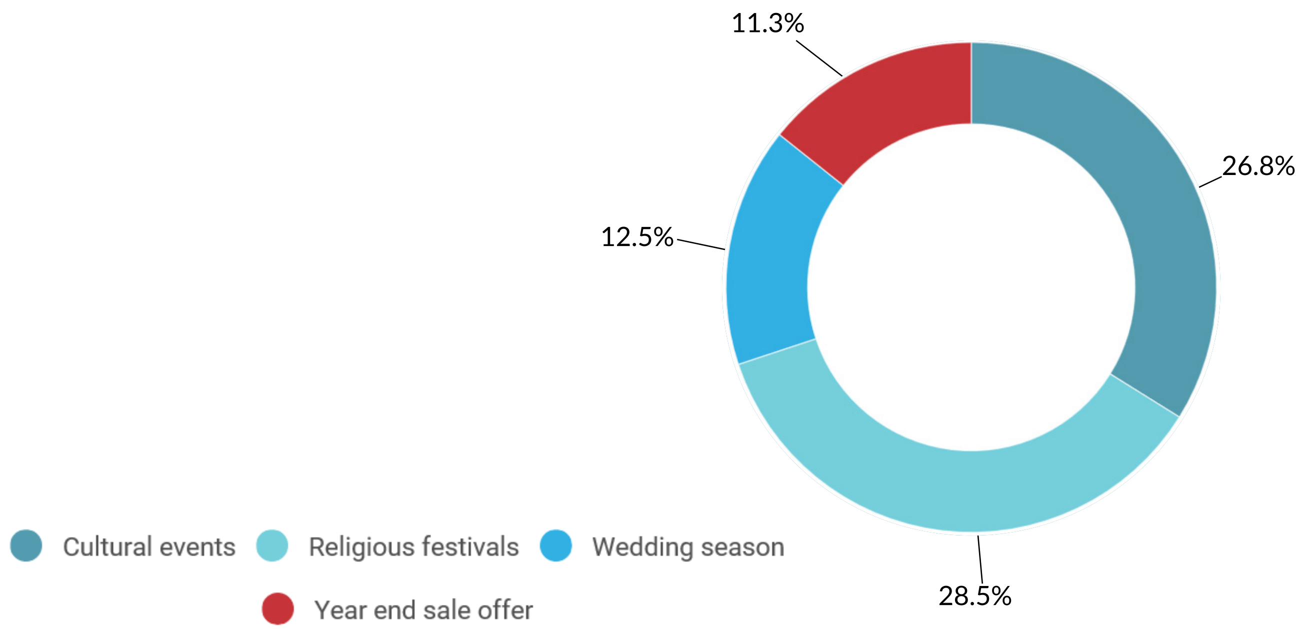
3.8 Cultural and religious festivities are more important than discount days

78% of the online shoppers are low-cost item buyers. Average basket size for online shopping remains below 1000 BDT with higher concentration in lower price groups. However, this base is to pick up as consumers show interest in trading up for their online purchases in near future.



Source: LightCastle Partners Survey, 2016

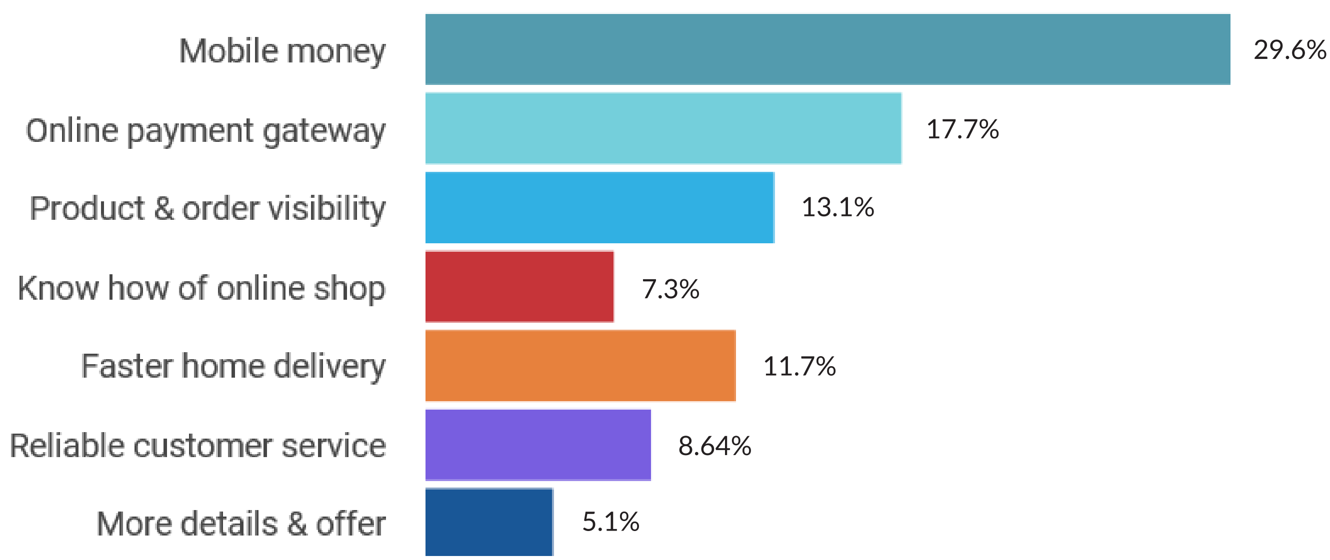
Bulk share of online shopping takes place before and during cultural events (like Pahela Baishakh, Bijoy DIbosh) and major religious festivals (like Eid, Puja) in Bangladesh. This finding resonates with our occasional buyer heavy respondent base which purchase/ increase purchasing things online around specific shopping seasons within a year. Quite interestingly, **during sales/discounts offered by stores, only 11.33% of the respondents increase their order size and/or frequency.**



Source: LightCastle Partners Survey, 2016

3.9 Mobile wallets will become an integral part of e-commerce in near future

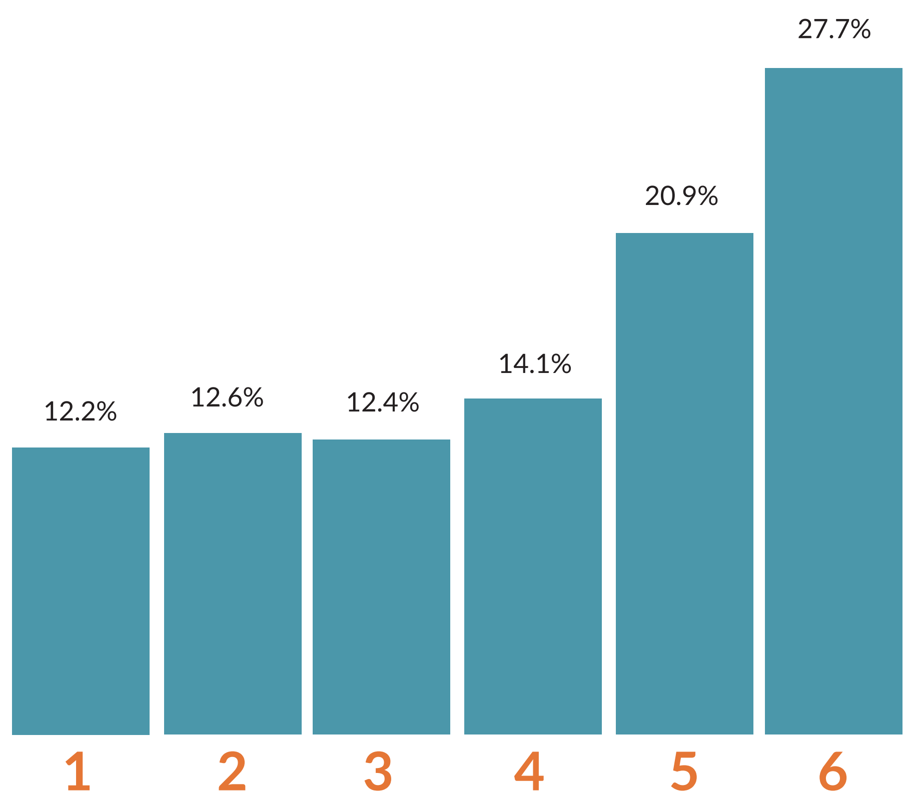
When asked what are the factors that will entice consumers to convert plus increase their e-commerce activities, the top factors were mobile money facilities (30%), addressed safety concerns for payment gateways (18%), improved product order visibility (13%) and better home delivery services (12%).



Source: LightCastle Partners Survey, 2016

Other areas of concern include reliable customer service and careful handling of goods during delivery – this signifies the importance of “last mile” logistics.

We also asked the respondents to gauge their view about DCB (direct carrier billing) which will allow consumers to directly utilize their mobile talk time to pay for e-commerce good and services. On a six point scale 60%+ of the respondents were positive. This again stresses **digital wallets if implemented with ease of use will result in up sale via online channels.**



Source: LightCastle Partners Survey, 2016

CHAPTER 4

How to "Win" in the new Bangladesh market

4.1 Game points for winning in e-commerce.

Bangladesh has just started to experience the emergence of a high velocity digital ecosystem. Between 2014 to 2016 e-commerce transaction volume has doubled from USD 25 million to USD 50 million a year. However as the market accelerates it has become pertinent to understand the consumers better and service them likewise. Since the consumer class is still developing here are a few game points that would allow you to win in e-commerce.

Game Points for you to "win"

Develop a multi-channel strategy using mobile, social media and web portal – your game plan should be mobile centric, mobile light and mobile first but not mobile only. 80% of the time the searches would be on smart devices and highest conversion would be via social media (namely Facebook). However, since trust emerges with having a well-built website having only a social media centric strategy is not a good idea.

Value client servicing via "call centers" and strong "last mile" logistics – Consumers here love to enquire via direct call and puts high emphasis on quality product delivery within time Hence, businesses that engage consumers via high quality call center services and deliver product with sufficient quality will benefit.

Game Points for you to "win"

Build trust with a "Value for Money" proposition – Consumers are both price conscious and concerned about quality. This means it would be important maintain consistent brand image that are endorsed by peer network. However, within all this trust is a key – breaking the ice with discount offers is a good idea but it is important to remember not to compromise on the integrity of the system.

Build the e-commerce businesses around the Big "6" attitudes – The next e-commerce growth will develop around millennial and Gen-Y who are driven by authenticity (knowing product is genuine and of high quality), convenience (expected as a hygiene factor), experience (stressing need for client servicing and proper logistics), simplicity (ease of use especially a mobile centric approach), variety (expects a wide range of choices to cater to individualism) and value (mentioned previously the customer is both price and quality conscious).

Focus on the right categories – As with other emerging markets being an e-commerce business you are at the epicenter of a huge supply chain and looking to profit from scale. Hence to start it would be important to focus on the right categories that are showing high growth potential. Categories that are expected to continue high growth or pick up in 2016 are fashion wear, grocery, high end consumer devices like smartphones and low cost consumer electronics. Other times that will exhibit moderate growths are travel/events/movie ticketing and food/beverages/restaurants.

4.2 Tackling "last mile" logistics

As the e-commerce businesses start to achieve scale and growth, it is not only geographically restricted to the capital coupled with facts like significant traffic congestions – "last mile" logistics is beginning to suffer. For an e-space business "trust" is a major element and drives loyalty, hence discount deals that often lead to dip in brand image should be handled carefully.

Important trends from the consumers:

Consumers surveyed responds to free shipping, which is expected to become a norm in the industry.

High emphasis and concern on quality of goods delivered + complaints on return policy + low quality/wrong product delivery.

Client servicing pre & post product delivery with importance in maintaining call center services gets preference among consumers.

Here are some broad strategies that can help conquer the logistics dilemma:

Outsourcing will become a key as delivery focused services would develop value in scale. Develop structures on augmenting internal logistics capacity with outside firms to improve supply chain.

Fulfillment centers at strategic points to augment turnaround time will allow businesses to effectively increase delivery quality and diminish time. Existing retailers who actively exploit this space would have a competitive edge since they can leverage their existing supply chain network (e.g. Meena Bazar can utilize their super shops at different areas to supply products effectively).

Developing Dynamic Parcel Distribution (DPD) since consumers are often on commute. Given the city traffic since customers are often on move allocating specific times and updates as the delivery approaches by integrating technology would results in time and cost optimization. Once the sales exceeds a certain threshold the firm would benefit from scale.

Integrate order tracking systems will result in higher customer satisfaction and better business management. Cost effective GPS technologies can be easily integrated that allows both the business and the customer to track orders and thereby manage time better.

Packaging Innovations will also play a key role especially for perishable goods and food items. Businesses need to ensure that quality of the product is not compromised. Businesses that excel in developing packaging for example special crates for developing vegetables at maintaining "cool" chain will gain preference among consumers.

Tie-ups with offline stores for an omni channel presence can help simplify logistics. This stems from the importance of strategic partnerships as the business expands to ensure coverage. Players who would be adept at sealing partnerships with retailers will benefit from lower inventory management and better product delivery.

Importance of adopting a "data-driven" culture will gain prominence as with trends and sales forecast a lot more preparation can be adopted to ensure seamless delivery. Big Data can significantly reduce turnaround time and allow stocking of goods based on demand forecast. By allowing preemptive marketing and acquiring repeat customers/orders supply chain management will become more structured.

CONTRIBUTORS

Ayesha Sabrina, **Consultant,** LightCastle

Ayesha Sabrina is an Expert Consultant at LightCastle Partners. She is passionate about numbers and strategy. She aspires to open a food tech business sometime in the near future.

Mohammad Kashif Choudhury, **Vice President,** LightCastle

Mohammad Kashif Choudhury is a Vice President at LightCastle Partners. His love for Economics is matched only by his passion for technology and he is always looking for areas where these two fields merge.

Md. Sazzad Hossain Nahid, **Vice President**, LightCastle

Md. Sazzad Hossain is a Vice President at LightCastle Partners. He is enamored with analysis and thus finds immense pleasure in writing reports with meaningful insights that redefine the thinking process.

Rakibul Hasan, **Content Designer**, LightCastle

Rakibul Hasan is a Content Designer at LightCastle Partners. He has a deep passion about creative design. He always looks for ways that will blend technology, design & creativity into a single solution.

LightCastle Partners
Inspiring Business | Boosting Economy

Suit B1 | House 19 | Road 13 Block G Niketan
Gulshan-1 | Dhaka 1212 | Bangladesh

Mobile: +8801711385988
Web: www.lightcastlebd.com
Real Time Consumer Research: www.lightcastledata.com
Real Time Report: www.lightcastledata.com/drive