

Contemporary Practices of E-commerce in Bangladesh

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Abstract: *E-commerce means buying and selling product and transmittal of the funds through electronic network. E-commerce consists of different technologies, including online fund transfer, electronic data interchange, Inventory management, Internet marketing, automated data collection systems, etc. The government of Bangladesh initiates lots of programs for enhancing the development of technologies in the field of business. The government also provides facilities for the business organization as well as other organizations to adopt digital technologies. There are both primary and secondary data used in this study. The research was conducted from January to May of 2021 surveying with a questionnaire involving 452 samples. Some simple statistical tools; pie-chart, bar diagram and tables were used to analyze data and present the result. The findings include use of social media for purchasing, purpose of use of internet, reliability of purchasing from internet, preference of mobile app, opinion about high speed internet, growth of e-commerce, purchase frequency and motivational factors for online purchase.*

Keywords: E-commerce, automated data collection, Internet marketing, Inventory management, Bangladesh

1. Introduction

Internet technology creates lots of opportunities for the business arena as well as other areas. The E-commerce platform has made a revolutionary change in the field of business. The Internet has become the most effective tool for business organizations. A newborn business organization can efficiently serve the whole world within a few months of its start. People can quickly fulfill their demands by purchasing products from different countries of the world. The Behavior of online purchasing has been evaluated in many previous studies from the perspective of consumer demographics (Brown, Pope & Voges, 2003). Electronic commerce (E-commerce) started its journey in Bangladesh in the 1990s. Still now it is in the developing phase. During the 1990s very few people sent gifts, documents, etc., to relatives and concerned recipients living in Dhaka using the e-commerce service. In 2001-2008 the e-commerce sector experienced very little growth as Bangladesh has inadequate infrastructure and technology. 'Akhoni' and 'Ajkerdeal' introduced the concepts of the online marketplace in 2012-13. After 2015 Kaymu and Daraz entered the market and invested a considerable amount (Farhana, 2018). The e-commerce platform began to proliferate, and the market competition increased.

Daraz and Kaymu is a foreign company. All these business organizations get good appreciation from the people living in Dhaka and Chittagong. In the last couple of years, the Bangladesh e-commerce platform has expanded a lot. The E-commerce Association of Bangladesh (e-Cab) has counted seven hundreds of E-Commerce sites and around eight thousand E-Commerce pages on Facebook. The number is increasing fast in Bangladesh. These 700 E-Commerce sites consist of several business ideas and models. Rokomari is one of the Unique E-commerce businesses in Bangladesh that sells books like Amazon. Bikroy.com, SWAP, Pickaboo, Priyoshop, etc., are renowned names in E-commerce in Bangladesh. Bikroy.com and SWAP offer the customer a buy and sell opportunity. Besides, SWAP also provides an exchange facility. Chaldal.com, Panda Mart, Evaly grocery, othoba.com are the initiator and critical market leaders of the E-commerce business in the FMCG sector. Giant business organizations are focusing on E-commerce and have shown their great interest in it. Online food delivery service gets a massive response from the people of Bangladesh (Karim & Qi, 2018). Due to the heavy traffic in Dhaka city, people feel it convenient to order their food on E-commerce sites like FoodPanda, E-food, Hungry Naki, etc. Initially, these organizations started their business in Dhaka, but they have expanded their business in other cities of Bangladesh like Chittagong, Sylhet, Barisal, etc. The number of active internet users is increasing very rapidly in Bangladesh. Moreover, the purchasing behavior of people is changing. People started purchasing from the e-commerce platform. People of Bangladesh find it convenient and easy to purchase products Online. E-commerce in Bangladesh is quite different from other countries like China, Singapore, the USA, and the UK.

2. Literature Review

As we know, the web and also the space of e-commerce area are committed towards each developing country. However, we predict it may create a stimulating profit to developing countries conjointly if a perfect business purpose is created. Ahmed et al. (2007) clearly mentioned that E-commerce could be a revolution & turning purpose within the context of on-line business practices and may create an enormous contribution to the economy. Akhlaq and Ahmed (2016) also indicated that currently, e-commerce organizations have increasingly become a basic element of business strategy and a strong catalyst for economic development. According to Jewel (2021) in Bangladesh on-line transactions are increasing gradually over the time with the dynamics of business atmosphere. With the advance of resource criteria and quick pace of the quality of living consumer's searching behavior has shifted greatly. With the advance of economic aspects like banking, supply, communication, payment methodology, etc., there has been an outstanding opportunity of e-business. A huge quantity of analysis works has been done on e-Commerce mainly on on-line shopping. An oversized cluster of researchers has recognized and collectively discovered the requirements and possibilities of on-line searching. On the other hand, downside of e-commerce has also been

perceived (Protik, 2019). At the same time, researchers have provided essential suggestions and made predictions about making on-line searching more helpful for the consumers.

3. The Objectives of the Research

The study was conducted all over the country, Bangladesh, with the following objectives:

- i. To get a clear idea about the prospects and practices of e-commerce in Bangladesh;
- ii. To find out the buying behavior of Bangladesh customers from an E-commerce perspective;
- iii. To illustrate the advantages and disadvantages of E-commerce from the Perspective of Bangladesh.

4. Methodology

The research is based on both primary and secondary data collected on E-commerce in Bangladesh. The preliminary data has been accrued using the questionnaire method. For conducting the questionnaire survey in this Covid-19 situation, Google form has been used. 452 participants have participated in the survey. The questionnaire started with three (3) demographic profiles, gender, age and areas. Income was not included in the questionnaire as people are reluctant to disclose their true earnings. For collecting secondary data related to E-commerce in Bangladesh, different articles, research reports, and books have been used. The data from primary sources have been analyzed and presented through chart and graphs in this study.

The other aspects that this research interprets are advantages of E-commerce in Bangladesh, the role of a Telecommunication system in the E-commerce, list of successful E-Commerce of Bangladesh, and the constraint of starting E-commerce in Bangladesh are depicted (Goddard & Melville, 2019). This research paper aims to explain the overall scenario of an e-commerce platform in Bangladesh.

5. Results and Discussion

For analyzing the primary data, the graphs and charts are used. In this section, the researcher will discuss the key findings from the primary data collected from the survey.

5.1 Gender

Based on the responses to the questionnaire we can see that the number of male buyers (270) is more than the number of female buyers (182).

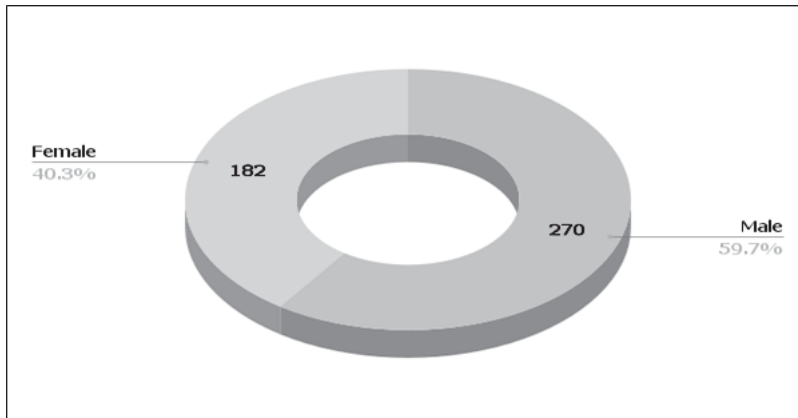


Figure-1: Gender of respondents (Source: Survey)

5.2 Age

Findings showed that the maximum respondents i.e., 196 respondents are in the range of 21 to 25 which is 43.36%. That means the clients in the age range between 21 to 25 are more interested in online shopping.

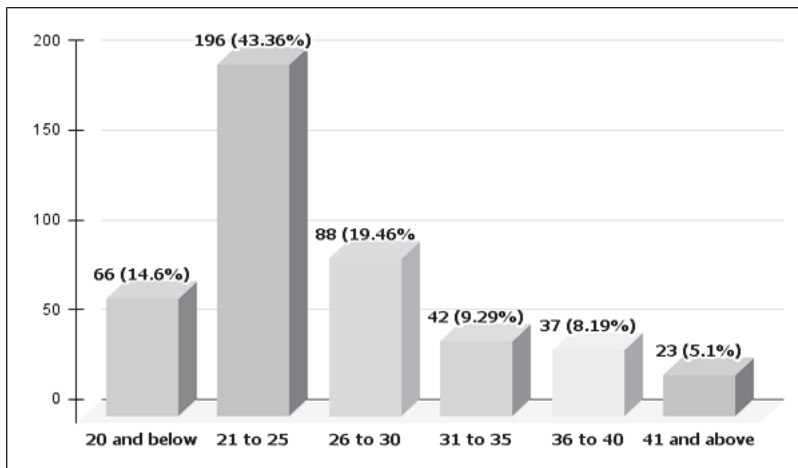


Figure-2: Age of respondents (Source: Survey)

5.3 Area

Majority of the respondents are from the urban area which is 87.4% of the respondents. The key reason behind it is that internet facility is more easily accessible in the urban areas than in the rural areas.

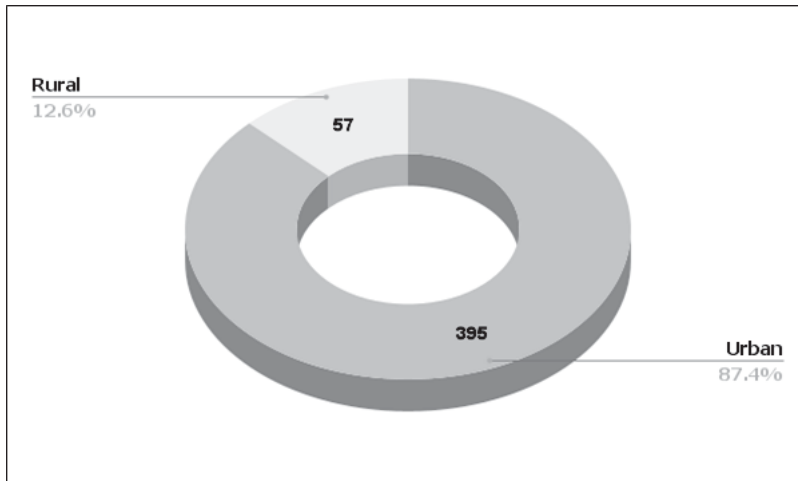


Figure-3: Coverage of area (Source: Survey)

5.4 Use of social media for purchasing

After analyzing the data collected from the questionnaire, it can be said that about 83.6% of people of Bangladesh use social media for purchasing.

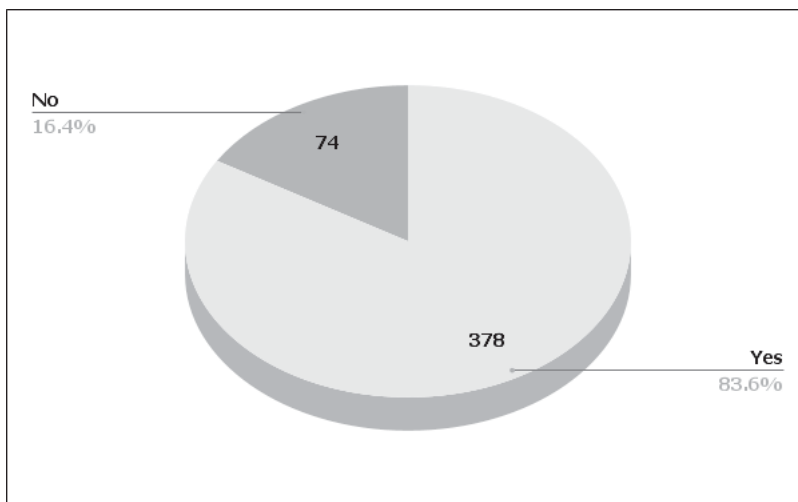


Figure-4: Use of social media for purchasing (Source: Survey)

5.5 Use of online marketing (per month)

Figure-5 shows that the most of the use of online marketing depends on the demand of respondents or according to their necessity of purchase on a monthly basis which is 39.38%.

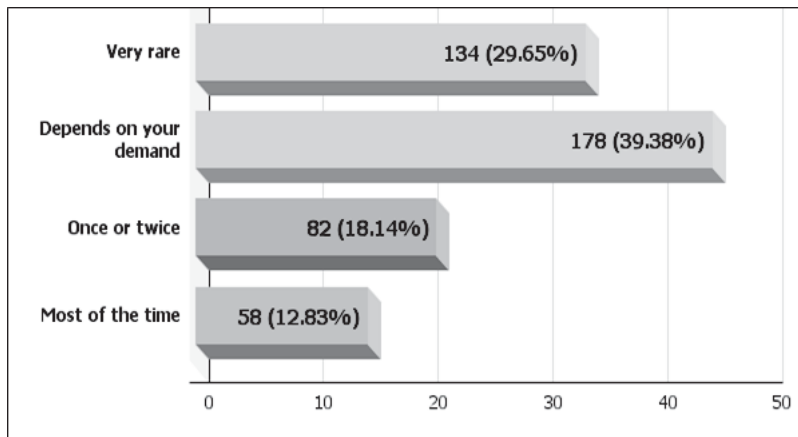


Figure-5: Use of online marketing (Source: Survey)

5.6 Purpose of use of internet

Most of the people in Bangladesh use the Internet for entertainment and education (43.16% and 33.20% respectively). On the other hand, only 15% use the Internet for shopping purposes.

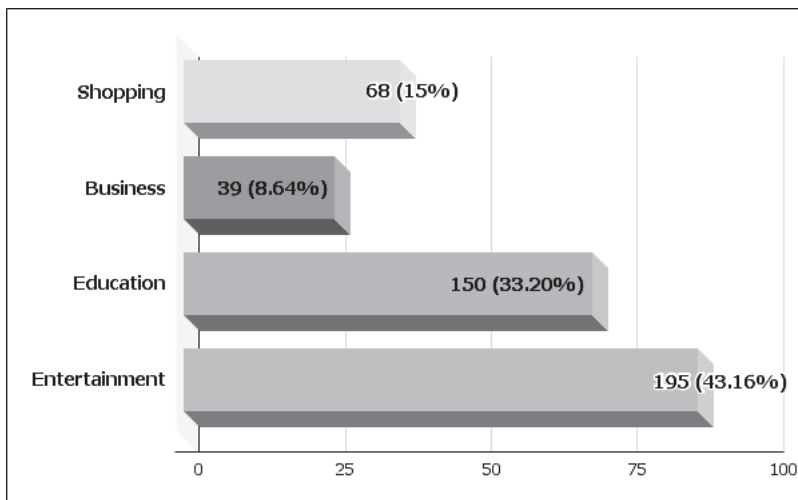


Figure-6: Purpose for use of internet (Source: Survey)

5.7 Reliability of purchasing from internet

66.4% respondent report they feel safe to purchase from E-Commerce sites which projects a good prospect for the E-Commerce future. It means if E-Commerce site can establish trust among the customers, then more people will be engaged with E-Commerce. It has got a possibility of soaring high after the parliament's regulation. So it may

be deduced that people trust online purchasing, and they are getting gradually used to it.

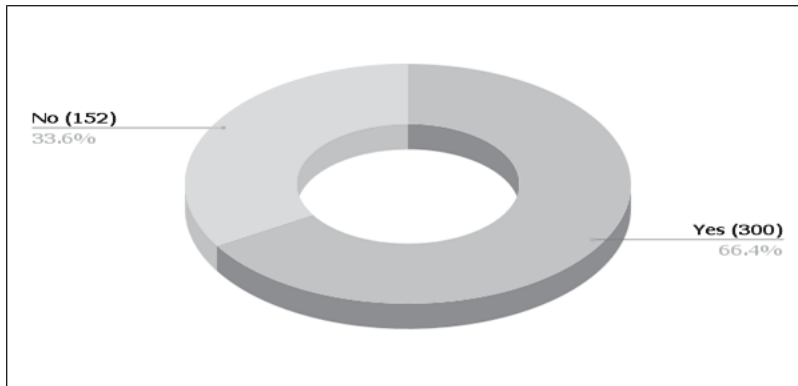


Figure-7: Reliability on online shopping (Source: Survey)

5.8 Variety of product purchasing

In this figure we can see that people love to buy food items mainly from the E-Commerce site which is 30%. It shows purchasers' lack of trust in other products like electronics, cosmetics, and gadgets compared to purchase of food items.

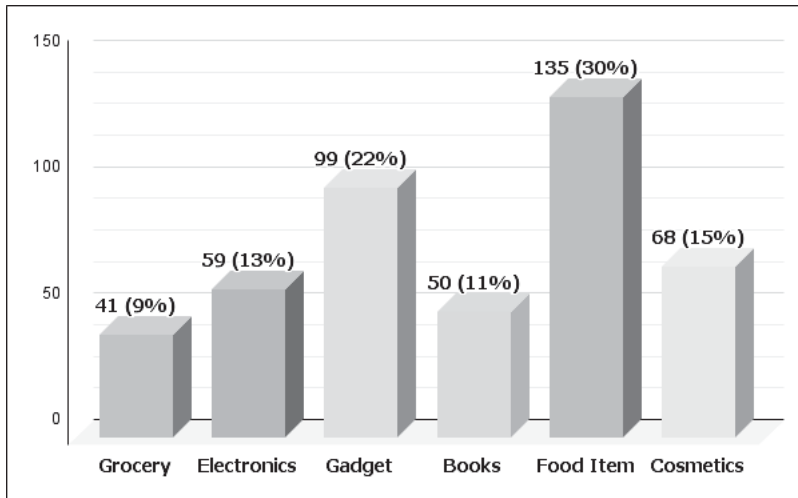


Figure-8: Variety of product purchase through online (Source: Survey)

5.9 Mostly used E-commerce sites

There are lots of E-Commerce sites available in Bangladesh. Among them, Evaly entered very strongly and grew very fast in the E-Commerce industry. Among the E-Commerce sites, people love to buy from Daraz which is 62%. Evaly is in the second position with 39.8%.

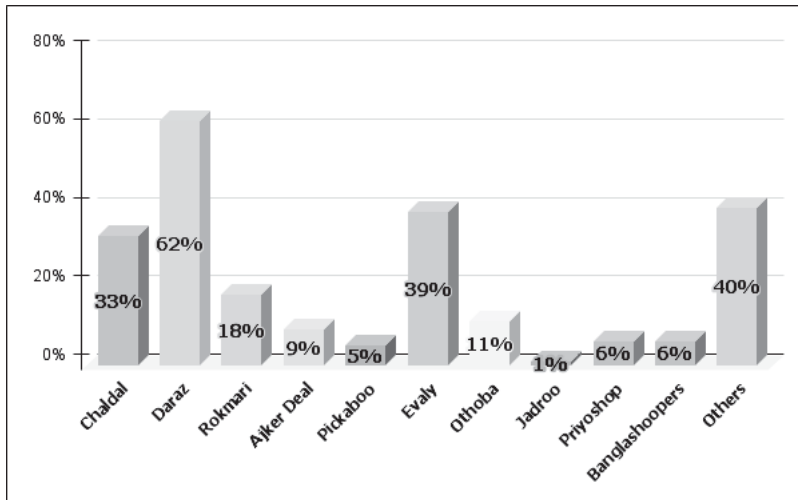


Figure-9: Mostly used E-commerce sites (Source: Survey)

5.10 Preference of mobile app

Figure-10 shows that about 75.9% respondents prefer mobile apps rather than using websites or social media.

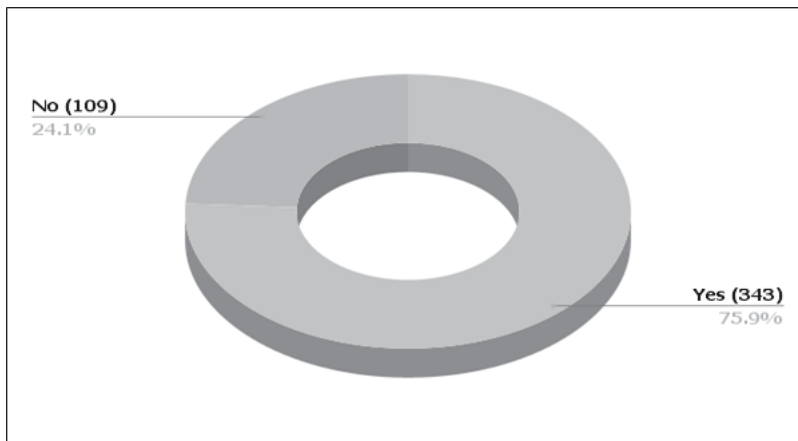


Figure-10: Mobile apps preference (Source: Survey)

5.11 Opinion about high speed internet

Figure-11 shows that most of the respondents agree that they have got high speed internet browsing facility while online purchasing, which means internet speed is not a barrier in E-commerce business.

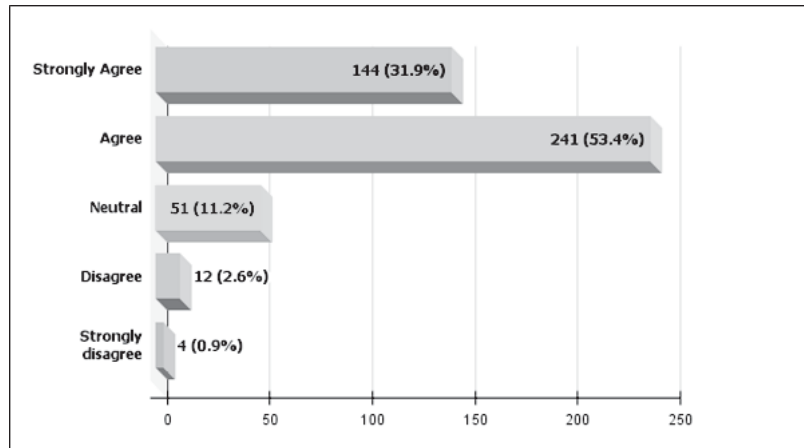


Figure-11: Opinion about high speed internet (Source: Survey)

5.12 Opinion about growth of E-commerce

Figure-2 shows that 72.3% respondents are satisfied with the services of E-Commerce which ensures fastest growth of E-commerce in the context of Bangladesh.

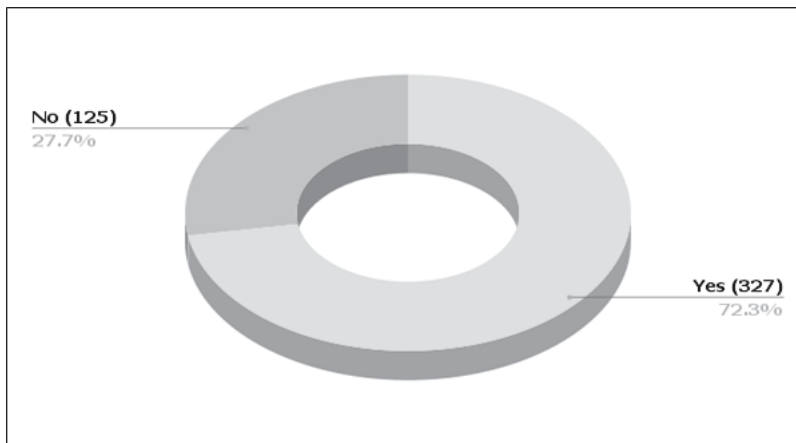


Figure-12: Opinion about growth of e-commerce (Source: Survey)

5.13 Frequency of purchase

Though there are many barriers, but the data show that E-Commerce is able to overcome that barrier. It is looks very positive that more than 21.6% of people buy the product more than 20 times from an E-Commerce sites. It means people's habits are changing and they prefer online shopping rather than offline shopping.

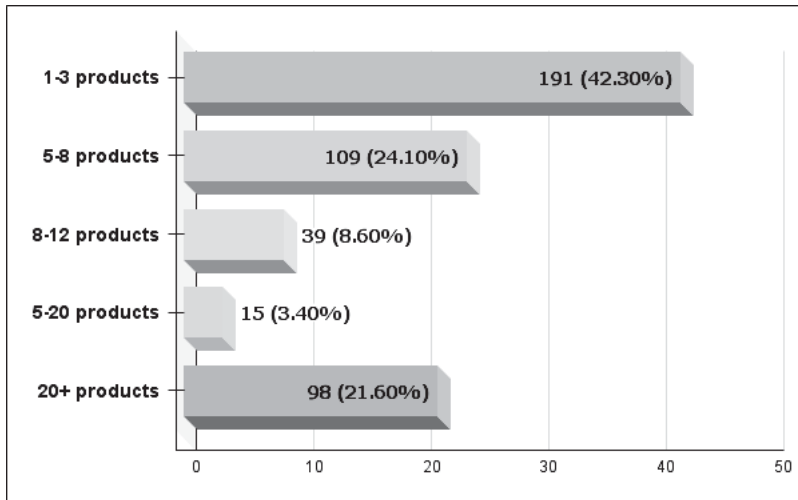


Figure-13: Frequency of purchase (Source: Survey)

5.14 Safety of transaction

Day by day the online payment system in Bangladesh is getting more advanced. Figure-14 shows that about 68.1% respondents feel safe while transacting online for shopping which creates a positivity for E-commerce in Bangladesh.

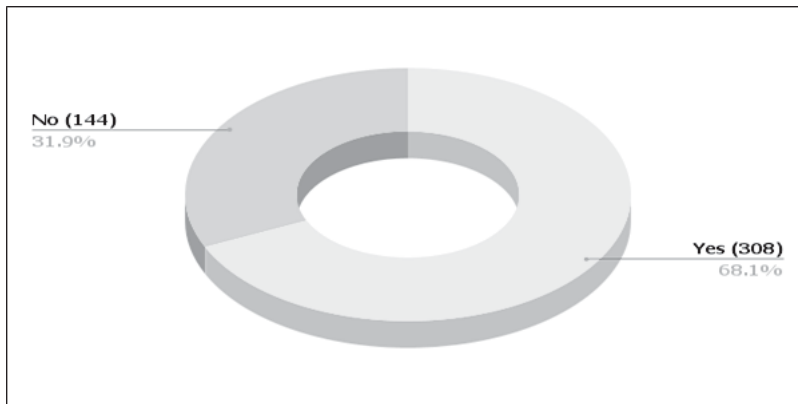


Figure-14: Safety of transaction (Source: Survey)

5.15 Motivational factors for online purchase

Figure-15 shows that about 75.9% respondents said that they have purchased online because of home delivery service, which has increased due to Covid-19 situation.

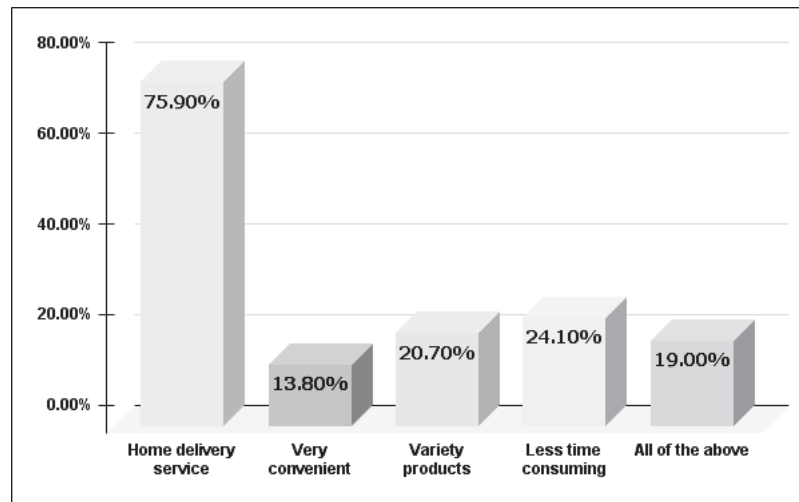


Figure-15: Motivational factors for online purchase (Source: Survey)

6. Current Practice of E-commerce in Bangladesh

6.1 Concept of E-commerce

The acronym of E-commerce is electronic commerce which refers to buy and sell through the medium of the Internet. But now, E-commerce is not only used for buying and seeing. It is also used for comparing the price of the products in different e-commerce sites, such as, Google shopping, Bizrate, Compare raja, and many more. Most of the companies have used their website for communicating with online customers and users. The website becomes the online shop for most of the businesses in Bangladesh (Bloomenthal, 2021). The companies can communicate with the suppliers, customers, and other stakeholders. Most of the prominent organizations use online platforms such as Facebook and Instagram for marketing purposes.

6.2 Need for E-commerce in Bangladesh

E-Commerce is used in B2B and B2C contexts. B2B refers to business to business where both parties are the business organizations. B2C refers to the company to the customer. The E-commerce scope is increasing, and this is not only used for only buying and purchasing. Now in E-commerce, Buyers can sell or buy another buyer, such as Bikroy.com, Swap, and Evaly (Express, 2021). Now people of Bangladesh can directly buy a product from any E-commerce shop in the UK and China.

In Bangladesh, technology is developing very rapidly, especially the Internet. The business community is looking forward to the E-commerce business because it enables them to deal with millions of customers from different regions. The buyer of the product gets a

clear idea about the product price and its quality. They can easily compare the cost of the products. Moreover, the customer receives lots of substitute products and their prices. Besides, the Seller can improve their marketing through colored websites, applications, and portals. Bangladesh is looking forward to building its economy by exporting. Due to globalization, the export-oriented business and a private business need to prepare themselves to meet the requirements and expectations of the importers and stand out in the competition against other exporters in other countries. For competing with the exporters of other countries, it is very significant to automate the organization's internal process by using ICT and ensuring an influential presence in the cyber world. An international organization such as WTO pushes for the importance of E-commerce business (Star, 2021). WTO also suggests that it is essential for developing countries. UNCTAD is another international organization that has a specialized program for developing countries to enhance E-commerce business. WTO sets rules and guidelines for the E-commerce business.

6.3 E-commerce in Different Sector in Bangladesh

Though Bangladesh is a developing country, a lot of development has been done in the E-Commerce sector. Bangladesh is the 115th in the ranking of E-commerce among the south Asian countries. The internet speed and internet facility has rapidly been developing in the last five years in Bangladesh. This facility paved the way for E-commerce towards the new destination. Some sectors use E-commerce as the backbone of their business.

- Banking and insurance.
- Online shopping
- Grocery purchasing.
- RMG sector
- Export and import
- Live streaming business
- FMCG companies.

6.4 Advantages of E-Commerce in the Perspective of Bangladesh

E-commerce has countless advantages in different fields of Bangladesh. The benefits have increased in the use of E-Commerce in Bangladesh (Downing, 2018). The advantages of E-Commerce from the perspective of Bangladesh are illustrated below:

- Expand the file of business.
- It will reduce the unemployment problem in Bangladesh.
- Develop a communication system in Bangladesh.
- Make education easier and convenient.
- Increase the involvement in the export and import business.
- Increase the excess of business in the international market.

6.5 Telecommunication's Role in E-Commerce of Bangladesh

The Internet is the backbone of the E-Commerce industry in Bangladesh. The expansion and growth of E-Commerce depend on the price of the Internet and telecommunication. The role of telecommunication in the field of E-commerce in Bangladesh is described below:

- The Digital Bangladesh 2021 project develops the infrastructure of the Internet and telecommunication of Bangladesh.
- Smartphone and cellular Internet boost up internet access and increase the usage of E-commerce through smartphone.
- WiMAX development and rapid growth of use put telecommunication one step ahead.
- BTRC provides an open VoIP operation license in the marketplace for rapid expansion.
- Bangabandhu Satellite brings a revolution in the telecommunication industry and takes part in the growth of E-Commerce.
- The 2nd submarine cable of Bangladesh increases the speed of the Internet, and more regions of Bangladesh get access to the Internet and expand telecommunication. The new project of 3rd submarine cable increases the speed of the Internet by six terabytes per second. It will help to launch a 5g Internet service in Bangladesh.

6.6 List of E-commerce sites & Types of business

Name of E-Commerce	E-Commerce Type
Evaly.com	B2B and B2C
Daraz.com	B2C
Picakbbo.com	B2C
Rokomari.com	B2C
Ajker Deal.com	B2C
Bagdoom.com	B2C
Priyoshop.com	B2C
Bikroy.com	C2C
EKhaney.com	C2C
Chaldal.com	B2C

Source: Authors' Compilation

6.7 Law and Policy Framework

For E-commerce, cyber security and payment safety are the two significant aspects for both consumers and businesses. In Bangladesh, a prospective customer has less trust

and faith in E-commerce. There is law and regulatory authority that controls and directs the security of E-Commerce, data privacy, and protection and protect customers. It is mandatory to have some rules and regulations that will produce the standard of E-commerce in Bangladesh.

E-Cab, E-Commerce Association of Bangladesh is closely working with the Bangladesh government to establish acts, rules and regulations, and service standards of E-Commerce Bangladesh. The organization has arranged more than 30 workshops with government and E-Commerce specialists to develop a friendly policy for both customer and E-Commerce websites (Star, 2021). Recently the government of Bangladesh has introduced the long-awaited E-Commerce digital policy. In the procedure, some significant factors are discussed to protect the E-Commerce specified below:

- The foreign investor cannot stake over 49% of the share of any E-Commerce organization in Bangladesh.
- The E-commerce organization has to present the product they sell, product quality and return policy.
- E-Commerce traders have to sign a contract that includes the parties like suppliers, payment gateway system, and distribution partner and ensure that customer transactions and information will be safe and secure.

This news will increase the trust of the customer in the E-Commerce business. Both E-Commerce business and customer can trust each other, and it will flourish the E-Commerce business more in the country. All the companies accept it and believe that it will go round the industry faster.

6.8 Constraints to E-Commerce in Bangladesh

The internet facility and its uninterrupted availability in the 64 districts of Bangladesh are not ensured yet. Proper Internet facility is available in the leading six communities. BTTB is planning to expand the internet coverage in all 64 districts. A new submarine cable is installed, and it will improve the internet facility of Bangladesh. 100 Million People will get internet facilities in 2020, and it will help grow E-Commerce in Bangladesh (Rakib, 2021). Some obstacles to Bangladesh E-Commerce are presented below:

- Internet availability is very insufficient.
- Poor telecommunication system and lack of governmental regulations.
- The high price and low speed of the Internet.
- Online banking and online money transactions are very vulnerable.
- Lack of complex cyber law.
- Purchasing products through online is costly. So people are not interested.
- Lack of steps from the E-Commerce association.
- Bureaucratic and red tape problem.
- Lack of governmental awareness and activity.

7. Recommendations

Although there are some constraints regarding the use of E-commerce in the context of Bangladesh, the government of Bangladesh as well as other private organizations have taken some necessary steps to broaden the use of E-commerce in all the sectors. To make the use of e-commerce more attractive and comfortable, the government should ensure availability of internet, improve telecommunication system, reduce the price of internet and increase the speed of internet, make the online banking more convenient, provide a strong cyber law and increase awareness in the online transaction process.

8. Conclusion

The E-commerce industry is growing so fast in Bangladesh, and it has a promising future. If they overcome the barriers of poor internet connectivity, electronic payment issues, and affordable internet data, they may prosper in this field. Through this research project, lots of problems have been identified. Saba (2021) discussed that the sector of E-commerce is steadily growing and attaining competitiveness. The local E-commerce companies which have been in the market since the inception of the E-commerce industry should seek protection. Through the questionnaire survey, several issues have been identified. Still now, people in Bangladesh feel unsafe while purchasing online. Only 65.5% of the participants in this study feel safe, and the rest, 34.5%, feel unsafe. So, the E-commerce industry of Bangladesh must overcome this reliability issue as early as possible. The second issue is that the customer feels unsafe about the monetary transactions. They always want a Cash on delivery option for online purchasing. But E-commerce business organizations fail to provide this as this method has several problems. The complexity of the payment gateway and lengthy refund system demotivate the customers to purchase online. There are many other issues like language barriers, complex order systems, inadequate government regulations, etc. However, Still, Bangladesh has a lot to improve in the E-commerce sector. They are in the developing stage. But Bangladesh is growing fast in this sector.

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Appendix

- Kindly submit your Gender
 - Male
 - Female
 - Prefer not to say
- Kindly submit your age in the following range
 - 20 and below
 - 21 to 25
 - 26 to 30
 - 31 to 35
 - 36 to 40
 - 41 and above
- Which area are you from?
 - Rural
 - Urban

Question- 1: Do you use social media for purchasing?

- Yes
- No

Question- 2: How often have you used online marketing in a month?

- Very rare
- Once or twice
- Depends on your demand
- Most of the time

Question- 3: For what purpose(s) have you used the internet?

- Shopping
- Business
- Education
- Entertainment

Question- 4: Do you feel safe to purchase something from the internet?

- Yes
- No

Question- 5: What kind of product/products do you buy from the Internet frequently?

- Grocery
- Electronics
- Gadget
- Books
- Foods item
- Cosmetics

Question- 6: Please click the e-commerce sites you have often used for online shopping from the below:

- Chaldal
- Daraz
- Rokomari
- Ajkerdeal
- Pickaboo
- Evaly
- Othoba
- Jadroo
- Priyoshop
- Banglashoopers
- Others

Question- 7: Do you prefer mobile apps for online shopping rather than using web-site or other social media?

- Yes
- No

Question- 8: "Development of internet speed encourages us to use the E-platform more than before" -What is your opinion about it?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Question- 9: Are you satisfied with the growth of E-commerce in our country?

- Yes
- No

Question- 10: How many products do you buy from any E-commerce shop?

- 1-3
- 5-8
- 8-12
- 15-20
- 20+

Question- 11: Do you feel safe to transact with any E-commerce site?

- Yes
- No

Question- 12: What factors motivate you to buy online rather than offline? (You can choose more than one option from the below)

- Home delivery service
- Very convenient
- Variety products
- Less time consuming
- All of the above