Development Ambit of E-Commerce in Bangladesh

A Study on Dhaka City Area

Mrinmoy Mitra

Assistant Professor, Department of Business Administration

Shanto-Mariam University of Creative Technology

Abstract

The study's primary goal is to examine the scope, difficulties, and risks of e-commerce in Bangladesh as well as its development aspects. The study makes use of survey results and SWOT analysis. strategy and a case study of two top-performing e-commerce company's establishments in Bangladesh. Secondary data are also used in the study. by doing a thorough literature study. It indicates that there is a fantastic Bangladesh's potential for e-commerce with rising public awareness, e-commerce infrastructure, security, and conversion to internet shopping from traditional retail. It examines the popularity of online purchasing and how it time-saving qualities, security, and convenience.

The research went on. demonstrates that the product's quality, consumer deceit, and a lack of Some e-commerce sites lack sufficient cyber protection and availability of products, a banking facility, and the primary obstacles to the growth of ecommerce in Bangladesh are requirements.

KEYWORDS: Small business, modernization, know-how, social media.

1. Preface

E-commerce involves buying and selling of products and services by businesses and consumers through an electronic medium. Broadly, e-commerce is classified into four categories: business to business or B2B (Cisco), business to consumer or B2C (Amazon), consumer to consumer or C2C (eBay) and Business-to-Government (B2G). Business-to-business e-commerce involves agreements between the businesses and businesses. Distribution management, inventory management, channel management, supplier management and payment management are some of the areas in which B2B applications are widely used. (Franklin, 1999)

2. Present Situation of e-commerce in Bangladesh

(a) Overall Scenario

In Bangladesh, bgmea.com.bd, bizbangladesh.com are examples of B2B platforms. B2C commerce involves e-commerce between businesses and the consumers. This form of e-commerce involves the purchase of books or

any form of consumer goods. It also includes purchase of software, e-books, games, songs as well as e-banking. ajkerdeal.com, bdbazar.com, daraz.com, bajna.com are some examples of B2C. Advantages of B2C platforms to companies are reduced operating costs, bigger outreach, globalization, customer convenience and knowledge management. (R.Karim, 2023)

Consumer-to-consumer e-commerce involves transactions between individual consumers. For instance, online auction, peer-to-peer system for money or file exchange can be classified as forms of C2C e-commerce. In Bangladesh bikroy.com, clickbd.com are examples of C2C platforms. B2G is usually used for licensing process, public purchasing and other government operations. B2G e-commerce is rather insignificant when compared to the other three forms. However, B2G can be one of the driving forces for running the public sector known as e-governance. (Saba, 2020)

A wide range of technologies is used in e-commerce that includes electronic data interchange (EDI), electronic mail (e-mail), electronic funds transfer (EFT). In case of Electronic Data Interchange (EDI) there needs to be an agreement between trading partners. EDI is a standard method for exchanging business data. E-mail and fax are also forms of EDI. In Bangladesh small, medium and big enterprises have taken up e-business platforms. When compared to developed countries, developing countries have a higher potential for improving the business structure and raise productivity by using e-commerce as a medium. M-Commerce (Mobile Commerce) and F-Commerce (Facebook Commerce) are very popular in today's e-business world. Over the years, the number of online transactions has been on the rise. According to BTRC officials the number of internet subscribers in Bangladesh had crossed 80 million in 2017. At present there are approximately 2,000 e-commerce sites and 50,000 Facebook-based outlets delivering almost 30,000 products a day. Currently, 80 per cent of the online sales are taking place in Dhaka, Chattogram and Gazipur. (Afrin, 2022)

Online transactions in Bangladesh have been increasing over the years. Improvements in standard of living coupled with advancement in livelihood, shopping behaviour has experienced a significant shift. In Bangladesh the e-commerce industry set sail in the late 90s but was unable to expand immediately. Gradually, over the years, banking, logistics communications and payment methods have improved creating opportunities for the e-business sector to develop. A number of sectors including the banking sector are now using the internet payment system. As consumers can avail credit, debit card services and digital wallet, the cash-on-delivery system is now more accessible. (Insight, 2022)

(b) Payment System of e-commerce in Bangladesh

In Bangladesh, in majority of the cases payment is made upon delivery. 80 per cent of the payments are done through cash-on-delivery method, whereas only 15-20 per cent are done through mobile payment gateways. Cash-on-delivery leads to the risk of tax evasion and also results in lack of transparency in transactions. This is largely due to a lack of trust and the absence of a reliable and safe payment system. In addition, the number of credit and debit card users in the country is low, as a result many customers are unable to make online payments. The e-wallet system is expected to overcome this problem to some extent. bKash has partnered with the e-commerce ventures in the country and in addition, if banks also follow suit, it will be beneficial. (Alamgir, 2019)

The e-commerce industry in Bangladesh is an emerging industry. This sector is steadily growing and attaining competitiveness. The local e-commerce companies which have been in the market since inception of the e-commerce industry should be given protection. Simultaneously, foreign investments are required in this sector. The payment procedures offered by e-commerce sites need to be made more secure. Low-cost, high-speed internet needs to be ensured in the rural areas. The e-commerce industry needs to put more emphasis on delivery logistics and customer service. Immediate action to ensuring consumers' rights needs to be taken since a regulatory authority is not present to prevent consumers from being cheated and given low quality or date-expired products. Despite the obstacles, the sector has a lot of potential and in the next few years, contribution of e-commerce to the country's GDP is likely to be significant. The government should be more forthcoming in supporting this sector as part of its Digital Bangladesh initiative. (Datto, 2018)

3. Literature Review

The business-to-customer e-commerce market in Bangladesh is expected to grow by 17.61% on an annual basis, aimed at reaching Tk65,966 crore in 2022, according to a recent market research. The e-commerce market size in 2021 was about Tk56,870 crore and will be around Tk1.5 lakh crore by 2026, said the Dublin-based trade research institution ResearchAndMarkets.com. According to the research institute, the report "Bangladesh B2C Ecommerce Market Report 2022" includes registered e-commerce companies, non-registered online platforms and social media-based trading pages. Products and services cover retail shopping, travel and hospitality, online food service, media and entertainment, healthcare and wellness, and technology products and services. (Market, 2022)

Although the e-commerce sector has grown over the years, there remain a number of obstacles. Some of the key challenges are net neutrality, high-speed net, parcel delivery logistics and assurance of quality products. Foreign players also pose competition and risk to local start-ups. The sector suffers from lack of logistics and sound transportation system that restrict e-commerce trading to expand. Transportation system affects the delivery of products. Challenges also persist in the logistics sector. (Uddin, 2016)

The e-commerce companies fail to reach all parts of the country, including of course the rural areas, due to poor infrastructure and inability to access remote areas for lack of adequate transport facilities. According to a report by the e-Commerce Association of Bangladesh (e-Cab) last year, there were more than 2,500 e-commerce platforms in Bangladesh, of which 1% are large businesses, 4% medium, and 95% small businesses. Some 1,600 e-commerce entrepreneurs were e-Cab members. The e-commerce platform Evaly commenced its operations in Bangladesh late 2018. The platform soon became a major market player by offering various lucrative offers and huge discounts. Evaly was, however, later charged with fraud and corruption and its operations are currently suspended. (Alif, 2015)

Over the last few years, internet connections have improved and the number of people who have access to the web has increased thus making way for e-commerce business to flourish. In 2016, $50 million was invested in the e-commerce sector in Bangladesh. Out of which $10 million was from Foreign Direct Investment. In 2017, the B2C e-commerce business market measure equaled USD 110-115 million (around BDT 9.0 billion) compared to BDT 1335.71 billion made by the retail market. The outreach of the e-commerce business market

exceeded Tk 17.0 billion in 2017 from Tk 4.0 billion in 2016, as revealed from the findings by e-Commerce Association of Bangladesh (e-CAB). The market measure for e-commerce is expected to equal Tk 70 billion by 2021.In Bangladesh retail e-commerce is growing at 72 per cent a month. At present, more than 35,000 individuals and above 25,000 small and medium enterprises (SMEs) are part of this sector. Till 2018, the number of e-commerce business sites and e-commerce pages equalled 2,500 and 150,000 respectively. It was estimated that the number of deliveries per day added up to about 15,000 to 20,000 at the retail level. (Bin, 2023)

Similar allegations were raised against several other e-commerce platforms, including Alesha Mart, Eorange, Qcoom, Dalal Plus, Dhamaka Shopping, and Sirajgonj Shop. Most of the embattled sites are now shut down. In 2018, the government published a digital commerce policy as a guideline for e-commerce websites and to ensure consumer rights. In June 2021, the Bangladesh Bank introduced the payment gateway 'escrow service' to ensure customer rights and stop fraudulent activities. But Tapan Kanti Ghosh said there are still many unregistered social media-based e-commerce firms. Besides, many online medical service providers and tourism businesses are yet to come under the official framework. According to an official of the Bangladesh Telecommunication Regulatory Commission (BTRC), there are nearly 50,000 Facebook pages that sell or supply products retail and wholesale in Bangladesh. (e-cab, 2019)

4. Objectives

    a. To assess Bangladesh's e-commerce market's expansion.
    b. To examine the difficult aspects of e-commerce
    c. To understand real ambit of small firms engaged in e-commerce

5. Methodology

(a) Primary data collection:

A questionnaire has been devised to collect primary data from small business employers in order to investigate the impact of e-commerce on small businesses in Dhaka. Researcher emailed Google forms to a few Dhaka small business owners to measure the level of e-commerce adoption in their firm.

(b) Secondary data gathering:

Researcher have collected secondary data from a variety of journals, books, periodicals, and websites containing technical information.

6. Data Analysis and Interpretation

(a) Do you have an e-commerce system in your organization?

Opinion	Percentages
Yes	80 %
No	10%
Will be introduced in future	10%

Table 1

(b) How long have you been using e-commerce in your organization?

Opinion	Percentages
Last one year	10 %
Last three years	40 %
Last five years	20%
More than five years	30%

Table 2

(c) Do you believe that e-commerce has an edge over traditional commercial transactions?

Opinion	Percentages
Strongly Agree	59%
Agree	18%
Neutral	5%
Disagree	7%
Strongly Disagree	11%

Table 3

(d) What factors prompted you to implement e-commerce technologies in your organization?

Opinion	Percentages
Upgrade Business Operation	17%
To deal with suppliers	19%
Data Maintenance	25%
Time efficacy	23%
Better communication with customers	16%

Table 4

(e) Which factors did you examine while deciding on an e-commerce system for your business?

Opinion	Percentages
Market Competition	38%
Increase Brand Name	31%
Cost Factors	16%
Better technical support	15%

Table 5

(f) Did you encounter any of the following issues when you first installed and began utilizing the e-commerce?

Opinion	Percentages
Deciding on equipment selection	22%
Lack of information	14%
System using difficulty	26%
Information lacking	13%
Software management	75%

Table 6

(g) In what ways has the usage of e-commerce benefited your business?

Opinion	Percentages
Sales increasing	23%
Improving customer relationship	16%
Improving supplier relationship	12%
Convenience	6%
Speed up transactions	9%
Internal communication	8%
External communication	26%

Table 7

(h) Do you provide employee training when adopting e-commerce technology?

Opinion	Percentages
Yes	83%
Not yet	12%
Will provide	5%

Table 8

(i). How about your business profitability growth after implementing the e-commerce?

Opinion	Percentages
Strongly Agree	75%
Agree	8%
Neutral	5%
Disagree	7%
Strongly Disagree	6%

Table 9

(j) What type of business you are possessing?

Opinion	Percentages
Consumer Foods	48%
Electronics	38%
Fashion	15%
Gardening	7%
Technical Support	11%

Table 10

(k) Which social media platform you use most for your firm?

Opinion	Percentages
Facebook	10%
Youtube	5%
Facebook and YouTube both	85%

Table 11

(l) Are your customers satisfied after implementing e-commerce system?

Opinion	Percentages
Strongly Agree	72%
Agree	10%
Neutral	4%
Disagree	7%
Strongly Disagree	6%

Table 12

(m) Do you have faster delivery operation due to e-commerce system?

Opinion	Percentages
Strongly Agree	74%
Agree	8%
Neutral	5%
Disagree	7%
Strongly Disagree	6%

Table 13

(n) Do you have data safety management?

Opinion	Percentages
Yes	77%
Not yet	8%
Will be introduced	5%

Table 14

7. Limitations

• In general, the accuracy of the respondents' responses determines the findings of surveys.
• Although there are millions of users of online marketplaces, my research relies on a select group of small business owners.

8. Findings

a.   Table 1 shows that all small business owners have ecommerce facilities in their organization.

b.   Table 2 shows the usage of E commerce in the organization for 5 exceeding years.

c.   Table 3 shows the pie of the respondents sharing their views on e-commerce having a benefit over traditional methods.

d.   Table 4 shows the ideology of the employee's motivation in picking e commerce in their organization.

e.   Table 5 shows the adaptation being chosen to finish complied tasks assigned.

f.   Table 6 shows the factors the respondents consider while selecting e- commerce.

g.   Table 7 depicts if the organization faced any problems while adapting to e-commerce.

h.   Table 8 shows about training of staffs for e-commerce implement

i.   In Table 9 the survey asks the respondents about business profitability growth after implementing the e-commerce

j.   Table 10 analyzed the types of business platforms involved in e-commerce.

k.   Table 11 showed that, 85% firms use Facebook and YouTube both for their promotional task

l.   Table 12 showed that, 72% customers got satisfaction due to e-platform.

m.   Table 13 analyzed that; 74% firms got benefit in delivery system due to e-platform

n.   Table 14 analyzed that, 77% firms have data safety management

9. Conclusions

E-commerce is actually involved in people's daily life especially who are living in urban areas. The study attempts to explore the scope, challenges and threats of e-commerce in its development dimensions in Bangladesh. The study reveals that the trend of growing the internet subscriber is increasing rapidly which indicates the people's interest on internet and related technology. The internet penetration rate is gradually increasing which means people are feeling interest to adopt new technology. The trend of e-commerce site and marketing over various social networking site indicates that the growth rate of e-commerce market is increasing rapidly and people have interest on purchasing from various e-commerce site. The government is sincere to adopt ecommerce technology through engaging various technical sectors. The central bank and ministry on creating a user-friendly and safe e-commerce platform in Bangladesh. of finance and commerce. The survey also shows that Bangladesh has a bright future for e-commerce thanks to rising public awareness, e-commerce infrastructure, security, and a shift from traditional to online buying. In order to give readers, practitioners, sellers, investors, and manufacturers a clear and thorough picture of the ecommerce industry in Bangladesh, the study employed an analysis to illustrate the strengths, weaknesses, opportunities, and threats. It goes on to say that individuals prefer internet shopping because of its ease, availability of products, higher pricing, and time-saving features. The caliber of the goods, customer dishonesty, inadequate online security in some e-commerce sites, the absence of financial services, the delivery policy, and the demand for a credit card are some of the factors.

References

Afrin, K. (2022, November). *New Age*. Retrieved from E-commerce pathways.

Alamgir, M. (2019). Development of e-commerce in Bangladesh . *APM Digial Library*, 67.

Alif, M. (2015). Analysis of e-commerce in Bangladesh. *IOSR*, 33.

Bin, Z. (2023, January). *Dhaka tribune* . Retrieved from e-commerce market in bangladesh.

Datto, A. (2018). Grwoth of e-commerce in Bangladesh. *Journal of Business & Innovation*, 89.

e-cab. (2019). *e-cab net*. Retrieved from e-cab reports.

Franklin, G. (1999). e-commerce and its applications. *Journal of Technology & Innovation*, 34.

Insight, M. (2022, April). *Statista*. Retrieved from e-cmmerce bangladesh .

Market, R. (2022). *e-commerce market research.*

R.Karim. (2023, August). *e-commerce situtaion in bangladesh* . Retrieved from The Business Standard.

Saba, S. (2020, June). *e-commerce in Bangladesh* . Retrieved from The Financial Express .

Uddin, T. (2016). An emperical findings on e-commerce in Bangladesh. *Asia Pacfic Journal Of Business*, 78.