



Inspiring Excellence

Internship report on
E-commerce business opportunities and challenges in Bangladesh

Submitted to

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Prepared by

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Declaration

I am A.M. Reasad Azim Bappy proclaim that the presented internship report on “E-commerce business opportunities and challenges in Bangladesh” submitted as a necessity for degree granting of Master of Business Administration program (MBA) of BRAC University, is written by myself. I gave my best push to accumulate powerful data that made the report particular and unique. This report isn't submitted for some other course, degree, and association. Entire report is particularly arranged by myself.

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Letter of Transmittal

Date: 5/4/2015

To,

Saif Hossain

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Subject: Submission of internship report on ‘E-commerce business opportunities and challenges in Bangladesh’

Dear Sir,

It is my pleasure and amazing privilege for me to present internship report titled “E-commerce business opportunities and challenges in Bangladesh” approved under your supervision, as a necessity for the finishing of BUS 699 course. I have taken after every one of the guidelines given to me by my supervisor and I am extremely grateful to you sir for your a wide range of help and supportive guidelines amid the way toward composing this report.

It will involve awesome joy for me if the report can achieve its goal and it will be incredible delight to me with any kind of proposal from you in regards to this report.

Sincerely Yours,

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Acknowledgement

At in the first place, all acclaim to omnipotent Allah, who gave me all the skills, knowledge and abilities to finish this report. After that, I want to pay my gratitude, and special thanks to my course supervisor Mr. Saif Hossain for helping me in all approaches to finish this report. I am exceedingly satisfied for giving me such an opportunity. Finally, I want to thank all personnel of various organizations who helped me to assemble fundamental data without which this report can't be readied.

Executive Summary

During recent years, E-commerce has opened a new era in the history of shopping trend in Bangladesh. It has created a huge opportunities to both consumers and merchants. This paper highlights the opportunities and threats of e-commerce business in Bangladesh. Toward the start of this paper, history and evolution of e-commerce business in Bangladesh, objectives, methodology and limitations of the study are illustrated. Based on the secondary data, current market conditions and opportunities of this sector has been described briefly. Moreover, threats of this business sector has been identified along with important technical, legal, regulatory aspects of this particular sector of business. Finally, this report is concluded with a few recommendations to improve this e-commerce sector.

Acronyms

ANSI - American National Standard Institute

BASIS - Bangladesh Association of Software and Information Services

BTRC - Bangladesh Telecommunication Regulatory Commission

CSS - Cascading Style Sheets

EDI - Electronic Data Interchange

HTML - Hypertext Markup Language

HTTPS (Hyper Text Transfer Protocol with Secured Socket Layer)

ICT - Information and Communications Technology

PHP - Hypertext Preprocessor

RJSC - Registrar of Joint Stock Companies and Firms

SSL - Secure Socket Layer

TDCC - Transportation Data Coordination Committee

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Chapter 1

1.1. Introduction

E-commerce platform business which is a term for business transaction that is performed via internet. Using e-commerce consumers can exchange goods or services electronically without any hassle. Now a days, numerous number of companies are selling their tangible and intangible goods through e-commerce.

1.2. Concise history and evolution of e-commerce

During 1950 companies started using computers to record and processing intestinal business activity record. In 1960, punched card was used to perform transaction by companies which has to maintain large volume of transaction records (Mohiuddin, 2014). In the year 1968, Transportation Data Coordination Committee (TDCC) was formed (E-Commerce Policy Framework for Bangladesh, 2017). To develop uniform Electronic Data Interchange (EDI) in 1979, American National Standard Institute (ANSI) made a new committee (Mohiuddin, 2014). It was Michael Aldrich who introduced online shopping first in 1979 for online ordering, Minitel (a french telecom company) introduced countrywide online ordering. It was Mrs Jane Snowball who utilized the Gateshead Tesco framework to purchase basic supplies in 1984 which is recorded as the first e-commerce transaction in the world's history (Mohiuddin, 2014). Finally, by 1994 bank transaction were performed and thus e-commerce started its journey.

With the evolution of online-based market, marketing is now progressively mixing the information technologies. Business market is now differentiated on different set-up via electronic business. The worldwide business is rapidly heading towards Business-to-Business (B2B) through e-commerce. Most of the businesses are increasingly advertising their products through online and promote their goods or services.

In Bangladesh, e-commerce business started when first payment processor vendor SSL COMMERZ started their business in 2010. In addition, with the advancement of WIMAX technology during that time internet speed got better and many of the online business platforms started, for example cellbazar, ajkerdeal, rokomari, akhoni [now bagdoom] etc.

1.3. Origin of the report

This report is a prerequisite of the internship program and in this way it is an absolute necessity to finish my post-graduation. My praiseworthy supervisor Mr. Saif Hossain has taught me in such manner and I have put my best push to make this report a decent one. I am serving as a web developer and designer at Owlsyard, which is an outsourcing based web development company and I have acquired practical experience on developing websites as well as e-commerce websites for different client across the globe. In few words, my basic job responsibility is to create websites for different clients. I have had proper guidance from my supervisor Wasiul Haq Shourov, general manager of Owlsyard, he provided me a good environment for learning.

1.4. Scope of the report

In this paper I have attempted to discover the opportunities and obstacles of e-commerce in Bangladesh. Here I have figured out the main obstacles for e-commerce market and future opportunities of this particular business method.

1.5. Objectives

The key goal of this report is to find out the opportunities and threats of e-commerce business in Bangladesh.

The specific objectives of this report are:

- To know basic requirements for e-commerce business.
- Expenses regards to implement an e-commerce business platform.
- To know opportunity of e-commerce in Bangladesh.
- To know about government policies about e-commerce business.
- To identify challenges of e-commerce business in Bangladesh.

1.6. Methodology

This report has been constructed based on primary and secondary information regarding E-commerce business. Secondary information are assembled from Books, Journals, Research paper, online documents etc. Primary information are gathered through perception and interview method. Followings are the main methodologies that has been used to prepare this report,

- Getting introduced with the required tools to develop an e-commerce website through interviewing Rezwan Rahman Raj (Digital Communications Executive at Software Shop Ltd - SSL Wireless).
- Identify costs related to implement an e-commerce platform from phone interview with sales personnel of different companies.
- Finding the opportunity of E-commerce business from statistical data available.
- Familiarizing with existing rules and regulations, violation of terms for E-commerce business in Bangladesh by interviewing Gourab S. Hazari (Apprentice Lawyer).
- Detecting the challenges of e-commerce business by interviewing Manik Moni Barua (Category Management Officer at Bikroy.com).

1.7. Limitations of the study

There were some limitations of this research-

- Due to barrier of information disclosure policy of organization, respective personnel could not provide all information.
- All recommendations stated in this report is based on academic learnings and work experience. There might be other solutions to resolve challenges of e-commerce platform business.

Chapter 2

2.1. Literature review

E-commerce sector carries huge prospects to the business sector as it is possible to take order for products and continue transaction anytime. It makes the economic activities more dynamic and flexible. Statistics says that, total sales of e-commerce business has already been reached \$22.049 trillion US dollar in 2016 (Worldwide Retail and E-commerce Sales: eMarketer's Estimates for 2016–2021, July 18, 2017). In addition, it is estimated that currently e-commerce is more than 300 crore taka industry in Bangladesh and it is growing very fast (Rahman, 2016).

We can categorize e-commerce business in 6 types:

- B2B (Business to Business)
- B2C (Business to Consumer)
- C2C (Consumer to Consumer)
- C2B (Consumer to Business)
- B2A (Business to Administration)
- C2A (Consumer to Administration)

C2C (Consumer to Consumer) e-commerce business most common in Bangladesh. In recent years, exponential growth prospects has been acquired by many Business-to-Business and Business-to-Consumer type of e-commerce businesses (Tariq, 2015). For example, bikroy.com where anyone can post advertise to sell anything to anyone.

As per BASIS (Bangladesh Association of Software and Information Services) more than two thousand online business has started in Bangladesh (ICT and e-commerce booming in Bangladesh, 2014). It has been expressed by business experts that web systems administration and cell phone scope influences them to meet buyers on the web and convey a smooth and straightforward shopping knowledge (ICT and e-commerce booming in Bangladesh, 2014). The market has yearly exchanges around Tk 10 billion (roughly DKK 700 million) including e-ticket deals and deals on Facebook. What's more, it ascends at a radiant pace with a month to month development of 20-25 percent according to information from BASIS uncovered to Financial Express (ICT and e-commerce booming in Bangladesh, 2014).

Though e-commerce has many opportunities in Bangladesh, there are many challenges that e-commerce businesses are experiencing. One of the major challenges experienced by e-commerce is technology and the flow of information within the same business and from business to consumers (Ladan, 2016). In addition, security issues and challenged need to be emphasized before starting the business because thousands of hackers are waiting to steal your information especially credit card information (Ladan, 2016). On the other hand, customer satisfaction needs to be the highly prioritized as there are countless competitors are out there. In order to satisfy the demands of consumers, e-commerce business essentially be able to respond to consumer needs and perform activities accordingly in a quick, reliable and secure manner. In addition, e-commerce business must follow security standards and disciplines to achieve and hold the consumer trust and confidence in order to sustain in the market (Ladan, 2016).

Adequate guidelines for security systems and networks for e-commerce system are available for developers to develop e-commerce system. However, numerous number of virus programs are already running and new viruses are being spread by hackers to get access most of the authentication and authorization of e-commerce system (Ladan, 2016). In this paper, different security threats and challenges of e-commerce business has been discussed with available solutions.

Security and trust are basics for making an environment favorable to e-commerce business. Unless ensuring consumer protection, consumer's data protection and countering cybercrime e-commerce sector is not fulfill and cannot attract potential consumers (E-Commerce Policy Framework for Bangladesh, 2017).

On the other hand, growth of e-commerce is reliant on the existence of secure, user-friendly and cost-effective payment methods (E-Commerce Policy Framework for Bangladesh, 2017). Secured monetary transaction technologies are so much important to create faith among the purchasers (E-Commerce Policy Framework for Bangladesh, 2017). Presently, the e-commerce market volume is Tk 300 crore taka per year (E-Commerce Policy Framework for Bangladesh, 2017). However, currently in Bangladesh, cash-on-delivery is the widely used payment method among customers. Around 90% of online purchasing orders are done by cash on delivery method (E-Commerce Policy Framework for Bangladesh, 2017). This sector will be accelerated more if we can introduce something like Paypal payment method (E-Commerce Policy Framework for Bangladesh, 2017).

Chapter 3

3.1. E-commerce business in Bangladesh

In 1993 internet was introduced in Bangladesh where users can only communicate through email at that time (Md. Moktar Ali, 2016). Before 1996 online facilities were not available much in Bangladesh. 60 thousand internet networks were available during the beginning of the year 2000. It was November 22, 2005 when Bangladesh connected to the international submarine fiber optical network. The year 2006 unfolded a new era of internet sector for Bangladesh when Global Information Superhighway (SEA-ME-WE-4) got connected (Md. Moktar Ali, 2016). Measured increase in internet users in Bangladesh from 2000 to 2016 is given below:

Year	Internet Users**	Penetration (% of Pop)	Total Population	Non-Users (Internetless)	1Y User Change	1Y User Change	Population Change
2016*	21,439,070	13.2 %	162,910,864	141,471,794	10.4 %	2,018,395	1.19 %
2015*	19,420,674	12.1 %	160,995,642	141,574,968	27.2 %	4,149,233	1.21 %
2014	15,271,441	9.6 %	159,077,513	143,806,072	46.6 %	4,851,906	1.22 %
2013	10,419,535	6.6 %	157,157,394	146,737,859	34.2 %	2,656,666	1.22 %
2012	7,762,869	5 %	155,257,387	147,494,518	12.5 %	859,617	1.21 %
2011	6,903,253	4.5 %	153,405,612	146,502,359	23.1 %	1,293,432	1.18 %
2010	5,609,821	3.7 %	151,616,777	146,006,956	20.7 %	962,740	1.14 %
2009	4,647,081	3.1 %	149,905,836	145,258,755	25.4 %	940,769	1.12 %
2008	3,706,312	2.5 %	148,252,473	144,546,161	40.5 %	1,067,643	1.13 %
2007	2,638,668	1.8 %	146,592,687	143,954,019	82.2 %	1,190,276	1.21 %
2006	1,448,392	1 %	144,839,238	143,390,846	319.4 %	1,103,020	1.34 %
2005	345,372	0.2 %	142,929,979	142,584,607	23.2 %	65,042	1.48 %
2004	280,330	0.2 %	140,843,786	140,563,456	23.4 %	53,196	1.62 %
2003	227,135	0.2 %	138,600,174	138,373,039	19.2 %	36,523	1.74 %
2002	190,611	0.1 %	136,228,456	136,037,845	9.8 %	16,959	1.83 %
2001	173,652	0.1 %	133,776,064	133,602,412	86.2 %	80,391	1.9 %
2000	93,261	0.1 %	131,280,739	131,187,478	100.3 %	46,693	1.97 %

Table 3.1: Internet users of Bangladesh from 2000-2006 (Bangladesh Internet Users, 2016)

From the above table we can see that in 2000 internet users in Bangladesh were 93,261 which was 0.1% of total population. Within the year 2016, total quantity of internet subscribers in Bangladesh expanded to 21,439,070 which was 13.2% of total population. So internet users in Bangladesh are growing in a large scale due to advancement of ICT sector.

The total number of Internet Subscribers has reached **80.829 million** at the end of January, 2018.

The Internet subscribers are shown below:

OPERATOR	SUBSCRIBER
Mobile Internet	75.396
WiMAX	0.088
ISP + PSTN	5.345
Total	80.829

Figure 3.1: Internet subscribers in Bangladesh till January 2018

From above statistics published from Bangladesh Telecommunication Regulatory Commission (BTRC) shows that more than 80 million users are using internet service now. Currently web is being utilized for electronic business in various business segments. Currently numerous amount of e-commerce business are running in Bangladesh. Some of the market leaders are as follows:

- AjkerDeal.com
- daraz.com.bd
- rokomari.com
- priyoshop.com
- bagdoom.com
- kaymu.com.bd
- othoba.com
- chaldal.com
- iferi.com
- akhoni.com

- buymobile.com.bd
- branoo.com
- coxsbazareshop.com
- itbazaar.com.bd
- foodpanda.com

Very recently we are introduced to 4G network which gives us opportunities to get faster internet connection. This advancement in technology sector will keep both parties (merchants and consumers) engaged more in online trade through digital devices.

3.2. Kind of e-business in Bangladesh

As of now, three kinds of E-Commerce are prominent in Bangladesh. They are-

- Business-to-Business (B-2-B)
- Business-to-Consumer (B-2-C)
- Consumer-to-Consumer (C-2-C)

3.2.1. Business-to-Business (B-2-B)

Business-to-Business (B2B) e-commerce includes every electronic exchange of products or services between business organizations. Makers and conventional business wholesalers regularly work with this sort of electronic trade. For example, Sindabad.com which is a first B2B e-commerce business in Bangladesh.

3.2.2. Business-to-Consumer (B-2-C)

Basically, exchanges of goods or service electronically between business and consumers refers to B2C e-commerce business. It compares to the retail area of internet business, where conventional retail exchange ordinarily works. For example, Rokomari.com, Kiksha.com is following B2C business model.

3.2.3. Consumer-to-Consumer (C-2-C)

When exchange of good or services occurs electronically between one consume to other consumer, it is called C2C business. In this case, communication platform is online website where both

interested parties get connected and exchange goods and service. For example, Bikroy.com is a C2C e-commerce business.

Chapter 4

4.1. Findings

Based on the interview and secondary data following findings has been obtained:

4.1.1. Basic requirement for e-commerce platform

This area gives an exceptionally concise outline of the necessities to make an e-commerce business platform. In any case, perceive that these are not basically required for all levels of web based business. Necessities generally contrast with various types of online business exercises. However, fundamental prerequisites to begin an e-commerce business website are:

Domain

For any website a domain name is required which can be purchased from any domain registration provider. Among all domain and hosting service providers Godaddy is the best among all other domain registration and hosting provider in terms of cost and service.

Web Server

In order to go online a webserver is required where all the files (e.g. HTML, CSS, PHP, and Database and media files) of the website are stored. The web server basically runs on Windows or Linux operating system. Basically, web develop companies who maintain a website store website to their own hosting server or they pay to the other hosting server. Since e-commerce is based on web so a web server is the first requirement for an E-commerce platform.

Server Software

Whenever a user go to visit a website the hosting server gets informed that client want to get some specific information and based on the visitor's request web server displays the available data to inside the viewport of client's device (PC / Smartphone / iPad etc). Numerous types of web server software are available to perform these applications. Apache and Windows IIS are most popular softwares in this particular field. In addition, Linux based cPanel, WHM, Plesk, AWS, Google Cloud, Alibaba Cloud and Microsoft Azure are most popular

Web Tools

Using different programming languages (PHP, JavaScript, jQuery, MySQL, HTML, CSS) e-commerce websites are developed. However, it takes huge time to custom code a website. In order to save time and become more efficient different web tools and content management system is being used to develop e-commerce website platform. One of the best e-commerce management system is WooCommerce. It has the whole e-commerce business solution, less costly and more efficient. Also there are many other e-commerce content management systems are available like Magento, Shopify etc.

Database System

A database is an essential part of an e-commerce website. All the information such as pricing, description, image, details, and sales are stored in database. In addition to this, the customer information are also warehoused in the database like what products they ordered, their payment information, shipping information, and contact information.

Programming languages like PHP and MySQL are the communication way among the website and the DBMS (database management system).

Secure Socket Layer (SSL)

SSL is the business standard technology for performing safe and secure monetary transaction online. SSL ensures that any information that buyer provides to the selling website such as credit card information will be protected and private. There are numerous amount of vendors who provides SSL service.

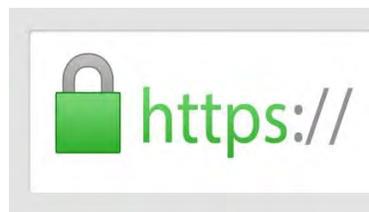


Figure: SSL padlock.

After integrating SSL into the website's URL will be HTTPS (Hyper Text Transfer Protocol with Secured Socket Layer) and there will be a green padlock displayed before the HTTPS.

Payment gateway

Finally and most importantly a payment gateway is required to perform transaction through credit and debit cards. Popular payment gateways are Visa, Mastercard, Discover, American Express and Paypal. However, in Bangladesh Visa and Mastercard payment gateways are available. Now a days, Bkash has become more popular for online transaction in Bangladesh.

4.1.2. Costs related to implement an e-commerce business platform

Though there is not fixed cost that is required for e-commerce platform and different web develop companies' charges differently for e-commerce platform regarding different requirements. However, based on minimum requirements a rough cost plan for e-commerce platform is given below,

Domain name registration cost

According to the offering by different web hosting companies registering a “.com” domain cost is as follows:

Company name	Cost
Web Host BD	950 BDT/Year
Web Bangladesh	999 BDT/Year
Green Web	900 BDT/Year
Eicra Soft Ltd.	1000 BDT/Year
Alpha Net BD	950 BDT/Year
Web Tech Soft	1000 BDT/Year
Hosting4BD	900 BDT/Year
Xeonbd	990 BDT/Year
Bdwebs	900 BDT/Year
Site Name BD	999 BDT/Year

Table 5.1: Domain registration cost offered by different companies.

If we average these values, we can get 958.5 BDT. Thus, roughly around 960 BDT is required for purchasing domain for 1 year.

Hosting cost

Hosting cost varies with the technology used by hosting companies and their business strategy. Following prices comprises similar facilities for 1 year web hosting (Web Server).

Company name	Cost
Web Host BD	3000 BDT/Year
Web Bangladesh	2388 BDT/Year
Green Web	4999 BDT/Year
Eicra Soft Ltd.	4200 BDT/Year
Alpha Net BD	4,995 BDT/Year
Web Tech Soft	5000 BDT/Year
Hosting4BD	3999 BDT/Year
Xeonbd	4,200 BDT/Year
Bdwebs	3500 BDT/Year
Site Name BD	4999 BDT/Year

Table 5.2: Domain registration cost offered by different companies.

If we average these values, we get 4128 BDT is required for purchasing hosting server for 1 year.

SSL Cost

Most of the hosting providers provide free SSL with their hosting package. However, SSL cost starts from USD \$9 which is approximately 750 BDT.

Web design and development cost

There is no fixed price for design and develop an e-commerce website and the cost offered by different vendors highly deviates based on different factors like size of the business, quality of the design client demands etc. However, according to the opinion of different web develop company's consultant at list 30,000 BDT is minimum requirement for design and develop an e-commerce website.

Payment Gateway Cost

In Bangladesh SSL Commerz provides payment gateway service. Following table shows their pricing regarding Payment Gateway setup.

Frequency	Fee Type	Fee
One Time	Gateway License Fee. Covers the costs of payment gateway infrastructure maintenance. <i>* Additional charges will be applicable in terms of any change in the existing system of SSLCOMMERZ subject to mutual discussion.</i>	15,000 Taka
Ad hoc	Processing Fee For VISA & Master Cards Charged each time a successful transaction is processed (Through Brac Bank)	2.5 %
	Processing Fee For DBBL NEXUS Cards Charged each time a successful transaction is processed	2.0 %
	Processing Fee For Islamic Bank Net Banking Charged each time a successful transaction is processed	2.5 %
	Processing Fee For Bank Asia Net Banking Charged each time a successful transaction is processed	2.0 %
	Processing Fee For Mutual Trust Bank Net Banking Charged each time a successful transaction is processed	2.5 %
	Processing Fee For City Bank/ Amex Charged each time a successful transaction is processed	4.0 %
	Processing Fee For DBBL Mobile Banking Charged each time a successful transaction is processed	2.0 %
	Processing Fee For Bkash Charged each time a successful transaction is processed	2.0 %

Table 5.3: Payment Gateway Pricing (SSL Commerz)

Approximate total cost

If we sum all the average costs that we get,

Domain registration cost	960
Hosting cost	4128
SSL	750
Payment Gateway cost	15000
Website design and development cost	30000
<i>Total minimum cost</i>	<i>50,834</i>

Table 5.4: Average total cost

So we can say roughly 51000 BDT is required to create an e-commerce platform for a business in Bangladesh. However, costs related creating e-commerce platform for any business does not contains the costs for products of that particular business. In addition, 2%-2.5% additional cost is required to pay by the owner to the payment processing organization (Bank 1%-1.5% & Payment Gateway Company 1%).

4.1.3. Opportunities of e-commerce business in Bangladesh

As per the e-commerce Association of Bangladesh (e-CAB) more than thousand e-commerce websites are running and more than 8000 entrepreneurs' run their business through f-commerce (Facebook Commerce). Among this volume around 500 e-commerce businesses are registered in Registrar of Joint Stock Companies and Firms (RJSC).

Growth rate statistics

Figure below shows the present development rates, quarter-on-quarter, starting at 2014 are as of now high (Hossain, 2017).

Year	Q1 – Q2	Q3 - Q4	Q3 – Q4
2014 (Recorded)	27%	39%	51%
2015 (Predicted)	60%	72%	79%
2016 (Predicted)	85%	95%	100%

Table 6.1: E-commerce growth rate

Development rates of more than 30% quarter-on-quarter are not standard for most sections in Bangladesh (Hossain, 2017). The forecasted development rates for 2015 and 2016 are significantly more noteworthy and propose a persuading case for more market passage and business expansion in this segment. Internet based purchase rate is 5%, Mobile based purchase rate is 23%. (Hossain, 2017).

Delivery scenario in Bangladesh

Currently e-commerce sector has engaged more than 50000 people in Bangladesh. (E-commerce will boost national economic growth, 2017). At display every day around 20 thousands and every month 5-6 lakh distribute conveyed everywhere throughout the nation. (E-commerce will boost national economic growth, 2017).

Customer demographic

Young generation is the main consumer of e-commerce service among them 75% of the consumers are male (Rise of the Digital Consumer Class Time to Make for Bangladesh in E-space, 2016). People who are between 26 to 30 years old are 50% of the e-commerce consumer group (Rise of the Digital Consumer Class Time to Make for Bangladesh in E-space, 2016). Young professionals (44%) or university students (33%) are also consumes a great portion of e-commerce product and services (Rise of the Digital Consumer Class Time to Make for Bangladesh in E-space, 2016). Top selling products of this sector is fashion wear and electronic devices.

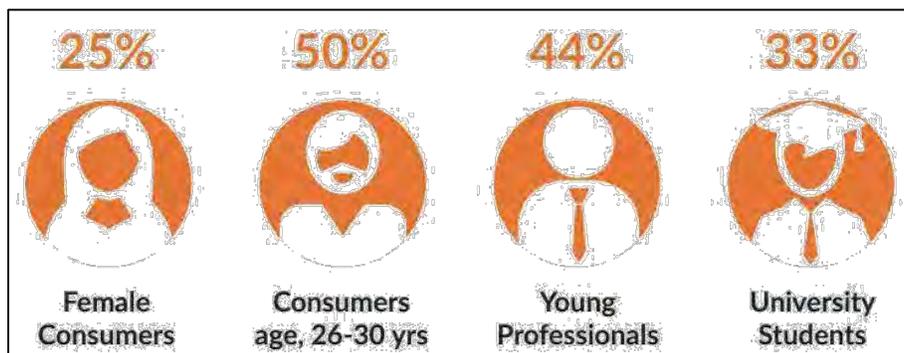


Figure 6.1: Age groups of e-commerce site consumers

Online traffic

Currently main stream of consumer traffic comes from 3 important zones of Bangladesh. 35% of total e-commerce traffic comes from Dhaka division, 29% comes from Chittagong division and 15% from Gazipur district. (Youths mostly active in Bangladesh e-commerce, 2015). Rest of the 20% traffic comes from different parts of Bangladesh where Khulna has the top percentage.

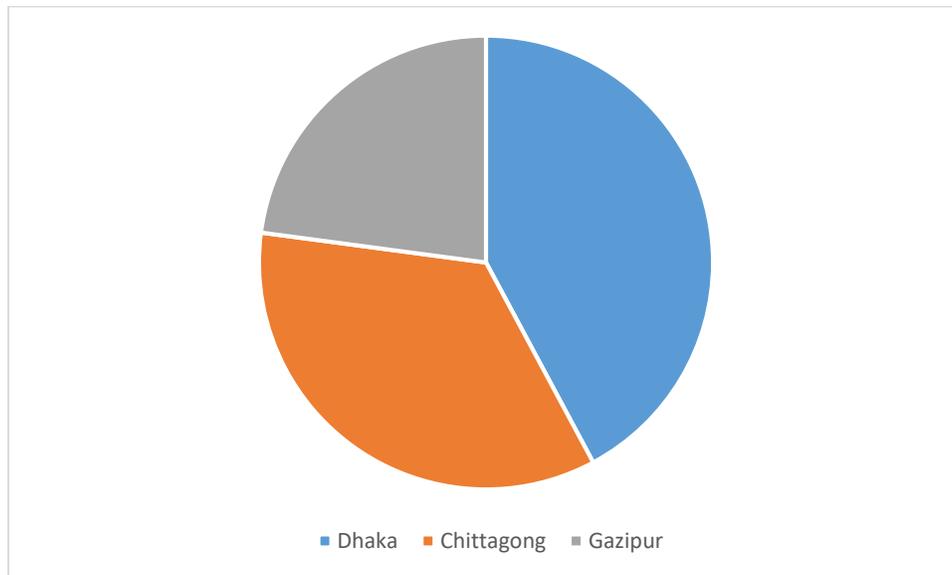


Figure 6.2: E-commerce traffic in Bangladesh

Transaction in Bangladesh

By the end of 2016 e-commerce sector in Bangladesh recorded an impressive growth of 67% (BD posts 67pc e-commerce growth in 9 months, 2016). Also by December 2016, e-commerce transaction reached already 3.59 billion BDT (BD posts 67pc e-commerce growth in 9 months, 2016). Majority of these transaction were performed by credit card than debit cards.

4.1.4. Legal requirements

Bangladesh is developing a solid legal framework to facilitate E-commerce sector. It will eliminate the need for paper documents in many business deals. There are no specific legal acts for e-commerce business sector yet. To establish a regulatory framework for online transaction, Bangladesh government has taken initiative. Though there is no go progress has taken place, a committee set up last year by government to make draft of the e-commerce act.

Major legal issues

E-commerce website development, online transaction, product advertise and copyrights involve many legal issues. Followings are some major legal issues of e-commerce business which need to be taken into account step by step:

- Electronic contracting
- Electronic signature/Digital signature
- Electronic Payment and security thereof
- Dispute resolution
- Consumer protection
- Cybercrime
- Intellectual property rights

Though there is no specific law for e-commerce sector currently, in order to facilitate e-commerce and inspire the evolution of IT, the Information and Communication Technology (ICT) Act, 2006 was passed making arrangements with an outrageous discipline of 10 years detainment or fine up to 10 million BDT or both.

4.1.5. Challenges of e-commerce business in Bangladesh

Though e-commerce business has many opportunities in Bangladesh, it also have some constrains. Bangladesh is a developing country and most of its population live in rural areas. We could not yet introduce latest internet technology to all parts of our country. On the other hand, since the platform is in virtual world majority of our consumers in our country does not clear about the conception of e-commerce and who at least knows about it feel insecure to put their credit/debit card information online for purchase. Major constraints to e-commerce platform business that policy makers and entrepreneurs can address for both short and long term success are summarized below:

Flexible payment method for consumers and merchants

The primary trouble looked by web based business firms in Bangladesh is easy payment solutions like Paypal and the absence of shoppers who are anxious to utilize debit/credit for online

transaction. Till 2016, there are just 5.0 million debit cards and under 1.0 million credit cards issued by the banks of our nation (E-commerce and its challenges in Bangladesh, 2016). Among them just 1.0% of the debit card holders utilize their cards for buying merchandise on the web (E-commerce and its challenges in Bangladesh, 2016). The remaining 99% use them at ATMs only.

There are numerous causes for that:

- Consumer's lack of knowledge about security threat
- Absence of consumer-friendly user infrastructure
- High debit/credit card charges and POS expenses for merchants
- The unwillingness of banks to advance web based businesses

Consumer satisfaction

Most of the customers of our country do not rely on e-commerce trade because they think that whether they will get the original product or duplicate. There are numerous reason for which this impression has grown on customer's mind. Most of the e-commerce stores in our country do not have sophisticated product display and description option. As a result consumers get frustrated when they do not receive the product that he/she expected. May be that particular product's color is different, may be size, which is a very common phenomena for online clothing store. As a result consumer satisfaction level goes down and consumer lost their interest in e-commerce purchasing.

Lack of internet facility

Bangladesh is a developing country. Majority of its population live in the rural zone of our country. They do not have access to latest internet technologies. As a result, e-commerce market's boundary is only inside Dhaka and Chittagong region.

Gaining consumer trust

Though the signs are optimistic people are getting adapted to buying online but trust is a big issue. Trust in web based business is fairly unique than our typical comprehension of trust. For a typical shop a man perceives the name of the store where a sale person welcomes and helps clients with their purchase. Consumers leave the store once they are done with purchasing their necessities. On the other hand, an e-commerce purchase is very different. Customer may not know the business goodwill, store location or the owner. Customer do not know their intentions, or whether or not

the goods will actually reach to them or not. As the nature of e-commerce is intangible or virtual, it is much more difficult to gain and maintain trust in a particular business brand.

Reducing product delivery time

One of the major problem of e-commerce business is product delivery time. Apart from the food delivery online business, every online purchase of any good takes at least 2-3 days to reach at consumer's destination which is very frustrating for purchaser.

Chapter 5

5.1. Conclusion

E-commerce business has altered many traditional manner of transaction and brought revolutionary change in the economy. Citizens of Bangladesh are now enhancing their standard of living using internet. Suppliers can now get the order by online ordering system and consumers also save much of their time by doing online trade. Many of commercial activities of large corporations as well as super markets are using website to receive orders from consumers and sending particular goods to them. Last few years statistics says that this sector has good growth rate. In order to make it sustainable both government and entrepreneurs needs to be more conscious and take proper steps.

In this report current e-commerce platform business issues, challenges and their optimum solutions regarding Bangladesh has illustrated briefly. In order to gain customer satisfaction and trust e-commerce platform business should be more service orientated. E-commerce companies should ensure security and provide the best service to their customer otherwise this sector cannot grow more.

Chapter 6

6.1. Recommendations

For confirming a bright future for the e-commerce platform business in Bangladesh the government and private sector should come ahead and take proper initiatives. To eliminate restrictions, policy makers and business stake holders should take some initiative. The recommendations are:

1. Usage of low cost, flexible and secure payment method.
2. Improving product display in the website/application.
3. Gaining consumer satisfaction by different policies (e.g. Product return policy)
4. Creating awareness among consumer and gain their trust by ensuring them purchasing online is secure.
5. Reducing product delivery time by improved logistic team.
6. Ensuring fast internet connection countrywide.

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Appendix

Interview questionnaire form for IT professionals

Dear Sir,

I am a student of MBA program of BRAC Business School directing investigation on “E-commerce business opportunities and challenges in Bangladesh”. To fill the need, I require some data from you. It might be noticed that all data from you will be kept classified and be utilized for my exploration.

Thank you,

A.M. Reasad Azim Bappy

Date: _____

Your Name: _____

1. To develop an e-commerce platform for business what technical tools and services are required?

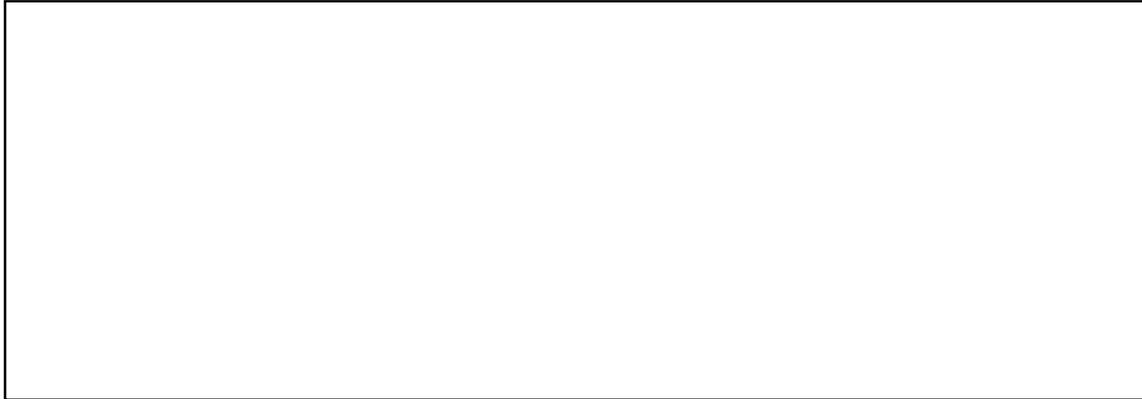
2. What is domain, hosting and SSL?

3. What kind of hosting is better for e-commerce website?

4. Can we develop e-commerce without SSL?

5. What are the security threats of e-commerce website?

6. How to implement payment processing gateway for online purchase?



Interview questionnaire form for lawyer

Dear Sir,

I am a student of MBA program of BRAC Business School directing investigation on “E-commerce business opportunities and challenges in Bangladesh”. To fill the need, I require some data from you. It might be noticed that all data from you will be kept classified and be utilized for my exploration.

Thank you,

A.M. Reasad Azim Bappy

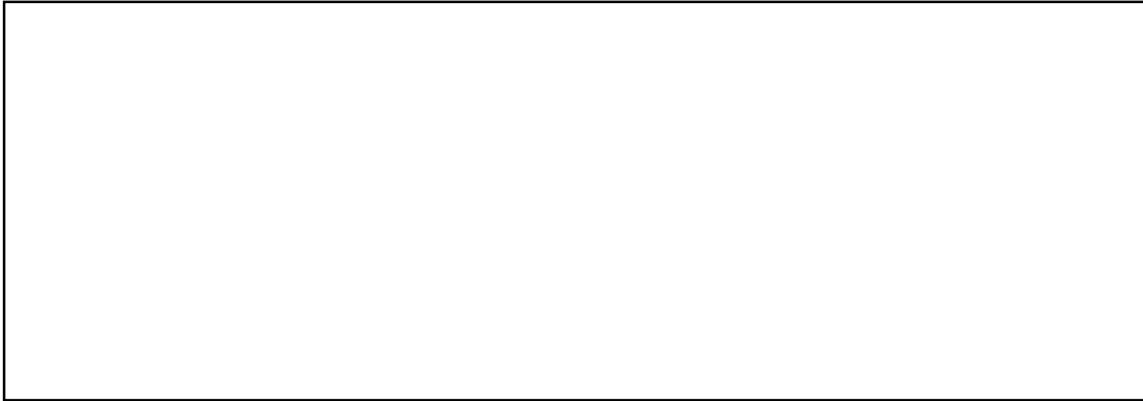
Date: _____

Your Name: _____

1. Is there any specific act available for e-commerce sector?

2. What are the rules and regulations have to be followed when doing business online?

3. What are the punishments for violation of cyber-crime law in Bangladesh?



Interview questionnaire form for e-commerce company official

Dear Sir,

I am a student of MBA program of BRAC Business School directing investigation on “E-commerce business opportunities and challenges in Bangladesh”. To fill the need, I require some data from you. It might be noticed that all data from you will be kept classified and be utilized for my exploration.

Thank you,

A.M. Reasad Azim Bappy

Date: _____

Your Name: _____

1. According to your opinion what are the major challenges of e-commerce business in Bangladesh?

2. Based on the transaction occurs, which payment method is popular among customers?

Credit card Debit card Bkash Cash on delivery

3. What do you recommend to resolve challenges that we have in this sector?

4. From which part of our country most of the orders are received?

5. According to your opinion, why consumers do not like to purchase goods online in Bangladesh?

6. Please provide some suggestion to attract consumers to purchase good online.