

Report On
E-commerce and its evolution and growth in time of corona in
Bangladesh

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of MBA

BRAC BUISNESS SCHOOL
BRAC University
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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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Letter of Transmittal

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Subject: Submission of Internship Report titled “E-commerce and its evolution and growth in time of corona in Bangladesh”.

Dear Sir,

With due respect, I would like to inform you that, I am a student of BRAC Business School, BRAC University. It is an absolute pleasure for me to submit the internship report titled “E-commerce and its evolution with time and growth in time of corona in Bangladesh” which has done as a part of the requirement of the course BUS-699. Your guideline has been followed in every aspect of preparing this report. I have really enjoyed working on this report and I have tried my level best to make an effective report. This report is focuses on both theoretical and practical knowledge.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible. I trust that the report will meet the desires.

Sincerely yours,

JAINA HUMAYRA RAFA

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BRAC Business School

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January 7, 2021

Acknowledgement

At first I would like to thank almighty Allah for giving me the opportunity, strength, patience and knowledge for completing my internship.

My gratitude goes to entire BBS Department of BRAC University for arranging Internship Program that facilitates integration of theoretical knowledge with real life situation. Also, I would like to give my special thanks to my academic supervisor Md. Lutfor Rahman from the deepest corner of my heart for providing encouragement and valuable direction.

I would also like to give thanks to my seniors, juniors and my classmates and colleagues of Dhaka for their help, advice, and suggestions, inspiration and support.

The encouragement as a continued source of inspiration provided by our parents is fully appreciated.

Executive Summary

In this report I tried to explain ecommerce very carefully and its impact on both business people and consumers. The whole world is now paying much attention and showing interest on ecommerce, Covid19 gave an extra push to it. Bangladesh is still very new on ecommerce. It is a challenging industry for Bangladesh .I tried to explain the whole scenario of ecommerce in Bangladesh, what it was like when it was just starting and what it is the current situation now. How covid19 effects the Bangladesh ecommerce industry is also explained here. Lastly I finished my report by giving some recommendations how the situation in our country can keep improving and what are my last thoughts on this.

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Chapter 1: Introduction

E-commerce which is also known as electronic commerce or internet commerce, generally refers to the buying and selling goods or services using the internet. Electronic commerce bring up the technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. E-commerce is a revolutionary change maker in business. Consumers shopping behavior has shifted greatly because of improvement of livelihood and fast pace of living.

When comes the types of e-commerce, there are four types.

1. B2C (Business to consumer)
2. B2B (Business to Business)
3. C2B (Consumer to business)
4. C2C (Consumer to consumer)

1. **Business to consumer:** Products and services are sold to their end user.
2. **Business to business:** Products and services are sold to another business.
3. **Consumer to business:** It allows individuals to sell goods and services to companies.
4. **Consumer to consumer:** Consumer to consumer where the consumers are in direct contact with each other.

Advantage: E-commerce removes the geographic barrier. It helps the seller to have a global reach. Buyer and seller can meet in the virtual world and do business. It also reduce the transaction cost. Company enjoys a much longer profit margin. It also allows us quick communication.

Disadvantage: The cost of the setup of the e-commerce portal are very high. Sometimes it's very high risk. Security is the another area of concern here. Credit card theft, identity theft is a big area of concern for the customer.

Impact of ecommerce on marketers: Ecommerce is growing at a noticeable rate worldwide. The online market was expected to grow by 56% in 2015-2020. In the year 2017, retail e-commerce sales all-inclusive amounted to 2.3 trillion US dollars and e-retail revenues are expected to grow to 4.88 trillion US dollars in 2021. There are two ways of doing business in online: fully online or online along with a brick and mortar store. Online marketers can offer exceptional prices, exclusive product selection, and high efficiency rates. A lot of customer prefer online if the products delivers can be delivered quickly at relatively low price. However physical experience cannot be provided in e-commerce business, which traditional retailers can. It could be a challenging aspect for the marketers because making customer believe in their product virtually can be tough.

Impact on consumers: It has a huge impact on consumers. As they don't have to leave the house and go to the store it allows them to shop relax. It also helps consumers to buy the products which are not sold in nearby shops. It gives the customer time and power to research about products. Online shoppers gives discount and offers which are price effective. As ecommerce is not convenient for those customers who prefers face to face interaction.

Chapter 2: The objectives, Methodology and limitations:

The objectives of this study is given bellow:

- A clear picture of ecommerce
- How it evolved in Bangladesh
- To know basic requirements for ecommerce business
- To know the opportunity of ecommerce in Bangladesh
- To identify the challenges
- To know how ecommerce is booming in time of corona in Bangladesh.

The report is fully based on secondary data. I reviewed many online portals, newspaper, journals and books to know about the facts that are discussed in this report. There are also some primary data insight present in this report which were gathered by interviewing some of my friends about their perception, future desires, problems they are facing while doing online shopping in Bangladesh. But the main information's on which my report is based is basically based on different writing's that I have found in online.

Limitations:

While I was working in this report the coronavirus outbreak was also pretty serious in Bangladesh. We had to follow several restrictions. So it was not possible for me to go outside and interview people related with ecommerce to gain a fresh perspective and most recent scenario of ecommerce sector. The time limit was also a limitation in this study. Because I had to complete this study with in a limited period of time I had to rush in some cases.

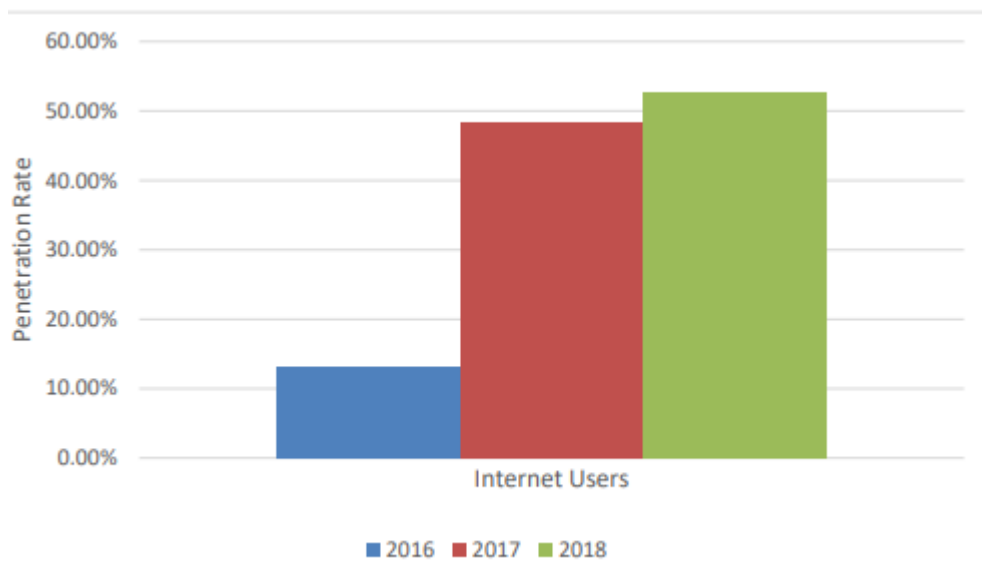
Chapter 3: Bangladesh and e-commerce:

Bangladesh is a developing country in south Asia. With approximately 164.4 million In the Bangladesh economy ecommerce has a subtle contribution because internet penetration percentage in Bangladesh has reached around 13.2%. E-commerce in Bangladesh has been growing very fast. E-commerce in Bangladesh has developed in the last decade. When two ecommerce site akhoni and ajkerdeal introduced themselves to the people the business gets its push. It was greatly appreciated by the people in Dhaka. The result of the E-com venture not only induced business entrepreneur to invest in this sector and hit the market from Bangladesh but also from abroad as well. Olx, daraz, and kaymu are the few who joined the competition along with local. A site named rokomari.com having a similar business strategy like amazon started selling books. Bikroi.com is another example who by adopting a unique market policy gives the customer both the options of buying and selling. Online food delivery system has also got a very positive response from the community of food lovers. FMCG and grocery sector also joined into the e-commerce industry by othoba.com, pickaboo and chaldal.com represent respective areas. Well known business corporation and business group of the country shown interest to join in e-commerce trade. The increasing popularity of online shopping and increased number of internet users showing great prospect of e-commerce development in Bangladesh.

The few websites that are contributing in ecommerce in Bangladesh are given bellow:

1. Rokomari (Rokomari.com)
2. Daraz (Daraz.com)
3. Ajkerdeal (Ajkerdeal.com)
4. Pickaboo (Pickaboo.com)

5. Evaly (Evaly)
6. Banglashoopers (Banglashoppers.com)
7. Bikroi.com
8. Foodpanda

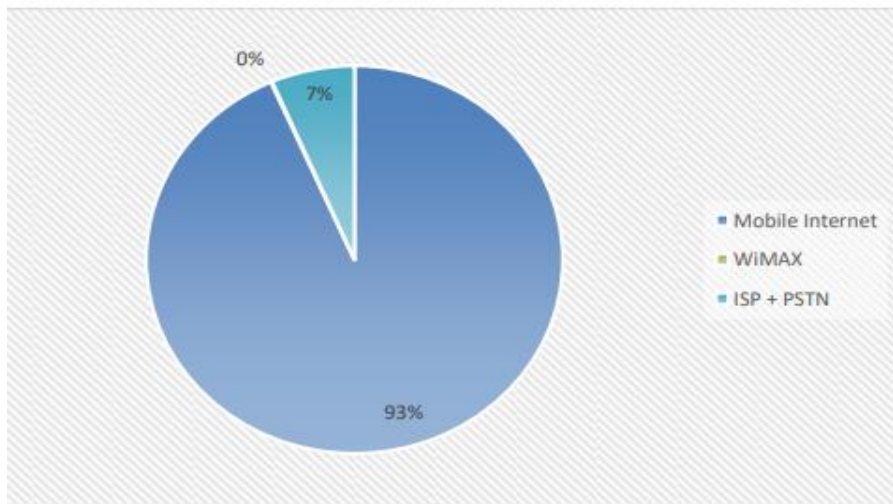


From the statistics shown above issued from Bangladesh Telecommunication Regulatory Commission (BTRC) shows that more than 80 million users are using internet service now. Currently web is being utilized for electronic business in various business segments.

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



Based on the newest data, 82.02 million users subscribe to the mobile internet, 0.081 million subscribe to WiMAX, and 5.685 million subscribe to ISP + PSTN connections. The above figure shows the breakdown of internet subscribers; the data source is the BTRC website.

Chapter 4: Current business situation

As per e-commerce association of Bangladesh the following three types of e-commerce are popular in Bangladesh.

1. B2C (Business to consumer)
2. C2C (Consumer-to-Consumer)

3. B2B (Business-to-Business)

Business to Consumer has become widespread in major cities in Bangladesh. A report published by e-CAB shows that E-commerce shoppers remained highly grouped. Dhaka, Chittagong, and Gazipur are three main cities that contribute 80% of the total shoppers. Dhaka draws the highest traffic 35%, Chittagong 29%, and Gazipur 15% respectively. Sylhet and Narayanganj other two cities that are showing promising growth. Earlier most of the traffic comes from the urban area, but recently some of the e-commerce sites prolonged their business in the rural area as well. The response is quite encouraging, Customers from rural areas are also purchasing huge volumes of products, which is a new portent for this kind of business.

Delivery scenario in Bangladesh:

More than 50000 people has engaged with ecommerce in Bangladesh. At display every day around 20 thousands and every month 5-6 lakh distribute conveyed in all places all the way through the nation.

Some major legal issues faced in ecommerce:

Some major legal issues of e-commerce business which need to be taken into account step by step are the following:

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

- Intellectual property rights

Law and Policy Framework:

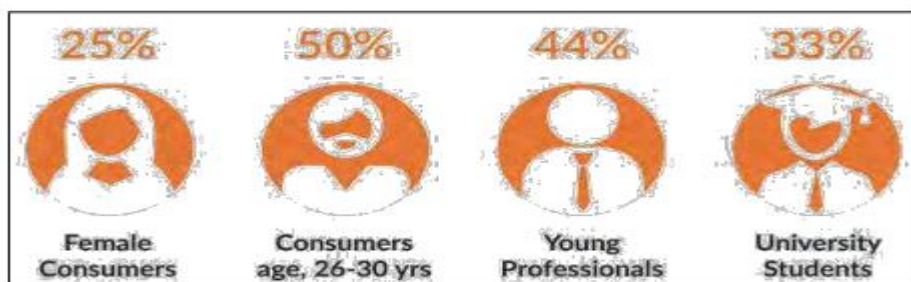
Two fundamental for creating a favorable environment for e-commerce are trust and internet security. It is very important to have a strong policy, legal framework that will assist in paperless trade in goods and services, consumer protection, data privacy and protection, measures for cybercrime and market access. E-CAB is working with the government to formulate the draft guideline and national digital commerce policy for the last couple of years.

They formulated three policy:

- It does not permit foreign investors to have a stake of over 49 percent in any e-commerce project in Bangladesh.
- The e-commerce sellers need to clearly describe the details of the products they sell online, which include the product's quality along with its return policy.
- E-traders will have to sign a deal with the products' suppliers, delivery channels and payment gateways to ensure that customers' rights are suitably protected, reads the policy.

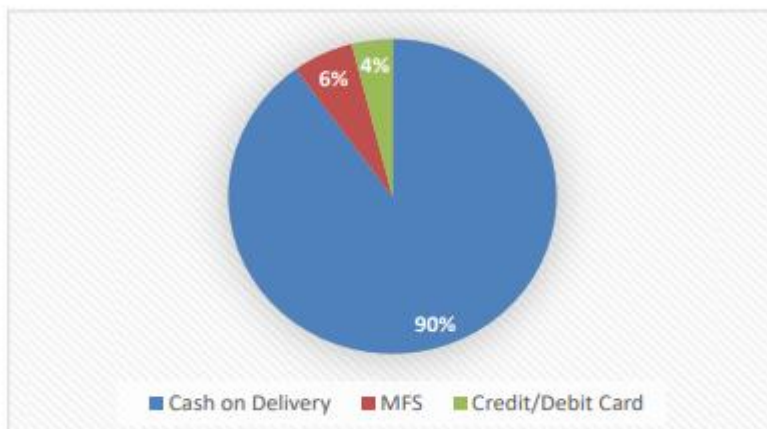
Customer demographic:

The main consumers of ecommerce are young generation. The age group of 26 to 30 years old are 50% of the ecommerce buyer group. Young professionals (44%) and university students (33%) are also consumes a great portion of e-commerce product and services. Top selling products are fashion wear and electronic devices.



Online payments:

Products which are purchased over the online can be paid through online or offline. There are various ways to make payment. Online payment systems are a function of national regulation and varies from country to country. . It is a challenging task to choose a single payment method for calculating e-commerce payment readiness. Credit and debit cards are the most popular payment method worldwide in terms of online transaction purchase value. In Bangladesh people are still not very comfortable for using credit card and debit card. About 95% of payment in online purchasing happens cash on delivery method.



90% payment made by Cash on delivery, 6% by MFS and 4% by Credit or Debit card.

Challenges:

The market size of Bangladesh economy is getting bigger day by day. However there are surely some obstacles which can create hindrance in the growth of ecommerce.

- The scarcity of logistics and transportation system , restraining ecommerce traders to expand their business , the poor roads and highways which creates hurdles in smooth delivery services, the stagnant traffic which hampers the delivery of products in city also.

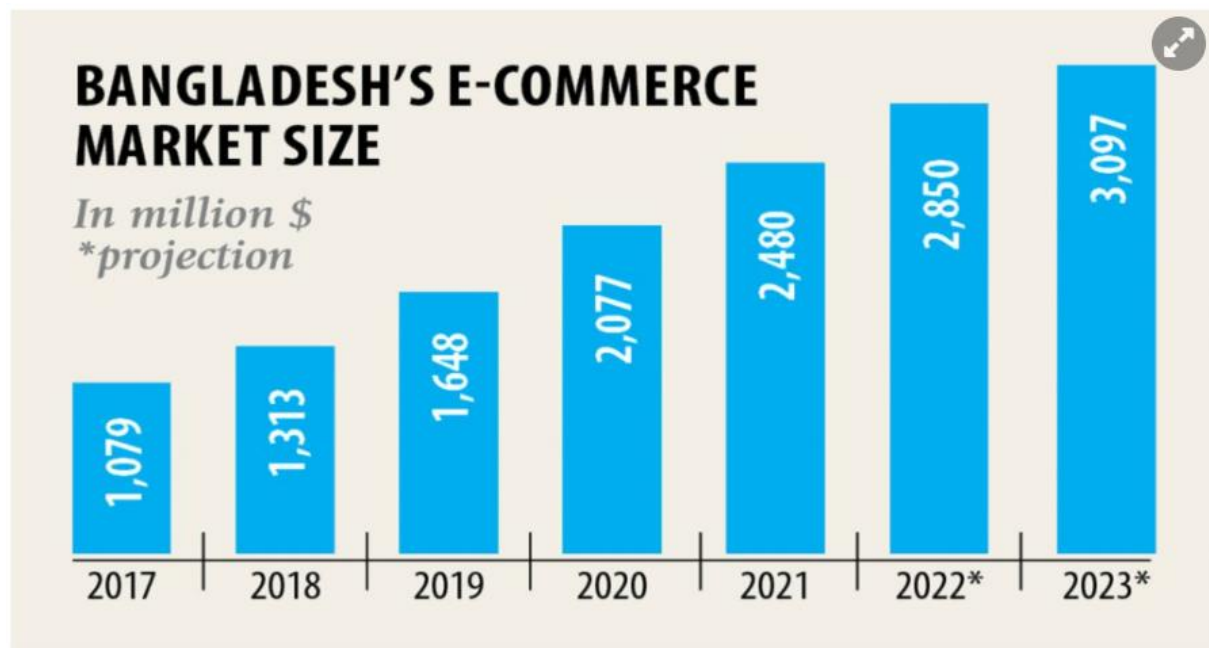
- Absence of strict government policy, a big understanding gap between entrepreneurs and consumers, traders misguided by several forums.
- Shortage of capital, entrepreneurs having difficult time for arranging money, as the ecommerce is still in developing stage, investors are not sure about its growth.

Chapter Five: COVID 19 and ecommerce situation in Bangladesh

Bangladesh discovered COVID-19 in March 2020. On March 23, Bangladesh's government announced a lockdown throughout the country to protect the people from spreading the virus, and it extended to July 2020. This pandemic situation leads Bangladesh into a challenging situation. Lots of people died, uncertainty arises, economic disruptions, GDP fall, and so on. Several industries in Bangladesh sink into losses such as hotel & tourism, airlines, banking & insurance, agriculture, transportation, ready-made garments (RMG), etc.

But situation was different for ecommerce. In the time of the COVID pandemic, the digital behavior of the people of our country has changed a lot. This has become very much helpful for the growth of the e-Commerce in Bangladesh. The improvement of digital payment system has also played a great role in the booming of ecommerce. According to the German-based research institute Statista, e-commerce market in Bangladesh has exceeded one and a half billion US dollars, expected to reach at two billion dollars this year and three billion dollars by 2023. About four lakh women entrepreneurs are also selling products on Facebook and in other online based platforms along with hundreds of entrepreneurial organization. The use of online grows by fifty percent during his time. According to official government statements, five lakh people will have jobs in Bangladesh e-commerce in the next five years. We can say in a word ecommerce has revolutionized during the Covid-19 pandemic. The growth of online sales has amplified

by 70 to 80 percent compared to the earlier time. The reason is as the covid -19 protocols required to stay at home and maintaining 6 feet distance people started ordering their essentials from online. The e-commerce or online shopping market across the country has crossed TK 6,000 crore. Shopping for different kinds of products including medicines, clothes, food are done from various online platforms. Although economically marginalized and lower-middle income families are still market oriented, middle class or upper-middle people are shopping more online. A number of e-commerce platforms that mainly retail important goods are overwhelmed by an extraordinary number of orders, those that sell lifestyle and luxury items saw the demand for their products plummet to rock bottom.



As example chaldal.com Bangladesh's lead online platform for household goods has defied the volatile economic situation to absolutely dominate the market. Chaldal enjoyed a 140 per cent rise in its daily delivery count inside Dhaka because of an increased demand for home delivery of groceries, hygiene products and other consumer staples. "The demand for rice, vegetables and hygiene products has been great since late March," said Waseem Alim, chief executive officer (CEO) of Chaldal. The online retailer now completes 6,000

deliveries each day while the number was 2,500 in the pre-pandemic period. In this crucial time when most of the business are cutting down their employees for surviving covid-19 fallout Chaldal added 560 new jobs to take its number of employees to 1,400. This a very significant landmark for any local e-commerce site. For meeting the extra deliveries chaldal had to make some extra changes in their organization. This includes technological and strategic changes. On the contrary Daraz, another important e-commerce platform, lost around 5,000 of its import-dependent merchants soon after travel bans were issued around the world in order to curb the spread of coronavirus. But then in May, the company added more than 10,000 local retailers to its platform. Products that had never been sold on an e-commerce platform are now regularly sold online," Syed Mostahidal Hoq, managing director of Daraz Bangladesh, told The Daily Star. Before the covid19 pandemic the main selling product in daraz was electronics but now the demand for those items has dropped radically while incoming orders for daily necessities and hygiene products has increased exponentially. To provide the consumer's best shopping experience throughout the pandemic Daraz has completely revamped its logistics technology, Hoq said. After observing the changes in consumer plea in early April PriyoShop, which usually retails lifestyle products such as clothes, smartphones and other high-tech gadgets, added groceries to its list. Asikul Alam Khan, CEO of PriyoShop said "Orders started flooding in during April, particularly for masks and sanitizers. But our suppliers and logistic companies were not able to provide smooth services because it happened all of a sudden and no one was prepared," For example : the e-commerce platform received a total order for 3,000 units of various antibacterial, personal care products in a single day in mid-April. But due to the scarcity of supply the company was able to handover just 1,700 units of the order. Though there were increased sale of groceries and other personal care items but the profit of priyoshop were offset by a plunge in demand for PriyoShop's lifestyle and tech

products. Pathao Food, the market leader for the food delivery sector, has achieved slow recovery. "But at least orders are still coming in," said Hussain Elius, chief executive of Pathao. The restaurants were shut down for many months due to the pandemic and even now, those that have reopened are still not functioning on a full scale. Because of weak logistics substructure and travel ban, e-commerce consumers suffered a lot at the beginning of the outbreak, Elius said.

Chapter six: Recommendations

After discussing all of the situations I have some recommendations for the improvement of ecommerce situation in Bangladesh.

- Use of flexible, secured payment method.
- Support the creation of innovative business model.
- Reduce regulatory indecision
- Promote transparency in information sharing
- Reduce bottlenecks in the enabling environment for e-commerce
- Reducing product delivery time
- Ensuring fastest internet all over the country
- Gaining customer satisfaction by different policy.
- Make sure that SMEs can contribute in e-commerce, for example by providing policy, regulatory or financial incentives for sales diversification and establishing a level playing for SMEs relying on the services of online platforms

Chapter seven: conclusion

The e-commerce in Bangladesh is still a young and developing industry. In this paper I tried to explain the situations that ecommerce have faced during the time of evolution in Bangladesh. The number of websites/online stores and the number of online shoppers in Bangladesh growing increasingly. E -commerce in Bangladesh has changed the traditional ways of business and brought revolutionary changes in the sector of economy. Many statistical data also presented for showing the scenario. And the covid 19 situation that affects the whole world in one way or another, how it affects the ecommerce of Bangladesh is also shown in this report. Also the steps that can be taken to reduce the hurdle in doing ecommerce were also discussed in this paper.

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