Report On

Inbound to Outbound Logistic of Daraz Bangladesh

By

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An internship report submitted to BIGD in partial fulfillment of the requirements for the
degree of
Masters in Procurement and Supply Management (MPSM)

BRAC Institute of Governance and Development
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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 any material which is 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

Dr. Md. Shanawez Hossain

Supervisor and Assistant Professor

BRAC Institute of Governance and Development

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66 Mohakhali, Dhaka-1212

Subject: Submission of Report

Dear Sir,

This is my pleasure to display my knowledge providing details regarding Inbound to Outbound Logistics of Daraz Bangladesh, which I was appointed by your direction.

I have given my best efforts to finish the report with necessary data and provided my recommendations in a significant compact and comprehensive manner as much as possible.

I trust that the report will meet the desires.

Sincerely yours,

_____

Kazi Sustagi Nafs (Amrita)

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BRAC Institute of Governance and Development

BRAC University

December, 2020

Acknowledgement

Executive Summary

E-commerce is playing a very important role in recent times. Daraz Bangladesh is a pioneer in the e-commerce of Bangladesh. Supply chain plays a vital role in e-commerce. This report analyses the overall supply chain process of Daraz Bangladesh. This analysis shows that a smart supply chain process can boost up an e-commerce business by increasing orders to handling it in a better way. Throughout the analysis, we have found some problem areas as well for which we have suggested some recommendations which we have obtained throughout the interviews and casual conversation with the expert people. Primary data used in this report has been collected from the relevant peoples and secondary data has been collected from the website and relevant journals. Overall, we found that being the market leader in e-commerce sector Daraz Bangladesh is maintaining a well-balanced supply chain process. But we suggest expanding the space of warehouse, adding quality assurance team and enhancing the control about the merchants will boost up their process.

Keywords: E-commerce, supply chain, inbound logistic, outbound logistic, sort, linehaul, RSR.

E-commerce: E-commerce means any kind of transactions that is conducted via online or internet.

Supply Chain: Supply chain includes the entire process to make and sell commercial goods at each and every stage from manufacturing to distribution.

Inbound Logistic: Inbound logistic is a process of movement of raw materials, finished goods and supplies from manufacturers to warehouse.

Outbound Logistic: Outbound logistic is a process of movement of end products to its end users from warehouse to the final destination.

Sort: In this report sort refers to a team which is engaged in receiving & sorting of products.

Linehaul: Linehaul is defined as the movement of freights by the roads in between distant cities, or of passengers or cargo between the terminals.

RSR: Returned products that are rejected and cannot be done servicing.

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Chapter 1: Introduction

1.1   Background of the study:

In this age of internet and digitalized systems, human lives relying totally on the web. Almost every service solution is present on online now. E-commerce sector started to grow in Bangladesh since 2012 and rapidly it became very popular among the people of Bangladesh. Most of the sites follow the E-bay model, where these websites work as a bridge between the buyers and customers and sellers. These are literally online marketplaces where there are different online shops, e-stores. People usually browse these websites a bit like an actual marketplace to settle on their desired product and buy from them. E-commerce sites add exchange of the commission model on each and each successful delivery of product. They become a service provider on behalf of each seller regardless of the provider has physical shop or not. People from all over world who have access to internet can enjoy this facility of online shopping and do payment via cash on delivery or other methods of online payments. One just has to do is place an order on the websites; the delivery service man would bring the product to their home/office's doorstep. Now the delivery system is being faster than before, and customer complaint has decreased in good numbers. E-commerce companies also provide the sellers with the facility of free advertisement of their products through social media, newsletter and Google search engine optimization (SEO).

Similarly, Daraz Bangladesh has acquired a huge amount of seller as well. The marketplaces like Daraz Bangladesh have a large customer base, as the buyers can find almost anything here. Throughout this report it has been tried to mention and state the overall e-commerce business model of Daraz Bangladesh and the impact of efficient supply chain and digital marketing of the company.

1.2   Significance of the study:

The purpose of the thesis is to provide people broader knowledge about the supply chain process and how it is managed in Daraz Bangladesh, the largest ecommerce site of Bangladesh.

Besides, this thesis also analyzed the problem area of supply chain process and recommended some solutions for these.

1.3   Research Objectives:

i) The broad objective is to study the overall supply chain practices of Daraz Bangladesh.

ii) The specific objectives of the study are as follows:

•   To briefly describe the supply chain process of Daraz Bangladesh.

•   To find out the problem area of supply chain process and recommend some suggestions.

1.4   Research Questions:

(i) What is the supply chain process of Daraz Bangladesh?

(ii) What are the problem areas and recommendations to solve them?

1.5   Research Methods and Procedures

•   Research Design: This is an exploratory type research. The study aimed at determining supply chain management practices used by Daraz Bangladesh.

•   Population: The target population of study is employees of Pickup Team, Receiving Team, Sort Team and Delivery Team of Daraz Bangladesh. However, the sample size is limited to 20 employees who have good knowledge on supply chain management practices and could offer valuable information of the study.

•   Data Collection: Both primary and secondary data is collected. Primary data involves firsthand information from the representative sample. Primary data is collected using a close ended questionnaire relevant to the study, but open-ended questions and personal interviews is also made for preparing the research report.

Chapter 2:   Literature Review:

This chapter describes the literature review related to inbound & outbound logistics of Daraz Bangladesh.

2.1: Supply Chain:

A supply chain may be a network between a corporation and its suppliers to supply and distribute a selected product to the ultimate buyer. This network includes different activities, people, entities, information, and resources.

It involves a series of steps involved to urge a product or service to the customer. The steps include moving and converting raw materials into finished products, transporting those products, and distributing them to the end-user. The entities involved within the supply chain include producers, vendors, warehouses, transportation companies, distribution centers, and retailers.

2.2: Inbound & Outbound Logistics:

Inbound logistics refers to the transport, storage and delivery of products coming into a business.

Outbound logistics refers to an equivalent for goods going out of a business.

Inbound and outbound logistics combine within the sector of supply-chain management, as managers seek to maximize the reliability and efficiency of distribution networks while minimizing transport and storage costs. Understanding the differences and correlation between inbound and outbound logistics can provide insight for developing a comprehensive supply-chain management strategy. (Ref 1)

2.3:   E-commerce:

E-Commerce is often defined as buying and selling of commodities or services through an electronic medium. A distinction is usually made between e-commerce which is completed through business websites or mobile applications, and f-commerce, which uses Facebook because the platform to facilitate sales.

2.4:   E-commerce in Bangladesh:

The E-Commerce industry in Bangladesh began to flourish in 2013 with the Bangladesh Bank lifting its previously established restriction on international purchases via credit cards. In 2018, Alibaba, the China-based global e-commerce giant, acquired Daraz Group, one of the largest e-commerce companies of Bangladesh, launched initially by Rocket Internet. It had been a strategic play, to open up South Asian Markets and cast a crucial limelight on the world. While this was an enormous boost to the expansion of e-commerce, other factors also played a defining role, like the gradually improving access to the web and rising smart phone usage across households.

Covid-19 Crisis on E-Commerce Business:

As the impact of the COVID-19 crisis still be felt across everywhere, entire industries are struggling under the load of demand downturn, labor shortages and inability to monitoring their supply chain processes.

However, demand downturn has not been the difficulty of primary concern for all industries. One such industry would be E-Commerce, which has seen an unprecedented rise in orders some businesses and growth of overall consumer base due to the lock-down. The pandemic has caused a huge surge of demand over the e-commerce industry from capacity standpoint, not equipped for. The lockdown has changed consumer spending patterns. Marginal Propensity of savings decreased consumption of luxuries and increased consumption of essentials.

e-CAB spokespersons have raised concerns regarding this shift within the pattern of purchases, stating that only around 100 websites are actively providing necessities online.

However, this sudden scale-up has been met with a general lack of preparedness in terms of capacity, mobility, and resources for these same companies as they struggle to maximize the demand surge. (Ref 2)

Companies like Chaldal.com, which are one among the larger B2C businesses specializing in grocery delivery, have attempted to enhance their own capacity significantly through the utilization of more delivery men.

3rd Party Logistics in Bangladesh who don't sell online groceries and essentials like Paperfly, despite being a market leader, have experienced a dramatic fall in orders. Labor shortages have risen up and workers have temporarily migrated out of Dhaka.

The crisis has made way for businesses like AjkerDeal.com and PriyoShop.com who are e-commerce giants, to diversify into the web groceries market, helping to secure employment for his or her own workers and providing much-needed service for the community. The same sort of diversification has been undertaken by companies like Kotha who operate through their mobile app and now provide essentials on the platform.Bikroy.com, which is that the largest online marketplace for C2C customers have introduced a category called Essentials as they plan to help local suppliers find markets. Foodpanda, Uber Eats and Pathao which focused their core business on food delivery have also joined the fray to proportion and deliver groceries, medicine, and other items to their customers through listing suppliers of such products on their respective apps. (Ref 3)

The crisis has spurred innovation within the e-commerce sector also. E-courier has spotted the vacuum in online grocery and introduced the primary BOT-based messenger shopping within the city. A BOT may be a software application that runs automated tasks over the web and is

such, capable of aiding customers with their shopping. Hellotask Ltd, a supplier of cleaning and home-making services, have undertaken the ambitious project of turning apartments' basements into groceries where only dwellers of the apartments are going to be the buyers. Pet Service platforms like PoshaPets have switched to online services and are providing over-the-internet veterinary services.

While the crisis has sparked a skyrocket of demand surely parts of Bangladesh e-commerce, the industry as an entire is suffering alongside most other industries. When the crisis eventually subsides or is deemed to be during a controlled state, industries will reopen fully. This may mean that while some consumers will revert back to traditional systems of shopping, the expansion to the e-commerce sector will normalize and sustain. After all, the core point of e-commerce will always still be customer convenience.

The stimulus package of Bangladesh is already working to mitigate damages and therefore the way forward for businesses will depend upon capital availability and labor readiness. However, with such major strides taken in terms of increase in volume of internet buyers, a post COVID-19 boom for the world seems to get on the cards. (Ref 4)

2.5: Daraz BD an Introduction:

Daraz is an internet-based marketplace and logistics company which operates in markets of South Asia and Southeast Asia. It had been founded in 2012 as a web fashion e-commerce marketplace in Pakistan by Muneeb Maayr (Founder) & Farees Shah (Co-Founder) at the based venture builder, Rocket Internet. (Ref 5). Daraz Group operates e-commerce platforms and logistics service in Bangladesh, Myanmar, Nepal, Pakistan and Sri Lanka.

Daraz was founded as a web fashion retailer in Pakistan in 2012 by Muneeb Maayr (Founder) & Farees Shah (Co-Founder) while Muneeb Maayr was performing at Rocket Internet. Daraz's initial funding and work came from Rocket Internet but was later changed to a general marketplace strategy and business model in 2015 when it also launched operations in Bangladesh and Myanmar. (Ref 6)

In July 2016, Daraz Group acquired Kaymu, (Ref 7) a consumer-to-consumer online marketplace in South Asia. With this acquisition it began operations in Nepal and Sri Lanka (Ref 8).

In May 2018, Daraz Group was acquired by the Chinese e-commerce company Alibaba Group from a German risk capital company (Ref 9). They announced that it had been acquired by Alibaba Group for an undisclosed amount. This was two years after Alibaba's acquisition of Lazada Group, which was also a startup by Rocket Internet within the South-East Asian market. Alibaba Group also runs Singapore's Redmart, and owns stakes in Japan's Rakuten and Indonesia's Tokopedia.

Daraz Group has five markets around the world - Bangladesh, Myanmar, Nepal, Pakistan and Sri Lanka which cover quite 460 million people. Among them 60% are under the age of 35. So, as to digitize the logistics ecosystem and to enhance the delivery standards, Daraz has built its own logistics company, Daraz Express (DEX), in all of its five markets.

Chapter 3: Basic process of Daraz Bangladesh:

This chapter basically covers our first objective and briefly describes the overall supply chain process of Daraz Bangladesh.

At first Daraz needs to acquire sellers, manage them, educate them, ensure payment, develop websites etc. Details are given below:

Vendor Acquisition Process: Daraz mainly works as a business to consumer vendor. They are not the manufacturer of the products they sell. At first, they acquire sellers who want to sell their products through the website of Daraz. There is a separate team for seller acquisition. In the acquisition team, members are distributed according to the sellers. Such as there are separated employees who are solely assigned for the acquisition of seller of the categories like fashion item' sellers, electric and home appliances' sellers, mobile phones' sellers, gadget items' sellers, sport items' sellers etc. Then Daraz puts these sellers' products in their website and facilitates selling. The sellers need to follow the terms and conditions of Daraz and they must have an agreement. During the agreement, Daraz BD is the second party and the seller is the first party. After the agreement conducted, the seller is allowed to show their products on Daraz's websites and Daraz will then allow and promote the products of the sellers. Seller centre app that is designed for the seller works here as a medium for both parties.

Content & Development Team: Daraz have separate team to work on their websites and mobile app. The team is solely responsible for developing and designing various contents to the website of Daraz. Besides, they help the seller to upgrade the content of the products. Daraz provides sellers option to click pictures of their products by taking help of the own photographers of Daraz. Daraz also analyses the choices of people and also the preferred tie of people to use social sites or online sites. Through this analysis they develop the websites according to customers' choice and taste.

Vendor Managers: There are vendor managers for each category of products. Vendor managers (VM) are responsible for managing the merchants. After the acquisition team, acquire sellers, they are assigned to different VMs. VMs ensure educating the sellers about different campaigns and information and communicate with sellers as a representative of Daraz. They mainly communicate sellers about product boosting, order increase, campaign deals, discounts etc.

Vendor Operation: Vendor Operation (VO) team is a bridge between vendor managers and operation department of Daraz BD. Unlike VMs, they are responsible for regular communications with sellers. They are assigned for daily communications about regular issues like pickup related issues or return related issues etc. They mainly deal with sellers after they click on ready to ship. As well as they also communicate with the operation team on a daily basis about sending riders or any kind of issues. VOs ensure with pickup team that pickup team is sending riders properly to their sellers. Even they do office at Daraz's Tejgaon office which is for operation department whereas VMs do office at head office located at Banani.

Payment procedure: Normally the sellers of Daraz can get the selling price of their products within 30 days. But in terms of specific categories like hotel and travel categories the payment can be made within 7 to 14 days. Daraz mostly uses the banking payment system to seller, which is safe and comfortable for both parties. Daraz takes 10%-30% commission from the sellers on the basis of products.

Supply Chain Process of Daraz Bangladesh:

The supply chain process of Daraz BD is mainly two types.

These are as following:

a. **Forward Flow:** Daraz BD follows forward flow for delivering products from merchant to the final customers. The forward flow of Daraz Bangladesh can be described through the following flow chart:

```
                    ┌─────────────────────┐
                    │        Order        │
                    └─────────────────────┘
                              │
                    ┌─────────────────────┐
                    │    Ready to Ship    │
                    └─────────────────────┘
                         │           │
              ┌──────────────┐   ┌──────────────┐
              │    Pickup    │◄─►│   Drop Off    │
              └──────────────┘   └──────────────┘
                              │
                    ┌─────────────────────┐
                    │      Receiving      │
                    └─────────────────────┘
                              │
                    ┌─────────────────────┐
                    │        Sort         │
                    └─────────────────────┘
                         │           │
              ┌──────────────┐   ┌──────────────┐
              │ Dex Delivery │◄─►│     3PL      │
              └──────────────┘   └──────────────┘
                              │
                    ┌─────────────────────┐
                    │    Delivered to     │
                    │      Customer       │
                    └─────────────────────┘
```
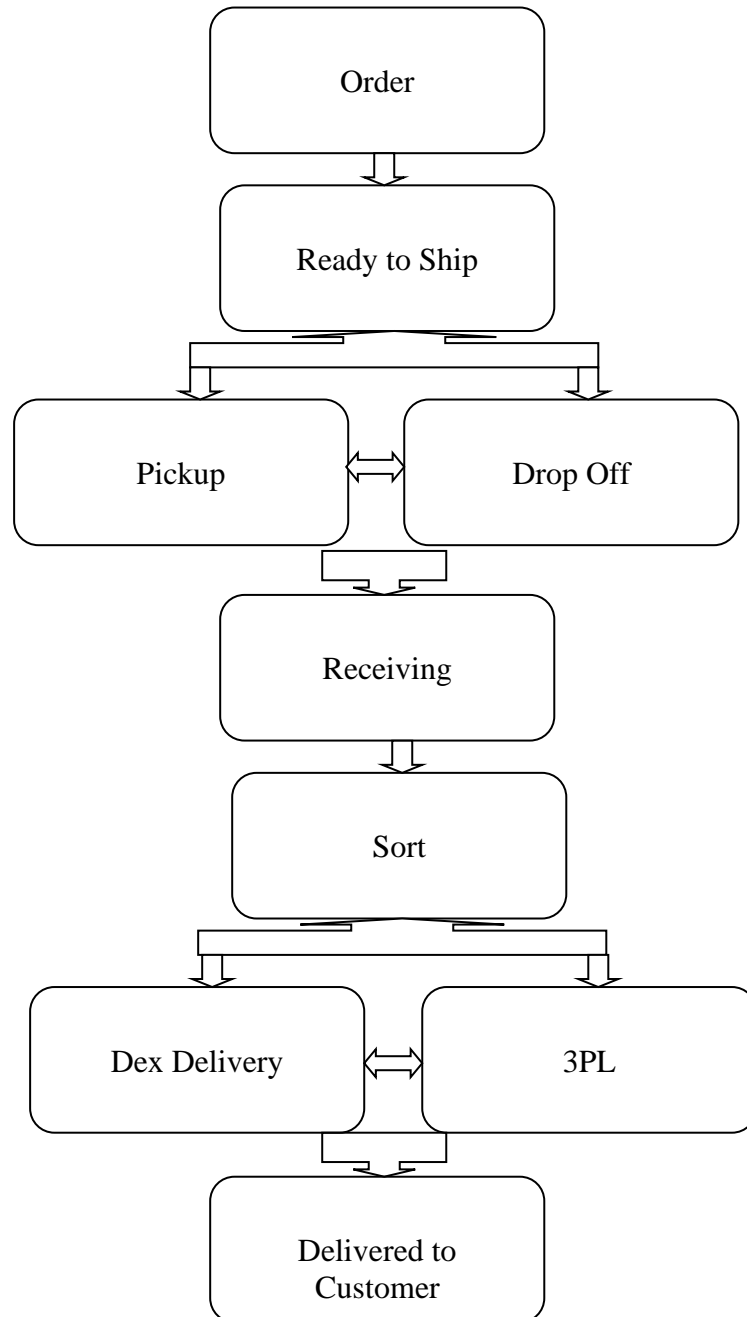
1. **Order Process:**

For ordering from Daraz Bangladesh, a customer need to go to the website of Daraz BD - www.daraz.com.bd or download Daraz app. Then he needs to create an account by providing

necessary information. A customer can also create the account through his or her Facebook account. Daraz has a user-friendly app from which it is very easy to order the desired product. The customers can check the categories under which they can get various items according to their categories. Or they can directly search the specific item through the search bar. After selecting the desired item, customers need to click on "Buy Now". After that, the item will be added to their cart. Then from the cart they need to click on proceed to checkout. Lastly, they need to proceed to provide shipping information and the preferred payment method. There are various types of payment options in Daraz BD. Customers can either choose cash on delivery or can also choose prepayment option. Customers can do prepayment through bKash or card. Often, they are offered discounts for repayment options. Like customers often get 5% to 10% cash back for card payment and 1% to 15% cash back for bKash payment. If someone chooses pre-payment option, then he or she has to complete the payment and get payment confirmation from Daraz BD's customer care center. After that the customer will be able to get his or her desired product in between 3-6 business days through Daraz Bd Dex or other third-party logistic service. And finally, they will be able to track their order at Daraz and get to know about the status of their order.

2. **RTS (Ready to Ship):**

Once a customer places any order, and the order is confirmed, then the seller of that item get notification of the orders. Then the seller starts to ready & pack their products. Once products get ready, they click on ready to ship option. Sellers have option to cancel the order. But if he does cancellation often then Daraz fines BDT 100 for every 3 cancellations and also his seller ratings get downward. Sellers often receive training on these things for their education. Once a seller clicks on ready to ship, they get 3 days to provide the product to Daraz's pickup rider or drop the product to the nearby Daraz hub.

3. Pickup/Drop off:

There are two kinds of sellers. Pickup sellers and drop off sellers. VMs are responsible to communicate with sellers in this purpose and fix under which criteria the seller wants to keep him or her.

i) Pickup: Once pickup sellers click on ready to ship option, pickup team of Daraz get notified through their daily pickup report. Pickup team of Daraz BD contains various riders according to the zones. Pickup team generates a daily pickup report every day and finds out about the order volume and details. After that they assign the pickup riders for the pickup of these products from the sellers according to their zones or areas. They then ensure the pickup of the products from the sellers through the pickup riders. Once a seller clicks on ready to ship, the pickup team gets only 24 hours to pick the product from the seller as this is their SLA. For achieving KPI pickup team must ensure 90% successful pickup in 24 hours of RTS. If pickup is unsuccessful because of the sellers' issue, pickup line will be cancelled after 3 unsuccessful attempts by pickup team.

ii) Drop off: Drop off sellers drop their products to their nearby Daraz hubs. Daraz have various hubs in all over Bangladesh. Some major hubs are:

i. Daraz Malibagh Hub

ii. Daraz Dhanmondi Hub

iii. Daraz Sort Center, Tejgaon

iv. Daraz Mirpur Hub

v. Daraz Savar Hub

vi. Daraz Bangladesh Warehouse

vii. Daraz Collection and Delivery Hub

viii. Daraz Bangladesh Tejgaon pick-up point

ix. Daraz Bangladesh, Puran Dhaka Hub, Borhanuddin College

x. Daraz Tejgaon Delivery Station

xi. Daraz Keraniganj Hub

xii. Daraz Tongi Hub

xiii. Daraz Banglabazar Hub

xiv. DEX Narayanganj Station(Daraz Hub)

xv. Daraz Chittagong Hub

xvi. Daraz Sylhet Hub etc.

Drop off sellers get packaging facility during dropping off their products as Daraz have packaging stations to their hubs. Shippers of Daraz do the packaging of the products. When the packing is done, sellers drop their products to the Receiving Team. Receiving team receives their product and after that pickup team collects all drop off products dropped by multiple sellers altogether from the receiving team. Just like pickup sellers, drop off sellers also get maximum 3 days from the time of RTS to drop off their products to the nearby Draaz hub.

4. Receiving:

After picking the products, riders handover the products to receiving team. Receiving team contains several stations to receive the products. The team uses barcode trackers for tracking the products. Receiving team provides a primary checking whether the parcel is damaged or not. If the parcel is damaged, then the product will be returned to the merchant as soon as possible. But as per Alibaba's policy Daraz cannot unpack any product. They need to deliver the product exactly as it comes from the merchant. Receiving team handover, the products to the sort team, after receiving the products and counting them. The SLA for receiving team is handing over all received products to sort team in between 24 hours of receiving.

5. Sort:

After receiving products from the receiving team, sort team firstly sort them into two types:

a) **Dex delivery:** Dex is the own delivery of Daraz BD. Daraz BD have delivery team in all districts of the country. But Daraz prefers metropolitan and urban areas for own delivery to accomplish all deliveries in a cost-effective way.

b) **3PL:** 3PL is the delivery that will be done through the third-party logistics. The major 3PL partners of Daraz BD are Sundarban, Pathao, Redx, E-courier, Paperfly etc. Mainly the packages with shipping addresses which are out of Daraz's own delivery coverage such as areas outside of Dhaka Metropolitan and especially remote areas are handed over to 3PL. This is because for those packages, own delivery cost more than 3PL costing. So, delivering those packages through 3PL is cost efficient for Daraz BD.

After sorting the products into Dex Delivery and 3PL delivery, sort team sort the 3PL products into various 3PLs like Redx, Pathao, E-courier, Sundarban, Paperfly etc. and handover them to those third parties accordingly. After that they again sort the Dex products into inside Dhaka (ISD) delivery and outside Dhaka (OSD) delivery. Finally, they sort the ISD products according to customers' areas and OSD products according to their districts. The products are sent for their destined hubs through linehaul vehicles. The lead time for all of this process is 24 hours.

6. Delivery Team:

Delivery team delivers the products that are delivered through Dex delivery. Delivery team of Daraz has more than 200 riders. Delivery Team sorts the products as per sub areas and keeps them separately. There are separate riders assigned for different zones. Delivery riders collect products from the delivery team according to area and deliver them at their addressees. If the product is prepayment product, then the rider doesn't need to collect any payment from the customer. But if the product is cash on delivery, then the delivery rider collects payment from the customer and after delivery handover the cash to the Accounts. Delivery process of Daraz

Bd doesn't allow the customers to unpack the parcels before payment. The SLA for delivery team is also 24 hours from receiving the products from sort team to delivering the products to its final customer. For achieving KPI delivery team must ensure 90% successful delivery in 24 hours of receiving the products from the sort team. If delivery is unsuccessful because of the customer' issue, delivery line will be cancelled after 3 unsuccessful attempts by delivery team.

In short, the flow of sorting process of Sort team and Delivery team is:
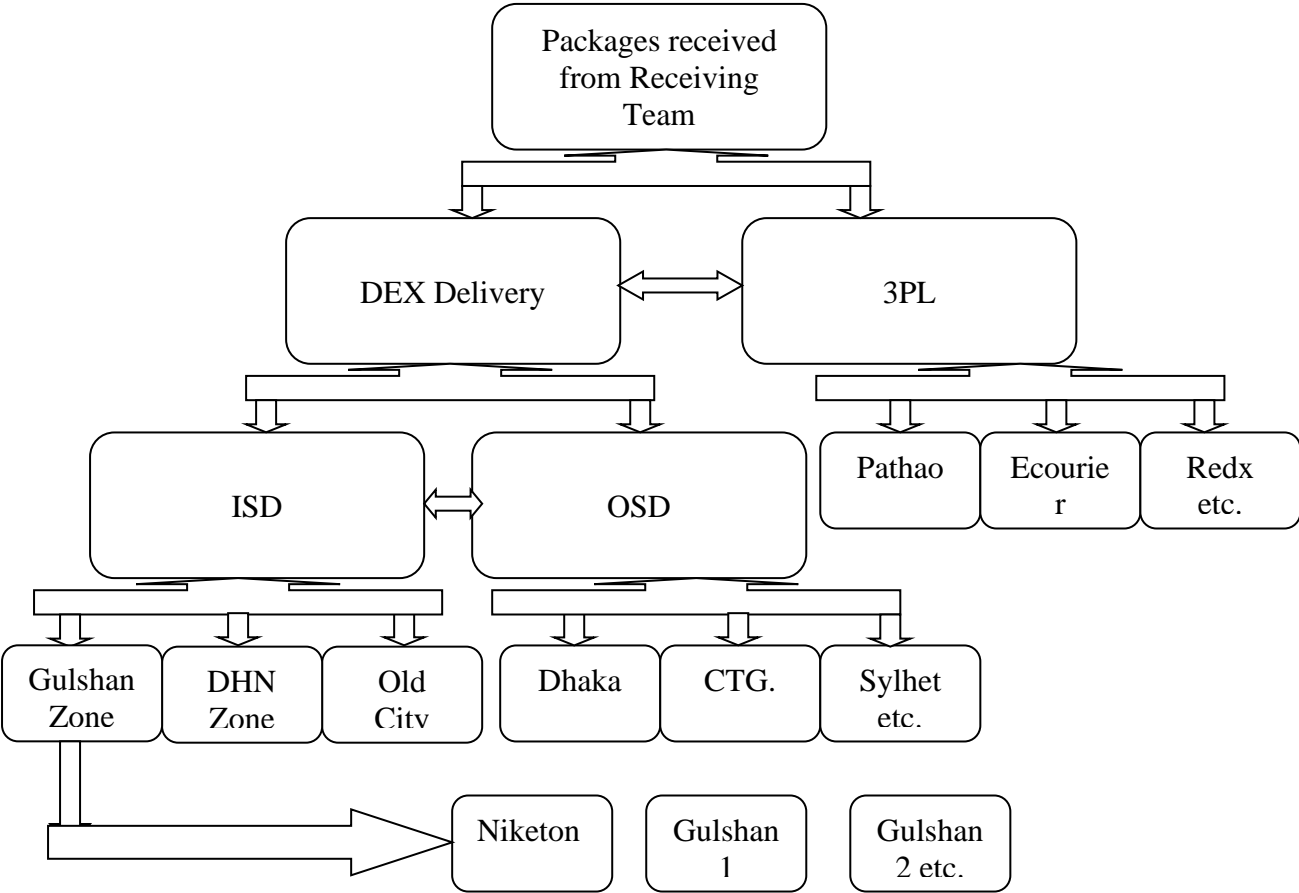
Warehouse products:

Daraz purchases products from some certain vendors in bulk amount and stores those in their own warehouse under Daraz mall. The pickup riders then collect those products according to customer orders. The remaining process is same. This is mostly followed for mobile sellers and grocery sellers.
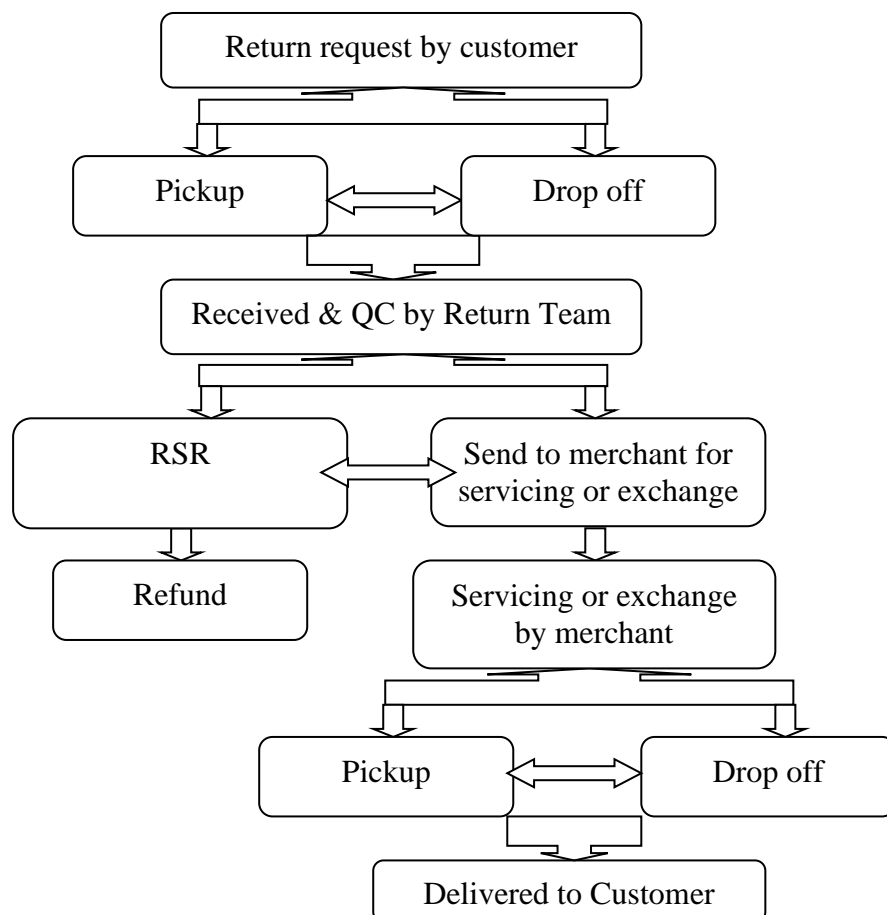
Cross Border Team:

Cross border team deals with the global products that mostly come from China. Global orders take around 15 days to come to Bangladesh. After these products are arrived to Daraz BD, cross border team receives these and changes the shipping details. They change the tracking number and shipping address. This process is called re-shipping.

Reverse Flow:

Daraz BD follows the reverse flow for returning the products from the customers to the merchants.

The reverse flow of Daraz BD is as following:

```
                    ┌─────────────────────────────┐
                    │   Return request by customer │
                    └─────────────────────────────┘
                         │                    │
              ┌──────────────────┐    ┌──────────────────┐
              │      Pickup      │◄──►│     Drop off      │
              └──────────────────┘    └──────────────────┘
                         │                    │
                    ┌─────────────────────────────┐
                    │  Received & QC by Return Team │
                    └─────────────────────────────┘
                         │                    │
              ┌──────────────────┐    ┌──────────────────┐
              │       RSR        │◄──►│ Send to merchant  │
              │                  │    │ for servicing or  │
              │                  │    │    exchange       │
              └──────────────────┘    └──────────────────┘
                         │                    │
              ┌──────────────────┐    ┌──────────────────┐
              │      Refund      │    │ Servicing or      │
              └──────────────────┘    │ exchange by       │
                                      │ merchant          │
                                      └──────────────────┘
                                        │            │
                              ┌──────────────┐  ┌──────────────┐
                              │   Pickup     │◄►│   Drop off    │
                              └──────────────┘  └──────────────┘
                                        │            │
                                  ┌─────────────────────┐
                                  │ Delivered to Customer │
                                  └─────────────────────┘
```

There are various reasons for which customers create return lines. These are:

    i)   Wrong product delivery

ii)   Wrong color delivery

iii)   Defective product delivery

iv)   Empty Package

v)   Product mismatch with the website's description or picture.

Change of mind cannot be reason for returning products and this kind of returns isn't acceptable in Daraz.

Return Line:

If a customer wants to return a product, he or she has to select the return option from his or her own account of Daraz that was previously used for ordering that particular product. After that a return line will be created. Return can either be picked by Daraz rider or customer can drop the product by his nearby Daraz hub himself. If the product price is below BDT 300, then the customer is automatically refunded without taking the return.

Return Team:

Return team receives the returned product and does QC (Quality Check) of the products. If they find the product non usable then they sent the product for RSR. If the product is defective and servicing could be done and especially for the products that contain warranty, those are sent to the merchant for servicing. Mostly customers are refunded for their returned products. But depending on the product condition and return reason, product can be sent for servicing or exchanged by the merchant (applies for defective product, wrong item, color issues etc.) and then resend to the customers.

Customer Service Team:

Customer service team (CS) is assigned for any kind of customer service and helping the customers about their queries. From order confirmation, payment confirmation to clearing queries of customers, all service is provided by CS Team of Daraz BD.

Issues Resolution Team:

Issue Resolution (IR) Team is assigned for solving issues of the customers. CS Team does primary communications with the customers and if they find any kind of issues unless general queries, then they forward the issues to the IR Team. For issue resolution, Zendesk software is used to create new tickets. CS team creates a new ticket in Zendesk software by mentioning the issue and forward it to the IR Team. IR team then checks the issue; finds out the concern team or teams related to the issue and forward the issue to the concern team. Then the concern team solves the ticket or provides reply and forward again to IR. For example, if a customer complains that he has not got delivery of his product for a long time, then the CS creates a ticket raising the issue and forwards it to IR. Then the IR forwards it to pickup team. If pickup team finds that the product has been already picked up by them and even received by Receiving Team, but stacked at Sort Team's end, then they forward the ticket to Sort Team. Sort team then complete further process to deliver the product.

Vehicle Team:

Vehicle Team of Daraz BD is assigned for arranging and managing vehicles of full operation of Daraz BD. Currently, Daraz BD has 200 own vehicles. Besides, based on requirements, Daraz everyday hires vehicles from the vendors. Daraz has an assigned vendor for this purpose. Mainly cover vans, open vans, motorbikes and cycles are used for pickup and delivery based on the product size and type. Such as, bulk sized, or volume products are picked or delivered by cover vans. Items like furnitures which cannot be fit into the cover vans, are picked by open

vans. Small items are picked by motorbikes and cycles. Vehicle team uses a google sheet for the requisition of vehicles. Teams fill up the sheet by inputting their required number of vehicles along with time and date. Vehicle team allocates the vehicles accordingly to the concern teams. They also deal with the vendors and drivers of these vehicles. They monitor the shifts and performance of the drivers.

Campaigns:

Daraz's offers various small and large campaigns throughout the year. During campaign Daraz offers special discounts on products, cash back on prepayments, double taka vouchers, gift vouchers, lotteries etc. Daraz BD's largest campaign is 11/11 campaign which is adapted from Alibaba. It is actually another name of Black Friday campaign occurs in other countries. Beside 11/11 campaign, Baishakhi campaign which is occurred during the Bangla New Year is second largest campaign of Daraz BD. Besides, Eid campaign which occurs during two Eids, 12/12 campaign which occurs during 12 December of the year, anniversary campaign which occurs during the birthday of Daraz, grocery campaign which offers sales in grocery items and free shipping all over the Bangladesh, mobile campaign which offers a huge discount in mobile phone sales etc are some other large campaigns. During campaign Daraz always increase their capacity. They hire temporary employees and riders to accomplish their orders on time. Also, depending on the situation Daraz sometimes takes new hubs or increase the space of warehouse during campaigns.
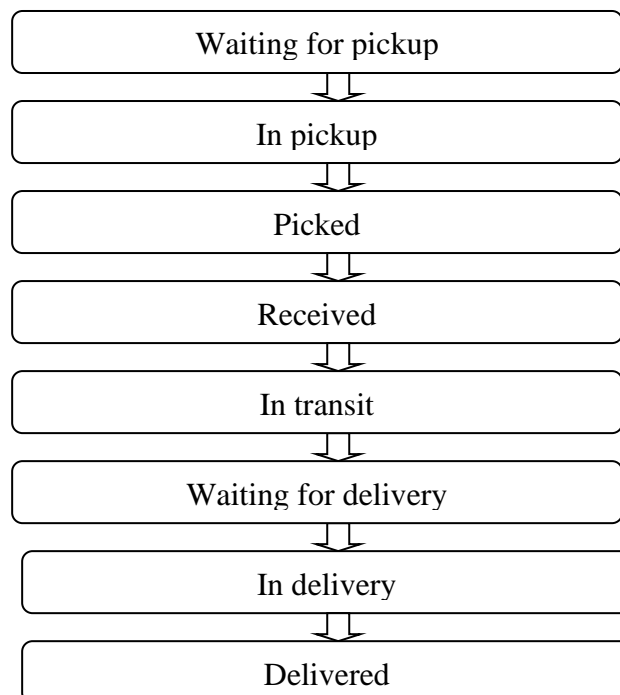
Softwares of Daraz: For maintaining the overall process Daraz BD use different types of softwares. Such as CRM, seller center, Warehouse module, Delivery Module.

i. **Seller Center:** It helps the sellers in updating their stocks and prices by coordinating with the contact person of Daraz. It also boosts the business development team and the

sales team of Daraz by coordinating in the offers and keeping count of the sales, stocks and managing the stocks.

ii. **HMT:** HMT (Hub Management Tool) is a software that is used for the whole operation process of Daraz. At first when an order is marked as RTS by its seller then the status shows "waiting for pickup". When the pickup team assigns orders to the riders for pickup the status of those orders is shown "in pickup". After that, when the riders pick them the status converts into "picked". Then, after receiving team receives them the status converts to "received". When receiving team handovers those to sort the status converts to "in transit". After that, when sort team handover those to delivery team or 3PL then the status converts to "waiting for delivery". Then when a delivery rider is assigned to deliver the package then the status is "in delivery". Finally, when the product is delivered the status converts to "delivered".

In short, the flow of HMT is:

```
┌─────────────────────────────┐
│      Waiting for pickup      │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│          In pickup           │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│           Picked             │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│          Received            │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│          In transit          │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│     Waiting for delivery     │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│         In delivery          │
└─────────────────────────────┘
              ↓↓
┌─────────────────────────────┐
│          Delivered           │
└─────────────────────────────┘
```

iii. **CRM:** This software helps the customer service department to complete inbound and outbound calls efficiently. Also, some other softwares such as Zendesk, ZOHO etc. are used for internal and agent to customer communication.

iv. **Warehouse Module:** Warehouse and order management system is used to make easier for pick-up of products, stocks, delivery process.

v. **Delivery Module:** This software helps the 3rd part providing tracking of deliveries to the company.

vi. **Rider App:** Rider app is an app that is used by the riders of Daraz BD for pickup and delivery. This is an automated app which have tracking option. When riders pickup products from the sellers, they track the products through their mobile app. Then they showed the products picked in their app. After they show the orders picked the order status shows "picked" at HMT. Receiving team can check this from office and when the riders arrive to the receiving team with the physical products and receiving team again tracks them and receives, then the status converts to "received". By this, receiving team can easily identify if there is any gap between number of products with the status "picked" and number of products with the status "received".

Mainly, the softwares of Daraz are develoed primarily by Alibaba in China and Lazada in Malaysia. Daraz often arranges training session for the leaders of every team at Malaysia. The softwares are further developed and add-ons are included at Pakistan. Due to this, Daraz BD does regular online meeting with Daraz Pakistan about any kind of software related issues. Besides, there are global meetings arranged frequently including Bangladesh, Pakistan, Nepal, Mayanmar etc. for executing new plans and for analyzing and comparing performances of each country.

Chapter 4: Recommendation & Conclusion

4.1: Recommendation:

Daraz is a very well-organized company with a very good and well-balanced supply chain process. Even Daraz BD is currently the market leader with its excellent sully chain process and innovative softwares. But still I found some problems areas during my work experience in Daraz BD and analyzed those during this study. These are

i. As per Alibaba's policy Daraz doesn't have any QC team currently. Previously when Daraz was under Rocket Internet they used to maintain a well-organized QC team for checking each and every product. But after Alibaba acquired Daraz, now the policy is to send the products to their final customers exactly as like as seller has provided to Daraz. There is no option for unpacking any product. This increases wrong product delivery which leads to higher customer return. So, this is significant problem that Daraz should consider and try to come into a solution.

ii. Another policy of Alibaba that Daraz needs to follow is customers cannot open the package before payment. As mentioned above, product will go to the customer exactly as the merchant has sent and cannot be unpacked in between. However, this policy is this much extent that customer even cannot open the package before the delivery rider receive the payment and show the product as delivered in his mobile app.

iii. As Daraz Bd doesn't use any automated software for sorting products, often wrong sorting is conducted due to human error. This increases the lead time of delivery and cause delay in delivery. Daraz has already planned to start automated process very soon.

iv. As Daraz is expanding day by day, they are continuously changing their softwares for which working speed and fluency is getting hampered. Training sessions are mostly

conducting in Singapore and Malaysia. So it would be better if the power of some decisions would be allocated to the local team so they can modify them immediately.

v. As a part of the business expansion, Daraz makes too many changes within their departments which really make the situation quite unsteady.

vi. They should increase monitoring of their merchants to ensure quality products in Daraz Bd.

4.2: Conclusion:

Daraz is one of the renowned online marketplaces in Bangladesh. Even, currently they are the market leader in this sector of Bangladesh. Though there is a huge competition but still Daraz Bd stands top for their efficiency in ecommerce sector. Their expansion in Asia is noticeable and this is expected that they will expand more in near future. In addition, Daraz has created a huge job opportunity and encourage the freshers, which is really amazing. Though there are space and opportunity, they should take more to become stronger in ecommerce sector. If they sort out their few problem areas mentioned above, they will surely grow more and always be the market leader in this sector. However, it is time for Daraz BD to improve their service offerings and create a loyal customer base. So, if a big company like Amazon decides to start their operation in Bangladesh, Daraz BD still will have its loyal customer base. This market is really fast growing and unpredictable and so it is always wiser to prepare for the long run and build a reliable, strong brand image in customers' mind.

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