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**Report on**  
**Daraz Bangladesh: Future of Digital goods in Bangladesh perspective**

**By:**  
Nabonita Podder (Bristi)  
ID: 17104002

**An internship report submitted to the BRAC Business School (BBS) in partial  
fulfilment of the requirements for the degree of Bachelor of Business Administration**

BRAC Business School  
BRAC University  
September 2022

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my/our 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/We have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**Nabonita Podder Bristi**  
**17104002**

**Supervisor's Full Name & Signature:**

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**Mohammed Atiqul Basher**  
Lecturer, BRAC Business School

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## Letter of transmittal

13 September 2022

Mr. Mohammad Atiqul Basher

Lecturer

BRAC Business School,

BRAC University

Subject: Submission of internship Report on Daraz Bangladesh: Future of Digital goods in Bangladesh perspective.

Dear Sir,

With due respect, I am delighted to notify you that I have successfully completed my 3 months internship at Daraz Bangladesh, under the supervision of Mr Kaiser Md. Jahangir, Head of Growth & Business Development, Daraz Bangladesh-Commercial-Industry Management-Digital Goods Category. I have completed this internship report on Daraz Bangladesh: Future of Digital goods in Bangladesh perspective as a requirement for the completion of the course BUS-400 I have done my three months internship at Daraz Bangladesh as a Digital Goods Intern from 13<sup>th</sup> June to 13<sup>th</sup> August 2022. To achieve the goal of the internship, I have followed all the instructions given to me by my supervisor and I am really thankful to you Sir for your support and helpful instructions in the process of writing this report. During my internship, I got to know about DG and how employees of this department work. I tried to explore the whole organization to gather more experience and build core knowledge about the e-commerce business. Therefore, it has helped me to know more about Daraz's operation. During writing this report, I have given my best possible effort to make it more informative and tried to cover all concerning matters.

Last but not least, I appreciate your simultaneous direction and kind support from the core of my heart with all admiration because without that it was not possible for me to finish and submit my internship report on time.

Thank you for giving me the courage for working on this exciting topic. Kindly receive my report and oblige thereby.

Sincerely yours,

Nabonita Podder Bristy

ID: 17104002

BRAC Business School

BRAC University

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## **Declaration**

It is hereby declared that the internship report submitted to you is my work during completing the degree at BRAC Business School, BRAC University. It does not contain any material that is published previously or written by a third party except where is appropriate and therefore, the citations are made. This report does not contain any information that has been published to meet the requirement of any Degree in any discipline. I have acknowledged all major sources of support which are used to prepare this report.

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## **Non-Disclosure Agreement**

This page shows the Non-Disclosure Agreement between the company and the student. The agreement is made between the assigned student and the company.

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## **Acknowledgement**

First, I want to thank Almighty God for everything. I would like to mention the contribution of all those who have inspired and guided me on the way to completing this report successfully. Without the support of my parents, teachers and colleagues it was impossible to meet the internship requirement. My heartfelt gratitude goes to Mr. Mohammad Atiqul Basher, Lecturer, BRAC Business School, BRAC University for his enormous support and kind instructions and observations to meet the expected outcome of the course BUS-400. I am also thankful to Mr Kaiser Md. Jahangir, Head of Growth & Business Development, Daraz Bangladesh-Commercial-Industry Management-Digital Goods Category. Under his supervision, I completed my three months internship at the Digital Goods department, Daraz Bangladesh. I want to thank all my fellows in the Digital Goods department for their support during the internship period. I want to send my greeting to supervisor for giving me the data I required for analysing the possibility of future growth of DG.

Finally, I will always stay grateful to BRAC University for which I am standing here on the cliff of receiving my bachelor's degree successfully. I have tried to complete this report with all information to meet the objectives and with my strong commitment. Any observations or recommendations regarding the report will be highly appreciated.

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## Executive Summary

The report “Daraz Bangladesh: Future of Digital goods in Bangladesh perspective” is based on e-business in Bangladesh. An analytical approach is followed to write the report. Daraz is the market leader in e-commerce businesses across South Asia (excluding India). The headquarter of Daraz Bangladesh is in Banani, Dhaka. Daraz is the pioneer in selling digital goods in Bangladesh. It covers four key areas: e-commerce, payment infrastructure, logistics, and financial services. It provides end-to-end customer solutions in Bangladesh. Digital goods is one of the growing segments of Daraz and in Bangladesh, it has a huge prospect. 6% of the total products are digital goods. Every month Daraz gets 6.5% revenue (on average) from digital goods. Some best-selling digital goods are e-vouchers, tickets, gift cards, Daraz gift cards, education etc. The aim of the report is to determine the growth of digital goods and the possibility of sustainability of Daraz’s digital goods segment. The major objective of the report is to determine and consider factors that would help Daraz to gain success in digital goods such as possible success factors and future challenges regarding digital goods. To meet the report’s aims, I have chosen Daraz which is the leading provider of digital goods in Bangladesh. As an intern of digital goods at Daraz, the study helps me understand the future of digital goods in Bangladesh. Meeting objectives will aid you to understand the e-business policy in Bangladesh and the potential of digital goods in Bangladesh. To meet the aim and objectives two types of data are collected and analyzed. Primary data are collected from a survey of 50 people including Daraz’s digital goods customers, and an interview with the head of the department of Daraz’s digital goods. And major secondary data are collected from books, previous research on digital goods, newspapers and business magazines. The report will help leaders and managers of digital goods in Bangladesh to ensure sustainability in this segment.

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## **Chapter 1: Overview of internship**

### **1.1: Student information**

Name: Nabonita Podder Bristi

Student ID: 17104002

Program: Bachelor of Business Administration (BBA)

### **1.2: Internship information:**

#### **1.2.1: Information regarding period & Department:**

Period: 3 months, 13<sup>th</sup> June – 13<sup>th</sup> August 2022

Company name: Daraz

Department: Digital Goods (DG)

Address: Asfia Tower, Rd No. 11, Dhaka 1213

#### **1.2.2: Company Supervisor's Information:**

Name: Kaiser Md. Jahangir

Designation: Head of Growth & Business Development, Daraz Bangladesh-Commercial-Industry Management-Digital Goods Category.

Department: Digital Goods (DG)

### **1.3: Job responsibilities:**

- Onboard sellers and brands
- Process gift cards
- Assist in planning
- Participate in the campaigns
- Assist in the live programs

#### **1.4: My Contribution to the Company**

In my tenure I have-

- Worked on onboarding different sellers or brands.
- I have worked in the “Hotels and Travels” sector.
- I have processed the gift cards
- I have planned for the campaign
- I have uploaded products on our page/website
- I have done a few on social media tasks for the products of my category.
- I have done a few of the live for Daraz live channel

#### **1.5: Benefits of the internship**

I have benefited in so many ways by doing my internship in Daraz. I have learnt how to work in a corporate environment. I have had so many opportunities to improve my community. I have learnt so many new things.

#### **1.6: Difficulties Faced During Internship**

I feel so lucky to say that I have not faced many difficulties while doing my internship. The working environment here is too much friendly. Every employee here is so friendly and helped me in every possible way.

## Chapter 2: Organizational Part

### 2.1: Introduction to Daraz:

Daraz is one of the leading e-commerce platforms in Bangladesh. Daraz is recognized as the pioneer of DG in Bangladesh. The main aim of this section is to find some insights into the company and its various operations. The following section will let you know about the key operations of Daraz, policies and management practices etc. The SWOT analysis and Porter's five field analysis will help you understand the strengths, weaknesses, opportunities & threats of Daraz regarding DG.



*Figure 1: Daraz logo*

### 2.2: A brief history of Daraz:

Daraz started its business in 2012 in Pakistan as an online retailer. Since it started its business in Pakistan, it gained massive support from the people of Pakistan and started to grow. As a result, it evolved and turned into a commercial online platform in 2014. At the end of 2015, Daraz started its business in Bangladesh, Nepal, Sri Lanka and Myanmar. In 2018, Daraz was acquired by the Chinese e-commerce giant Alibaba. Since then it has changed more popularity, shipment from all over the world, and it has changed its management practices and operations policies several times (Daraz, 2022). It has changed and added several segments such as Digital Goods. In 2021, Daraz became the largest e-commerce platform in Bangladesh. The youth are the target people of the company and it has gained massive acceptance from the youth in Pakistan, Bangladesh, Nepal, Sri Lanka and Myanmar. It has gained the trust of over 450

million individuals from these countries. In the last decade, the customers of the company grew rapidly. Currently, (By August 2022) 123M people are using the internet in Bangladesh and they are using various online services through different platforms. In Bangladesh, the e-commerce industry is the most booming sector but the fraud of some e-commerce platforms disrupts people and they lost their trust in purchasing e-goods (Daraz, 2022).

### 2.3: Mission and Vision: Daraz

**Mission statement:** The mission of the company is to be the largest e-commerce platform in South Asia by the year 2030.

**Vision statement:** The vision of the company is to survive 102 years & aims to shape the future of e-commerce with the parent company Alibaba (Daraz, 2022).

### 2.4: The organizational structure of Daraz:



Figure 2: Organogram of Daraz

## **2.5: Major departments of Daraz:**

Kinds and numbers of departments are mainly based on the needs of the organization and there are some hierarchical structures to operate the business smoothly. Without having the proper structure and all essential departments, a company can never be successful in running its operations. Daraz Bangladesh is a multinational organization which operates the business by the following departments:

IT

Finance

Administration

Operations

Public Relation

Graphic & Design Customer Service

Marketing

Issue & Resolution

Category Management

Onsite & Content Management

Sales & Account Management

Human Resources & Communication

Business Development (GM & Fashion)

## **2.6: Product category:**

Daraz Bangladesh has thirteen sections of their offerings. The following are some major product categories of the largest e-commerce platform in Bangladesh.

- Clothing

- Women accessories
- Digital goods
- Men's fashion
- IT
- Home and living
- Kid's fashion
- Beauty and perfume
- Computing
- TV, Audio, and Video

WOMEN'S FASHION				PHONES				
<b>CLOTHING</b>		<b>WOMEN'S ACCESSORIES</b>		<b>SMART PHONES</b>				
Kurtas & Shalwar Kameez, Unstitched Fabric, Tops, Pants & Tights & Innerwear		Jewellery, Watches, Bags & Sunglasses		All Brands, Infinix, Apple, Samsung, InnJoo				
<b>WINTER WEAR</b>		<b>SALE</b>		<b>FEATURE PHONES</b>		<b>MOBILE ACCESSORIES</b>		
MEN'S FASHION				HOME & LIVING				
<b>CLOTHING</b>		<b>SHOES</b>	<b>WINTER WEAR</b>	<b>OTHER</b>	Kitchen & Dining, Home Décor, Furniture, Bedding, Bathing, Lighting, Storage & Organization, Outdoor & Garden & Home Repairs			
T-Shirts, Shirts, Polo Shirts, Jeans & Kurta & Shalwar Kameez		Casual Shoes, Formal Shoes, Sandals & Slippers & Boots	Hoodies, Sweaters & Sweatshirts	New in & Sale				
<b>ACCESSORIES</b>								
Watches, Wallets & Cardholders, Ties & Cufflinks & Sunglasses								
BEAUTY & PERFUMES				SPORTS & FITNESS				
<b>MAKE UP</b>	<b>PERFUMES</b>	<b>BATH &amp; BODY</b>	<b>HANDS, FEET &amp; NAIL CARE</b>	<b>MENS GROOMING</b>	<b>EXERCISE &amp; FITNESS</b>		<b>SPORTS WEAR</b>	<b>SPORTS EQUIPMENT</b>
Face, Eyes, Lips	For Women & For Men	Cleanses & Lotions & Hair Care	Manicure & Pedicure & Nail Polish & Sccessories	Skin Care & Hair Care	Small, Large Fitness Equipment & Fitness Nutrition		Men, Women & Kids	
KIDS' FASHION							TABLETS & ACCESSORIES	
<b>KIDS FASHION</b>		<b>BABY</b>		<b>TOYS</b>			3G, Wi-Fi & Accessories	
Girls, Boys Fashion & Kids Accessories		Baby Care, Baby Feeding & Baby Bottles & Accessories		Educational Toys, Cars & Remote Control Toys, Action Figures & Statues, Baby Toys & All Toys				
APPLIANCES				COMPUTING				
<b>LARGE APPLIANCES</b>		<b>SMALL APPLIANCES</b>		<b>LAPTOPS</b>	<b>STORAGE DEVICES</b>	<b>BEST LAPTOP BRANDS</b>		
Cooling & Heating, Refrigerators & Freezers, Washers & Dryers & Cooking Appliances		Blenders & Mixers, Ironing & Laundry, Beverage Preparation & All Small Appliances		Convertible & Detachable	External Hard Drives, USB/Flash Drives & Memory Cards	HP, Lenovo, Dell, Apple & All Brands		
				<b>PRINTERS &amp; SCANNERS</b>		<b>PERIPHERALS &amp; ACCESSORIES</b>		
TVs, AUDIO & VIDEO			OTHER CATEGORIES					
<b>TV &amp; HOME THEATERS</b>	<b>AUDIO</b>	<b>MUSICAL INSTRUMENTS</b>	<b>VIDEO GAMES &amp; CONSOLES</b>	<b>CAMERAS &amp; ACCESSORIES</b>	<b>SALE</b>	<b>BOOKS &amp; STATIONERY</b>	<b>PREMIUM</b>	
LED & LCD TVs, Smart TVs, Home Theaters & DVD Players	Speakers, Headphones & Earphones & iPod & MP3 Players				Men's Sale, Kid's Sale & Women's Sale	English Language, Urdu Language & Stationery	Women's Premium & Men's Premium	

Figure 3: Product category of Daraz

## 2.7: Strategic Business Unit (SBU):

Currently, Daraz has three separate units which serve businesses for different purposes. These are:

**SourceCo:** This is a sister concern organization of Daraz that operates business in the FMCG industry and provides groceries to its customers through an online application.



*Figure 4: SourceCo*

**HungryNaki:** This is another business unit of Daraz that delivers foods all around the country. With FoodPanda, HungriNaki is leading the online food delivery market.



*Figure 5: HungryNaki*

**Mercari Asia Limited:** This is another major SBU of Daraz that provides marketing consultancy services to various vendors in the country.



*Figure 6: Mercari Asia Limited*



## **2.8: Management practices:**

### **2.8.1: Human Resource Management:**

This department works for managing human resources in the company and ensures that the company has the right number and kind of people at the right place at the right time. Currently 12,000 employees are working with Daraz in different posts including delivery people and HRM covers the following sections to maintain that vast number of employees (Daraz, 2022).

- Human Resource procurement
- Attract and retention
- Training and Development
- Motivating employees
- Compensation and Benefits
- Safety and Security

**2.8.2: Marketing:** The marketing management of Daraz ensures that the company stays competitive in the market and retains the largest share of the e-commerce market as a market leader. The management follows the 4Ps of marketing to manage marketing functions. These are briefly explained below.

**Product:** Daraz is the largest e-commerce goods provider in Bangladesh that has over a million customers who are continuously shopping through its website and mobile app of Daraz. There are mainly thirteen product categories of Daraz.

**Price:** Daraz Bangladesh always follows ethical pricing to attract more customers. It never gives any unrealistic offers and it follows the holistic marketing concept to set the price of a product with considering factors related to the product (Daraz, 2022). It tries to provide equal value to the product price to retain customers.

**Place:** Though it is an e-commerce platform, it has a pickup point in most of the districts in the country. To ensure a smooth operation, it has an effective delivery chain that can provide products within 48 hours anywhere in the country. 12,000 employees are working currently with Daraz to ensure best possible e-commerce services.

**Promotion:** Daraz promotes its product through google ad-sense, Facebook and Instagram pages, CSR, internship, several public relations activities etc. It helps the company reach its target people to make more sales and gain revenue (Daraz, 2022).

**2.8.3: Finance:** This is another major section which provides the relation about funds, manage investment and source funding for the company. This section covers the following activities.

- Calculation of money required to operate the businesses
- Manage sales and cost data
- Make budgets
- Forecast the future outcome of the business
- Analyse the credibility of investing in different sectors
- Analyse dividend policy
- Monitor financial policy of the country
- Assist in setting price
- Overall management of the funds

## **2.9: SWOT analysis:**

The SWOT analysis of Daraz will cover the following areas:

**Strengths:** As a market leader of the e-commerce business, Daraz Bangladesh has the following strengths.

- Massive funding from the parent organization Alibaba
- Large market share
- Huge potential customers as the number of internet subscriptions is increasing
- Loyal customers
- Brand image
- Strategic management and control over the organization
- Effective and well-trained human resources

**Weaknesses:** Analysing the current businesses market in Bangladesh, I have found the following weaknesses of Daraz

- Weak logistic support in remote districts
- Lack of quality check before the delivery
- Lack of verifying genuine sellers
- Lack of providing authentic products

**Opportunities:** Daraz is the market leader in e-commerce goods in Bangladesh and has the following opportunities.

- Market Expansion in South Asia
- Huge opportunity to get more customers as people now prefer shopping online more than physical shopping to save time and money
- Attract and get more customers by ensuring that quality products are delivered on time
- Collaboration with other delivery services to ensure low cost and faster delivery
- Enrich logistic support outside of the capital city
- Daraz has a huge potential to become the number one e-commerce site in the South Asian market

**Threats:** The following threats can block Daraz's success and growth in the e-commerce industry.

- New competitors
- Threats from the rivals like othoba.com, bikroy.com, bdstall.com etc.
- Intervention of the government in businesses operation
- Interference of BB
- Several e-commerce scandals in the country can be a major threat to losing the trust of the customers

## **2.10: Porter's five field analyses:**

### **2.10.1: The Threat of New Entrants**

Technological advancement in the country has drastically increased the opportunity for e-commerce businesses. When it comes to doing business online, most people prefer it as it does not cost more, it does not need a vast number of employees and have other facilities. Daraz has been operating the business in Bangladesh since 2015. Since then many e-commerce platforms have been established in the country which provides a major threat to Daraz. Currently, the situation is in favour of Daraz and it is the largest e-commerce business in the country.

### **2.10.2: The Threat of Substitutes:**

Nowadays customers are more vocal and they prefer substitute products for having the same benefits at a low cost. Some e-commerce sites are providing e-vouchers, cards, and gift cards with more discounts and benefits that can impact Daraz's business in a negative way. Daraz can lose its customers. Some e-commerce sites are practicing unethical businesses but they won't last long.

### **2.10.3: Bargaining Power of Buyers:**

As we said earlier, people are more vocal now, they used to bargain with the seller. They visit many sites and all of them provide free access to the necessary information. Now people can compare the DG of Daraz to other DG goods provider sites. Bargaining power is a threat to Daraz which will force Daraz to cut prices which will result in diminishing revenue.

### **2.10.4: Bargaining Power of Suppliers:**

The bargaining power of the supplier is comparatively lower now in contrast to the power of the customers. Due to the advancement of technology in the country, it is possible that they would bargain more in the future which would arise conflicts.

### **2.10.5: Rivalry Among Existing Competitors:**

Some major competitors of Daraz are bikroy.com, bdstall.com, startech.com.bd, pickaboo.com etc. which can be a major threat in the future., Currently, Daraz is leading the market and it has absorbed the largest market share of DG. But market challengers, followers and niches can be a threat in the future. Their flank and encirclement attack can be forced Daraz to move business from Bangladesh.

## Chapter 3: Project part

Digital goods are non-physical goods that Daraz provides to its customers and are generally produced by the projection of a design on a surface that has an intrinsic value which conveys information such as e-vouchers, cards, gift cards, education, consultancy ticket etc.

### 3.1: Literature review:

#### E-commerce growth in Bangladesh:

To understand the future of digital goods in Bangladesh, we must understand the growth chance of e-commerce and the business trends. Most people nowadays shop online to avoid the hassle of physical selling and distribution systems. Since the inclusion of the internet in Bangladesh in 1993, people are engaged in evolving new things that can make a better standard of living. Before 1996 people in Bangladesh only engaged in email communication which started to grow in the early 2000s. On November 22, 2005, Bangladesh started a new era of digitalized networking by connecting to the international submarine fibre optical network. In 2006 the user of the internet started to grow in Bangladesh and in the same year Bangladesh got connected to Global Information Superhighway (SEA-ME-WE-4)(Islam, 2019). The growth of internet users in Bangladesh in the last 10 years (2012-2021) is listed below.

Year	Internet subscribers	Growth in %
2021	123.82M	10.81
2020	111.88M	12.12
2019	99.25M	20.73
2018	82.48M	26.16
2017	65.52M	27.45
2016	51.42M	30.76
2015	39.36M	56
2014	25.23M	24
2013	10.15M	20
2012	7.7M	16

*Figure 7: No. of internet subscribers in BD December-December*

From the above table, it is clear that there is a rapid growth in the no. of internet users in Bangladesh. In 2012, the no. of internet subscribers was 7.7 million and now it has reached to 123 Million which enforces online shopping in Bangladesh (BTRC, 2022). The digital goods concept has been introduced and it has got rapid growth due to the advancement of the ICT sector.

The total number of Internet Subscribers has reached **123.82** Million at the end of December, 2021.

The Internet subscribers are shown below:

OPERATOR	SUBSCRIBER (MILLION)
Mobile Internet	113.73
ISP + PSTN	10.09
<b>Total</b>	<b>123.82</b>

\* Internet Subscriber means subscribers/subscriptions who have accessed the internet at least once in the preceding 90 days.

\*BTRC has calculated the ISP subscriber information through intense market analysis, consultation and data collection from almost all ISPs. It should be noted that due to the high number of ISP operators and very low monthly churn of fixed internet subscriptions, ISP and PSTN internet subscriber information is being updated on quarterly basis.

**For the Month Of:**  
December, 2021

***Figure 8: Internet Subscriber in Bangladesh in December 2021.***

**Source: BTRC (btrc.gov.bd)**

Numbers of e-commerce businesses have been established in the last two decades due to technological improvement in the country. It enables a more user-friendly mobile application, and digital tools for handling customers and ensuring digital security for the customers. Some of the e-commerce market leaders are as follows:

- daraz.com.bd
- AjkerDeal.com
- priyoshop.com
- rokomari.com
- foodpanda.com
- othoba.com
- chaldal.com

**Types of e-commerce businesses in Bangladesh:**

As of now, three kinds of e-commerce platforms/ businesses types can be seen in Bangladesh such as:

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

**Businesses to Businesses:**

This is a kind of business which includes every electronic exchange of goods and services between businesses. Producers and wholesalers are mainly engaged in this kind of business. Generally, producer's organizations use e-commerce platforms to attract retailers and place electronic trade, for instance, Sindabad.com is the first business organization which used this platform.

**Businesses to Consumer:**

This is a very popular form of business that Daraz applies to sell products and delivers them to the customer's doorstep. In this type of business, the exchange of goods and services is placed electronically between the seller and the consumer. Essentially the producer has a website and customers place an order through it and get the products at the door. It covers the retail area of electronic commerce (Ferdous et al., 2020). For example, rokomari.com, daraz.com etc are the role model of B2C. This is a type of business which has made Daraz's digital goods popular with the public. This helps Daraz to get more business or service providers on the site and can make more diverse sales of digital goods.

**Consumers to Consumer:**

In this business variant, the exchange of goods and services is placed between consumers to consumers. In this context, consumers contact other consumers on the internet platforms, such as websites, Facebook and other social media. This is a platform where customers can offer



used goods to other consumers. For example, Bikroy.com, and Facebook. This is a platform which creates an impact on Daraz's business negatively because people can easily sell and purchase without using Daraz's site (Islam, 2019). Although people mainly rely on Daraz to purchase digital goods, this kind of platform can be a major threat to Daraz for selling digital goods in the future.

### **E-Business opportunity in Bangladesh:**

In digital platforms, the three kinds of connections are generally seen: seller, platform, and buyer. Hence, digital platforms connect people who have demand with e-entrepreneurs. Most consumers rely on digital platforms to perceive the benefits of having products that can improve convenience and ensure satisfaction. Digital platforms enable that opportunity to customers to visit various sites and shop according to their needs, and preferences. It allows them to have more information about the product and can compare it with others to find opportunity costs and the credibility of choosing the best alternative. No. of electronic businesses established in Bangladesh in the last few years and they may avail the benefits of funding, recruitment, promotions, e-commerce, digital marketing etc. Several research on e-commerce businesses in Bangladesh has shown that companies that perform digital services such as taking orders online and delivering goods at the doorstep have diminished geographic barriers, marketing and promotional expenses, low salary expenses in case of market expansion, and compressed the size of the market ("An Evaluation of the Factors Influencing Customers' Experience in Supermarkets of Bangladesh," 2019; Choudhury, 2021).

A digital platform company like Daraz contributes to the national GDP and helps in improving the global value chain by minimizing transaction costs, aiding suppliers, ensuring credibility and matching suppliers and international buyers. According to the World Bank report-2020, e-commerce platforms in Bangladesh have created an opportunity to get access to information about the reputed global suppliers that make more informed customer buying decisions now. An estimate suggests that 39M people in Bangladesh use Facebook. Many entrepreneurs choose Facebook as their business platform to gain more customers and operate their businesses at low costs. It also attracts people to visit established e-commerce businesses as it creates a sense of safety and reliability. Electronic transactions aid e-businesses to grow. People can use a credit card to purchase their essential goods from the website. The customers can also use the cash-on-delivery system of Daraz, mobile payments etc. to purchase goods.

The concept of e-commerce has gained confidence and spread rapidly among the new generation. Daraz's strategic approaches to handling customers' queries and providing goods to them in time, have facilitated them to make 50 thousand sales per day. The variety of products (20 million) has made this site popular with the local people. This is the largest assortment of e-commerce platforms in Bangladesh (Escursell et al., 2021).

The following number of financial inclusion indicators of Bangladesh will help you to understand the credibility of establishing e-commerce businesses in Bangladesh as it expresses the age and percentage of buying online.

<b>Financial inclusion factors</b>	<b>% of the population aged 15+</b>
An account with financial institutions	41
Has a credit card and pay bill online	0.2
Has a mobile banking account	21
Online purchases and paying bills online	3.5
Percentage of women having a credit card	0.1
Percentage of men having a credit card	0.9
Percentage of women making an online purchase	2.8
Percentage of men making an online purchase	4.3

*Figure 9: Financial inclusion indicators of total population-2021*

**Source: Financial Express**

The above table shows the percentage of buying products online by both men and women aged over 15.

**Digital goods opportunity in Bangladesh:**

The above calculation shows that the demand for digital goods is increasing and it has a huge prospect in Bangladesh. It will expand more as there are several competitors existing now and people are preferring digital goods over physical coupons. The sales data of digital goods shows the credibility of investing in this sector as it provides an excellent ROI. Hence, Digital goods is a growing sector that can contribute to Daraz's net profits more in the future. Some challenges are still existing which Daraz should consider and have to ready to take the future

challenges to continue leading in the digital goods market in Bangladesh. This segment can be a more profitable one in the fourth business revolution(Arai, 2021). According to the e-commerce Association of Bangladesh, more than 1000 e-commerce websites are running and more than 10000 entrepreneurs are working in f-commerce where more than 10% of digital goods are found. More than 50 e-commerce businesses are registered Joint Stock Companies which provide digital goods in Bangladesh.

Year	Q1-Q2	Q2-Q3	Q3-Q4
2021 (Recorded)	23%	31%	41%
2022 (Predicted/Partially recorded)	43%	51%	62%
2023 (Predicted)	78%	89%	100%

*Figure 10: Growth opportunity of DG*

The above figure shows the Digital goods growth opportunity in Bangladesh, quarter to quarter, starting in January 2021.

### **3.2: Aim and Objective:**

#### **Aim:**

The aim of the report “Daraz Bangladesh: Future of Digital goods in Bangladesh perspective” is to determine the growth of digital goods and the possibility of sustainability of Daraz’s digital goods segment.

#### **Objectives:**

This is a growing segment of Dara’s product list and every month it collects 6.5rofits on average. By analyzing several facts, and challenges and considering factors, the report focuses

on the stability of the business sector (digital goods). It also focuses on the future challenges that might impact the business. Identifying these factors one of the major objectives of the report.

### **3.3: Methodology:**

To write the report, data are collected from both primary and secondary sources. Primary data are collected from several first-hand sources such as surveys, interviews and departmental sales and cost data. Several secondary sources are taken to collect secondary data such as newspapers, books, websites, annual reports and other published sources. To accomplish objectives, raw data are also collected from the Digital Goods Department. It shows the growth chance of Digital Goods from Bangladesh's perspective. To write the report, an analytical approach is followed and both qualitative and quantitative data are considered to accomplish objectives.

### **3.4: Scope of the study:**

The study on "Daraz Bangladesh: Future of Digital goods in Bangladesh perspective" would help the managers and leaders of the digital goods industry to solve business problems regarding customers and they can make their business a better performing and sustainable one. Some factors that impact the selling of digital goods can't be understood from the previous research and there's a gap in these research papers as the new act is performed to control these businesses. Analyzing the industry trend would also help e-businesses to add this segment and understand the credibility of investing in this sector. Determining the demands in the last eight months (January to August 2022) would help you understand the possible growth of Daraz in Bangladesh's digital goods perspective, and the future of the digital goods industry and these are the scopes of the study. Detecting the challenges regarding DG by interviewing the department head is another scope of the study.

### **3.5: Limitations of the study:**

There are some limitations too in this research. These are:

- Due to the information disclosure policy of Daraz, respective personnel could not provide all information related to the research.
- All recommendations are based on academic learning and my experience at DG in Daraz.
- There might be other approaches to writing the report
- There might be other ways to solve future challenges regarding DG

### **3.6: Analysis and findings:**

The following analysis section is based on the published data regarding digital goods and raw data of sales, income, traffic and others. Primary data was also collected by surveying 50 people including customers and taking an interview with the department head (sales), DG, Daraz Bangladesh. With the help of a google survey form, the responses are collected from 50 people including consumers. Several secondary data sources are mainly applied to analyze the performance of Daraz in recent years and to understand the future of digital goods in Bangladesh perspective.

#### **3.6.1: Primary analysis:**

By analysing the survey and interviewing the head of the department of sales (DG), the following information has been found.

##### **3.6.1.A: Survey Analysis:**

Most of the people who participated in the survey do not know what digital goods is. They think of a gadget when they hear the term “Digital Goods”. Most of the people voted for buying DG from Daraz, mentioning 78% of the total population. Of the 50 participants, 62% people voted for using the Daraz app every day. It proves the popularity of Daraz in terms of buying DG from an e-commerce site. 22% of people voted that they visit Daraz in a month and 8% of the total population voted for once a week. Of the 50 responses, 42% of people have voted that they buy DG daily, and 36% of them voted that they purchase DG once in a month. Most of the people voted for e-cards and vouchers. Though I have got 20 responses only in this segment

because most people are not aware of digital goods. Some people also wrote that they buy cosmetics and electronic goods. So, I treat the answer I have got from this section is invalid. Most of the people in this section, voted that they have been using Daraz's DG for less than a month. Hence, it has proved that they are new customers. By analyzing the satisfaction section of this survey, I have found that 30% of the people are dissatisfied with the App and they need a more improved and enhanced one. Only 12% of people voted that they are happy with the current interface and features. On the other hand, 18% of the total 50 responses voted for high dissatisfaction. Therefore, Daraz should consider this matter to attract new customers and retain their existing customers. In the next section, I have found that attractive images pursue most people to make buying decisions for DG from Daraz. 58% of the total population voted "yes" in this section. The Daraz app and website are user-friendly to consumers. They voted "yes" that they can easily get access to the information and purchase whatever they want. 60% of the total people voted that the app and the website are user-friendly. 60% of the people think that the App after the last update the app works well and it takes less load time to access the information. In the information section, 72% of people voted that they get access to the DG section and can choose products according to their needs. In the last section which was about information of necessary information, 66% of the total population voted for "yes" which denotes that the app provides adequate information about DG whereas 8% of the population said "No" and 26% were neutral.

To understand more about these above responses, several graphs are added in the Appendix section.

From the above analysis, it is clear that people prefer Daraz for buying DG. Most people are assured that the leading e-commerce company in Bangladesh is providing quality services which has made it the market leader. From the survey, we have also found some lacking in the app and different perceptions of people. To solve these problems, a well-organized recommendation will be provided in a separate section.

### **3.6.1.B: Interview analysis:**

I have conducted an interview with the head of the sales department regarding DG and its challenges. From the response, the following analysis is made.

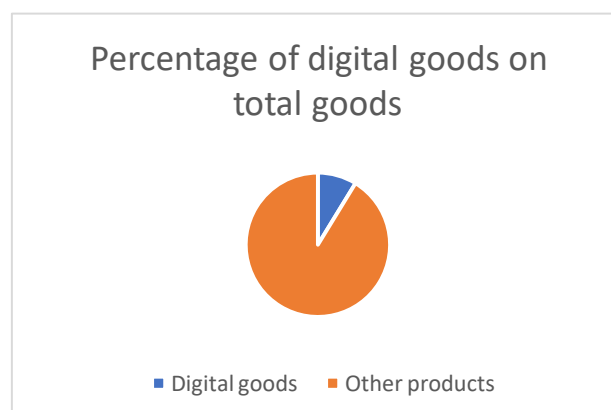
Daraz is now facing several challenges such as competitors in the market and they are attacking Daraz from several fronts. For this, Daraz has taken a Flank defence strategy to defend the market share. To stay in the position, Daraz also focuses on quick payment, improving UX and improving SEO so that people can find Daraz first if they search on google for buying DG. In his opinion, it has been clear that most people prefer buying DG with a debit card. He also added that the largest market for DG is in Dhaka. In addition, Gazipur and Narayanganj also have a huge market for Dg after Dhaka city. He also thinks that an increment in the number of internet subscriptions would help Daraz find new customers every day. As people prefer to shop online more than physical shopping they can also find interest in shopping DG to get coupons, discounts and some interesting offers. To attract more customers, he replied that Daraz would undertake more promotional efforts in the future, arrange campaigns, ensure genuine sellers and make effective pricing so that customers can treat the product as value for money. In his opinion improvement in the mobile app and a more comprehensive interface with increased features would attract and retain customers. He also said that Daraz would consider investing more in DG as it brings regular income and ensures maximum ROI.

From his response, it is clear that the sector is growing and Daraz would invest more in this sector to gain more ROI. Although Daraz is facing some challenges, its experienced management is capable of meeting these challenges with effective strategies. Some suggestions to meet these future challenges are also mentioned in the recommendation section.

### 3.6.2: Secondary analysis:

The following secondary analysis is made from the collected DG data from the sales department.

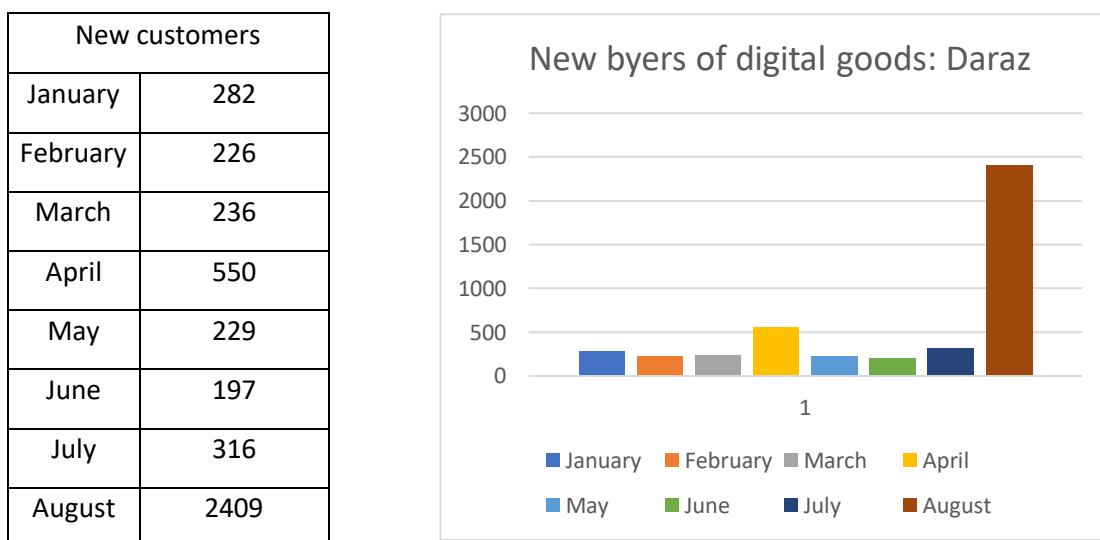
#### 3.6.2.A: Percentage of digital goods on total goods:



**Figure 11: Percentage of digital goods on total goods**

From the above chart, it is clear that digital goods is a small segment of Daraz. As it is a growing sector. Daraz should increase its investment in it. This sector ensures an excellent ROI and more than the expected level. 6% of the total goods are digital goods such as e-vouchers, consultancy tickets, cards, gift cards, shopping cards, education etc.

### 3.6.2.B: New Buyers comparison of digital goods: From January 2022 to August 2022

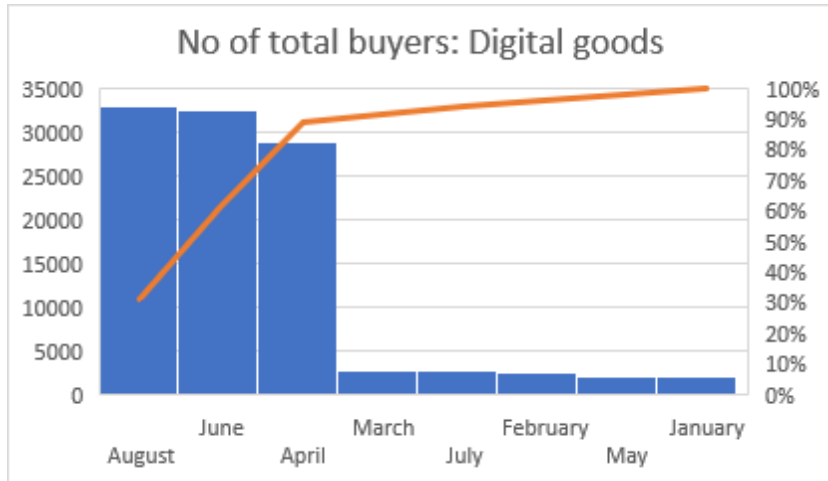


**Figure 12: New Buyers comparison of digital goods**

From the above chart, we can understand the future of digital goods in Daraz. This section is continuously growing and Daraz makes more sales from its expected level as it gets new buyers in this section on a monthly basis. New buyers and more purchases have made this section a profitable one. In the chart, we can see that new buyer growth is at its peak at the end of August. In this month 2409 new buyers are found which was 282 at the start of the year, January 2022. The market is expanding for Daraz's digital goods in Bangladesh.



### 3.6.2.C: No of total buyers' comparison (Digital goods)



**Figure 13: Total buyers' comparison**

The above graph shows that the fluctuation happened in gaining customers in digital goods section. In August, June and April Daraz got the heist number of buyers in the digital goods segment. The number of buyers of digital goods in August was 32,951 and in January it was 1957. It has been found that the estimated number of buyers without campaigns is 1800-2500 in a month. Daraz's promotional campaigns and programs like 6/6, flash sales and 11/11 help Daraz get an enormous number of buyers. In August, June and April, Daraz's promotional strategies help it to get this number of buyers and in other months the number of total buyers also grew at an average rate of 2%.

### 3.6.2.D: Net sales analysis: January to August, 2022

The above chart shows the net sales amount of digital goods in the period January to August. The graph also shows the growth of sales per month. The net sales value was maximum in April (BDT 238333) and the lowest in January 2022 (BDT54915).

### 3.6.2.E: Percentage of sales of digital goods in different parts of Bangladesh:

*Figure*

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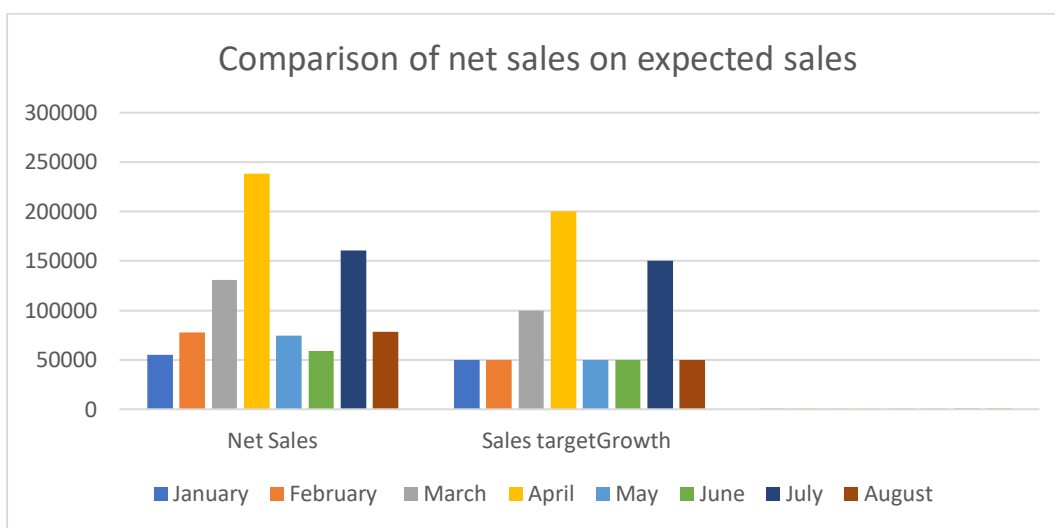
The chart shows the total traffic in sales across the country where we have found that 35% of total sales of digital goods were placed in Dhaka and 29% in Chattogram, and 15% in Gazipur. Every month sales grew on average 15% without offers and flash sales campaigns

### 3.6.2.F: Actual sales comparison with expected level: Digital goods

Month	Net Sales	Sales target
January	54915	50000
February	77587	50000
March	130594	100000
April	238333	200000
May	74672	50000

<b>June</b>	<b>58800</b>	<b>50000</b>
<b>July</b>	<b>160761</b>	<b>150000</b>
<b>August</b>	<b>78239</b>	<b>50000</b>

The above sales data shows that every month the sales target is fulfilled and the net sales were way above the expected level of sales. In March, April and July the maximum ROI was found. The chart proves the credibility of investing in this growing sector to get more profit. Currently, Daraz gets 6.5% of the net profit from this sector. More investment can bring more profit from the digital goods segment. The following comparison chart will visually show you the sales over expected level.

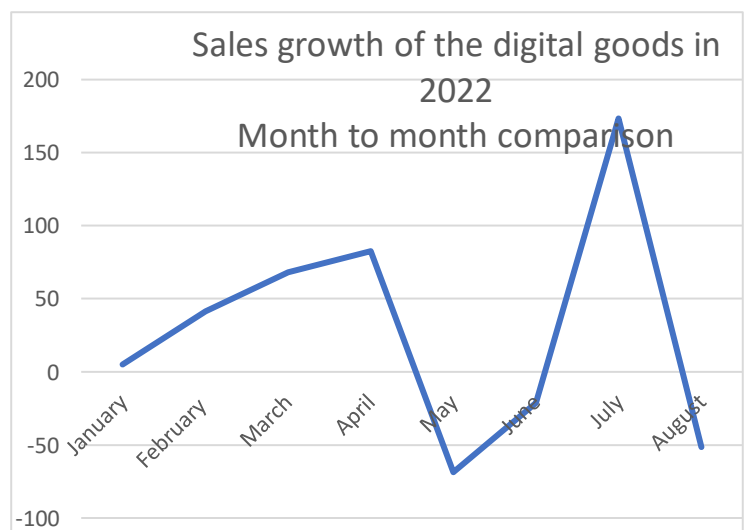


**Figure 16: Actual sales compared with the expected level of sales (Digital goods)**

By analyzing the data and chart, we, therefore, suggest Daraz to invest more in this sector to make it more stable and profitable.

**3.6.2.G: Month-to-month sales growth comparison: Digital goods**

Months	Sales growth %
January	4.96989391
February	41.2856232
March	68.319435
April	82.499196



May	-68.669047
June	-21.255625
July	173.403061
August	-51.332102

**Figure 17: Month-to-month sales growth comparison**

The above chart and data show the comparison of sales growth from month to month. It shows the growth from the previous month. It shows that in July daraz got the maximum sales growth this year (173% to June) and in August it was the lowest in terms of growth (-51% to July).

### 3.6.2.H: Percentage of sales growth over the expected level of sales: Digital goods



**Figure 18: Percentage of sales growth over the expected level of sales**

The above graph shows the growth of sales of digital goods on the expected level of sales. The average expected sales level is 50,000 BDT. For offers, campaigns and flash sales, sales grew at a huge rate. In April the sales were at their peak and average sales grew at a 15% rate from the previous month. Hence, the demand for digital goods is increasing per month. The above

data shows that it fulfils the expected level of growth every month without providing offers. In the month of flash sales, discounts, campaigns and other offers, the sales were maximum. Hence, this is a growing sector where Daraz should invest more.

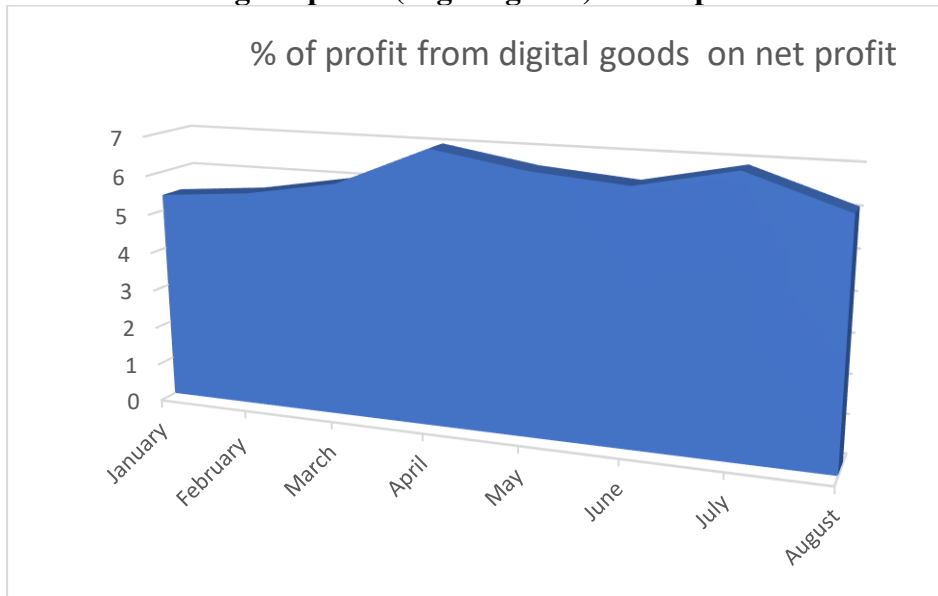
### **3.6.2.I: Percentage of sales (Digital Goods) on total sales:**

<b>Month</b>	<b>% of digital goods sales on total sales</b>
<b>January</b>	<b>5.6</b>
<b>February</b>	<b>5.7</b>
<b>March</b>	<b>6</b>
<b>April</b>	<b>6.8</b>
<b>May</b>	<b>6.5</b>
<b>June</b>	<b>6.5</b>
<b>July</b>	<b>6.7</b>
<b>August</b>	<b>6</b>

The above data and graph show the percentage of sales of digital goods on total sales of Daraz in the last 8 months. It shows the contribution of Daraz's digital goods to gaining profits. The

above data shows data that sales were fluctuating and got continuous growth from January to August. In April, the highest number of digital goods sold (6.8%) which was 5.6% at the start of the year. . The above chart shows the percentage of sales of digital goods is increasing continuously, hence, this segment of Daraz has a huge prospect in the future.

### 3.6.2.J: Percentage of profit (Digital goods) on net profit



**Figure 20: The percentage of profit (Digital goods) on net profit**

Month	% of profit from digital goods on net profit
January	5.4
February	5.6
March	6
April	7
May	6.6
June	6.4
July	6.9
August	6.1

The above data shows the percentage of the profit of digital goods on the total sales. It actually shows the contribution of digital goods of Daraz to total net profit. The contribution of digital goods to total net profit is increasing per month. This segment contributed 7% of the total profit in April and is increasing monthly. At the start of the year, Daraz gained 5.4% of profit in the

total profit and at the end of August, it was 6.1%. Hence, this sector can contribute more in the future and Daraz should consider challenges regarding digital goods and solve problems with effective strategies recommended in the report.

### **3.7: Success factors of Daraz in selling digital goods in Bangladesh**

#### **Enhanced delivery chain:**

Daraz has an enhanced delivery system to deliver goods and services on time. It delivers products with BDDex which it owns and it has a partnership with other delivery organizations like DHL. Every day more than 50 thousand orders are placed at daraz and it delivers products in Dhaka within 24 hours and 48 hours in other districts (Daraz, 2022). In the case of digital goods, Daraz provides the products immediately with emails, or providing cards to the phone number or uses other digital media. Daraz sends a scannable card to the customer after they complete transactions and fulfils other conditions.

#### **CSR policy of DARAZ:**

Daraz.com.bd is the leading online retailer in Bangladesh which undertakes various social activities which have made it acceptable to all classes of people in Bangladesh and it has improved its corporate image. Daraz's collaboration with ActionAid Bangladesh to support the project "Happy home" for the underprivileged and deprived girls in Dhaka city, aids in international women's day and other social welfare programs (Daraz, 2022). Daraz also performs CSR in the form of training people, with their future leadership program, campus workshop etc. It assists students to become competitive and prepare themselves to lead in the future corporate world.

#### **DARAZ future leadership training program:**

The future leadership program of Daraz aims to make future leaders and shape them into innovative people who can manage the adverse situation in the future. Daraz organizes regular programs in leading universities in the country where the students are asked to solve specific business problems (Case studies). This program helps students to know about the business world and become problem solvers and future leaders in the business industry. This program enables students' knowledge of digital goods concepts and helps them solve digital goods problems and challenges (Daraz, 2022).

**Demographic Segmentation:**

Daraz's demographic segmentation has helped them to become the number one e-commerce business in the country. Youths of the country are the targeted customers of the business. 75% of customers are male and they are in between 26 to 30 years of age. Among the customers, 50% are university students and 46% are young professionals (Daraz, 2022). The advancement of the internet in Bangladesh, acceptability and usability of the youth have made sales for this company. The top selling segment of the company is fashion wear and electronic gadgets. According to the 2021 report of Daraz, 35% of the total traffic in digital goods comes from the Dhaka division which is the largest segment and the second highest segment is in Chattogram (29%), 15% of the traffic is from Gazipur district, and the rest traffic comes from the different parts of the country. Effective demographic segments and businesses across the country have helped Daraz to become the leading e-commerce platform in the country.

**The Omnichannel strategy:**

This is an enhanced marketing strategy of the company which enables customers to take part in research, communicate with officials, buy, and consume a brand through endless user experience across mobile, online, and non-physical media and communication channels. This is a specific strategy for Daraz that is used for digital goods only. This is not essential that an omnichannel satisfies customers but it increases the number of opportunities for the customers to take part in digital selling. It provides some new features in e-commerce marketing and selling rising starts that are separately used for digital goods and it has improved customer experience and gathered more crowd for the digital goods segment. This is an approach which enables a seamless user interface and that helps Daraz to improve its B2C interaction. It includes information regarding digital goods and provides an ability to buy whenever and wherever the customers want to purchase digital goods. Daraz is the largest e-commerce business platform in Bangladesh and the pioneer of Digital goods. It follows several omnichannel strategies for selling digital goods.



**Harnessing customer knowledge:**

Daraz leverages its sales by using leveraged data from multiple channels, for example, SEO services so that customers can easily find Daraz to buy digital goods, and web and mobile visits to the site. It also uses an effective channel to reach customers such as calls to customer service. By using this process, they build a direct connection with the customers, store customers' data, provides solution to them and let them know about the available digital goods in Daraz. Daraz also uses social media to reach and get more customers for digital goods. Daraz boosts its ads on several social media sites to attract and get customers such as boosting ads on Facebook, Instagram, etc. With this strategy, customers can easily choose their products with one click on the ads and it will take the customers to that page where customers can know the relevant information about the product (Catapano et al., 2022; Choudhury, 2021). It also enables purchases without leaving social sites. Daraz applies this strategy because it knows that customers have more channels that tend to shop more frequently that's why Daraz has enabled its mobile application so that customers can be more engaged with Daraz (Ferdous et al., 2020). It also provides the opportunity to call 24/7 Daraz to know the information about digital goods and can purchase digital goods at any time. By using SEO, Daraz also collects and stores customers' data and that helps Daraz to send product offers directly to the customer's mail or phone number. It also integrates customers' data to understand what types of digital goods people prefer and the expected price of the digital goods. Google ads, Facebook and other social media Daraz post digital goods as advertisements.

**Leveraging technology:**

To sell digital goods, some tools work as an energizer and leverage the company. These are the following:

**Real-time tracking:** Daraz is the market leader in Digital Goods in Bangladesh which uses the latest technology to provide comfort in online shopping, a more user-friendly interface, and an improved user experience. These improve Daraz's corporate image in Bangladesh and aid the company to stay at the top of the digital goods market in Bangladesh. It also increases efficiency and productivity. Customers can pick and track their products and they can also know the status of the product they ordered by calling at customer care. In the case of physical goods, Daraz uses BD-Dex which was established for in-store pickup and delivery to provide their market offerings in a short time with effectiveness. In digital goods, Daraz provides

coupon numbers or serial numbers for specific goods. Daraz also sells education in this section where you can purchase and enjoy e-books from Daraz. It enables subscription to education. Daraz also delivers gift cards and e-vouches in customers' mail by which people can shop from the selected stores.

### **Online payment:**

This tool plays an important part in selling digital goods. Nowadays people prefer cashless transactions. Online payment enables cashless transactions for customers. For example, if a customer wants to have an e-voucher for consulting with a doctor, or a card to have some facilitates, he/she can get the product immediately and can pay online. Daraz takes both debit and credit cards for making payments(Azam et al., 2021; Tolstoy et al., 2021). Daraz also provides detailed information about digital goods on their Facebook and Instagram pages so that customers can know about the product and can purchase it easily. It helps the company to minimize solving queries and augments quick sales. Daraz is a mobile-friendly e-commerce platform where digital goods from different brands can be found easily which comes with several MFS services such as Bkash, Rocket etc. Daraz also takes VISA and Mastercard for transactions.

### **Real-time Dynamic Pricing of Digital Goods:**

Daraz is the largest digital goods provider in Bangladesh which provides real-time dynamic pricing for its digital goods. It uses technology that relies on dynamic pricing based on customers' pay. It follows this mechanism and adjusts the prices for the items in its e-shopping baskets based on the number of items customers have in their baskets.

### **Using AI tools:**

Daraz uses AI tools for tracking the customers, solving their queries, and send an initial email and managing contact with the customer. AI tools give customers an improved user experience that results in selling more goods. Daraz's AI technology helps customers to find their products easily. It also enables filter opportunities so the customers can search with a keyword and find the product. It helps to find a similar product on different pages with different price tags. It helps customers to make a purchasing decision by comparing goods and prices among the products. For example, comparing gift cards of other companies with Daraz's gift cards. It also helps the customer to get a rating from the seller which influences buying behaviour of the

customer. AI technology promotes goods by showing ads for different goods and automatically provides suggestions to the customers that they preferred previously (Silvee & Wasaf, 2021).

### **Maintaining effective channel relationship:**

Daraz has an effective relationship with its suppliers and other delivery partners. It communicates regularly with its supply channels and other members of the e-commerce channel. Digital goods is a small segment of Daraz which is continuously growing. There is a huge investment opportunity which can provide a better ROI to the organisation. Daraz has adopted a collaboration-based e-commerce channel where customers can place their orders and check whether the product is available or not. If customers find that the product is unavailable then they can request to re-stock the goods (Escursell et al., 2021). This helps Daraz to gain popularity in digital goods. The demand for digital goods is at its peak at the time of festivals in Bangladesh. During that time, they can purchase shopping cards from Daraz and can get products from their preferred stores and can get discounts. Consulting, e-tickets, and e-vouchers are also popular digital goods that are sold on a regular number. By maintaining an effective relationship with the supplier, Daraz can ensure the availability of the product and can ensure customer satisfaction.

### **No delivery charge:**

Daraz takes a low delivery charge for its customers. Where other delivery chains in Bangladesh take 100-150 TK to provide products in other districts (Except Dhaka), Daraz takes only 20-25 Tk and sometimes Daraz provides free deliveries to promote sales. In this context, Digital goods take no delivery charges to deliver the products. In the case of tickets, vouchers, cards, and gift cards, it provides the product right after the order if every condition is fulfilled by the customer. It improves customer satisfaction and results in more sales and minimizes time wastage.

### **Paid, Owned and Earned media of Daraz:**

These three promotional strategies of Daraz are known as the tripod marketing policy. Each element of this strategy plays an important role in letting people know about the offerings,

pricing and other details of the goods. Selling digital goods of Daraz is mainly based on Social Media Marketing concept. This tripod is a successful implementation of an effective marketing mix for the company.

**Paid Media:** This is a type of promotion which is not possible without paying the media members. This helps Daraz to reach more customers. Paid media can be any form of a promotional tool such as a website, social media, fan page, celebrity inclusion and paid advertisements. Daraz has its own Facebook page where it promotes its digital goods and lets customers know about the product, different offers, and prices. Social media sites are more popular nowadays for purchasing (Daraz, 2022). Daraz publishes ads for digital goods based on demographics, interest, location, buying patterns and behaviour of the customers. Instagram, Snapchat, Facebook, Google, and YouTube are popular sites for paid advertisements. Each of the sites provides a business account for Daraz by which it can promote its digital products. It comes with customized ad posting, boosted ads and reach target customers. Another paid media for Daraz to promote digital goods is Search Engine Optimization SEO or SEO marketing. By using this strategy, daraz has got a competitive advantage in the market. It provides an opportunity to reach customers when they search for digital goods on Google or other search engines. SEO marketing also helps Daraz to sell other goods. If you search on google for purchasing any goods from an e-commerce site, Daraz is shown at the top 2<sup>nd</sup> list. Daraz also applies another paid media to sell digital goods, namely, banner ads. This is also known as display ads. It creates and publishes visual-based ads on different websites which attracts more customers and promotes sales. By clicking on the ads, customers can directly enter the Daraz-owned landing page. Daraz also promotes its digital goods with the help of influencers. Influencers promote digital goods on their social media sites. Content creators, YouTubers and Facebook celebrities are on the preferred list of Daraz for influencing people to purchase digital goods(Escursell et al., 2021; Treiblmaier & Sillaber, 2021).

**Earned media:** This is an unpaid medium of promoting goods which has helped Daraz over the years to gain this fame, has improved its corporate image and aided it to become the number one e-commerce site in the country. This is unpaid media where third-party entities promote goods for an organisation. In this case, ad publishers, publications, shopping brands, hotels, and consultancy services promote Daraz's goods as Daraz published their goods on its site. Earned media can be gained by providing efficient services to customers. Customers post their feeling about having the products which influence other people to make a purchase decision., Nowadays customers are more vocal, as a result, people prefer products which have more

positive reviews. Earned media is also gained from effective public relations, branding efforts of the company, social media and other sites. Daraz has an option on its website where customers can post and read comments about a product and the seller. It helps customers to know the delivery time and product-consuming experience of others.

**Word of mouth:** This was another popular earned media where Daraz became viral. This was an effective and strong media which helped Daraz and its digital goods hit (Daraz, 2022). Campaigns like Friday in Bangladesh, and Black Friday in many countries became successful for word-of-mouth strategy.

**Brand synonymity:** This is another earned media which is promoting Daraz's digital goods. Whenever someone asks for suggestions to purchase digital goods people suggest buying from Daraz. The brand name, trust, image, and customer satisfaction of Daraz's digital goods work for the company to make more sales. As a pioneer in the industry, Daraz has got a competitive advantage in the market.

**Traffic:** Daraz uses its website to reach more people with the help of top-notch content. It has gained organic traffic from there and now people can have their desired digital goods whenever and wherever they are in just a few minutes without a delivery charge. It is also aided by several payment gateways of Daraz.

**Owned media:** This is Daraz's media where it publishes ads for gaining more traffic and promoting sales of digital goods. It includes several properties of Daraz such as blogs, websites, email, domain etc. It also uses its social media where it can post ads for free. It adopts the pull campaigns which is opposed to paid media. It persuades viewers before offering them interest to make a purchase decision.

**Email Marketing:** This is a digital marketing strategy sets by Daraz to reach its customers. By sending emails to customers, it lets customers know about the offerings, availability and upcoming products in the digital goods segment(Aparicio et al., 2021). This strategy is mainly used for existing customers. Daraz also uses email to let the customers know about the delivery position. By using social media, Daraz collects customers' information and sends them emails. It enables people to gather on their social media, it makes a community among current

customers. Daraz has earned a remarkable ROI from digital goods through email marketing. By using this strategy, Daraz has increased traffic to the site.

**Application, Website and Blog:** The website and blog are the primary owned media of Daraz. By using its mobile platform (mobile app), Daraz can send a notification to its customers, and can send information about offerings to the opportunity and can convert them into leads. The interface of the mobile application of Daraz for Bangladesh is very user-friendly which ensures a better user experience and customer satisfaction. In mobile applications, Daraz also secures payment and other does not disclose confidential data of customers. The same goes for the website.

### **Technological advancement in the country:**

Technological advancement in the country helps Daraz to grow in the digital goods sector. More people are engaged with social media, can visit sites easily, can search on google to have desired products, 4G coverage across the country helps more fast searching on the internet, increasing the number of using mobile applications, helps in satisfying customers through mobile purchases. Technological advancement in Bangladesh enables automated software by which Daraz can meet customers' inquiries. It also helps Daraz to enable AI technology which saves time and cost for the company and improves the user experience of the customers. Technological advancement also aids in making reviews regarding Digital Goods available on the web, getting insights on customer satisfaction and UX(Escursell et al., 2021). By using the digital tool and the help of technology, Daraz can predict how much customers will prefer the product in the future and how many opportunities can be converted into leads.

### **3.8: Future challenges of digital goods in the context of Daraz Bangladesh:**

Digital goods is a growing sector for Daraz from which it gains 6.5% average revenue per month. As a pioneer in the industry and the market leader in digital goods, Daraz has a huge prospect to grow and expand the business in Bangladesh and can earn more profits in the future. There are a few challenges which can block the growth of this segment. Here are some challenges that are creating obstacles in the industry growth and by solving these successfully Daraz can ensure its sustainability in the Digital Goods segment. Some major challenges that Daraz is facing in this segment are listed below.

**Challenges regarding consumers**

Nowadays, customers are more conscious about what they are having. They do not only rely on influencers. Customers' buying decision is influenced by positive and negative reviews. They read comments to check the credibility of buying goods. Daraz sometimes provides faulty goods to the customers, poor products or different products than the ordered ones. These create a negative impact on customers' buying decisions. Third-party sellers also engaged in fraud which impacted Daraz's corporate image. Digital marketing can be an effective tool to let the customer know about Daraz's gift card, e-vouchers and other offerings where Daraz is the vendor. Digital marketing also empowers customers and offers to share their personal experiences to influence others' buying decisions. Digital goods are often purchased for shopping, consulting doctors or gifting others (Silvee & Wasaf, 2021). Negative reviews about Daraz's cards on social media can be a major threat to losing reputation and profit. Customers' decision to switch brands is a common threat now. On the internet, customers can search for the same product at a lower cost and see the reviews of previous purchases and compare these digital goods with Daraz and make buying decisions. It provides an opportunity to choose Daraz, on the other hand, it increases the risk of losing customers. Because it has a customer rating of 1.62 stars out of 13 which shows that most of the customers are dissatisfied with the service they have provided. Daraz Bangladesh ranks 449<sup>th</sup> among electronics sites across the globe. Daraz should be transparent to provide digital goods and build an effective customer relationship to stable the business growth in this segment. Daraz should also undertake large digital marketing efforts to minimize this challenge and motivate purchases to a large extent.

**Challenges regarding competitors:**

Competitors are the major threats to Daraz's business in digital goods. As a pioneer of the e-commerce business, Daraz has gained trust, value, and image, but competitors in this field can be a huge threat by providing digital goods at a low rate. Some best-selling digital goods providers in Bangladesh are:

- Best electronics
- Othoba.com
- e-card.com

People nowadays prefer products from a site which has more positive reviews. On social platforms and on websites, customers can share their experiences which may influence buying behaviour (“An Evaluation of the Factors Influencing Customers’ Experience in Supermarkets of Bangladesh,” 2019). And competitor’s strategic marketing and business planning can also impact Daraz. Hence, effective competitor analysis (Porter’s five-field analysis) can save Daraz from its downfall.

### **Challenges regarding technology**

Technological advancement has helped Daraz to expand its business in digital goods. People now can purchase e-vouchers, shopping cards, consultancy tickets etc. from Daraz. By using AI technology, the newly adopted technology Daraz tries to ensure customer satisfaction by enhancing user experience. But market challengers of digital goods are threatening Daraz by adopting IoT and other digital tools. Daraz Bangladesh mobile application lacks sometimes in times of payments and keyword search. Other e-commerce sites also provide digital goods at the same rate providing enhanced user experience through their app which can be a cause of brand switches in the future.

### **Challenges regarding Paid, Earned, and Owned media:**

Daraz pays more attention to its social media activities as most of the traffic for digital goods comes from social sites. It gives less priority to Social Media Optimization. As a result, if you search on google for the best digital goods provider in Bangladesh, google shows Daraz’s name as the second. For the weak Search Engine Optimization, other companies get the preference of the new customers. Effective SEO can lead to opportunities to get new buyers for the segment. As a market leader in the segment, Daraz should improve its SEO to get more traffic. Daraz has negative word-of-mouth experiences as well which can be a major threat for the company in future and can also diminish sales of digital goods by a huge margin. Sometimes Daraz delivers fake or wrong cards from third-party sellers which creates dissatisfaction among the customers. Hence, Daraz should be more careful regarding this type of occurrence. As customers are more vocal now, they do not rely on influencers that much. Sometimes people do not like to have products which are influenced by social media celebrities. This is another reason which can lead to a loss in the future. Another problem for social media or review-based



purchasing is that sometimes sellers post fake reviews of digital goods such as offerings, and e-vouchers which do not work. They review fake purchasing of the product and it creates dissatisfaction with Daraz's digital goods. This trio helps Daraz to get more reach and new buyers from social sites(Atasoy & Morewedge, 2018). But if it cannot handle negative occasions, the growing sector can start losing faith and customers.

### **Digital property issues and network effects**

Digital property rights also create issues such as granting access to data and controlling digital information in Daraz. Intellectual property, internet accounts in Daraz, personal data, digital environment and other contractual rights are the major issues regarding the digital goods of Daraz. Network issues in payment and getting vouchers are also a reason for having negative reviews in this section for Daraz.

### **Legal framework:**

Bangladesh's legal framework, General Data Protection Rights GDPR and Digital security Act sometimes create hindrances for Daraz to collect and store customer data for future use.

### **Transactional issues**

E-commerce sectors in Bangladesh have witnessed a very tough time in the middle of the year 2021. Due to the scams of several e-commerce companies, people in Bangladesh have lost their faith in e-commerce businesses. As a result, sales growth of Daraz's digital goods got blocked at 6 to 6.8%. People are afraid of purchasing digital goods from Daraz for digital property issues, the chance of losing money and fraud. The vice-president of the E-Commerce Association of Bangladesh said that the sector is suffering due to fraud by e-commerce companies. Now in Bangladesh, e-commerce transactions are handled by Bangladesh Bank which has created a hassle for Daraz. Daraz has to share its confidential data about sales and monetary terms with the central bank. As a result, Daraz has lost control over the transaction.

## Chapter 4: Conclusion

After establishing the business in Bangladesh, Daraz has become the market leader in the e-business industry. It is the leading provider and pioneer of digital goods in Bangladesh. Nowadays Daraz's gift cards and e-vouchers are trending. People love purchasing e-cards to consult a doctor or skin analyst and gifting shopping cards, education etc. As a pioneer in selling digital goods in Bangladesh, Daraz has gained fame, trust and revenue in the market skimming and penetration process. Daraz's net sales are growing in this sector and it gets at least a 6% of revenue from this sector. Increasing the number of internet users also impacts sales positively, the advancement of technology, leverage and Daraz AI tools aid the company get growth in this sector. And there is a huge opportunity to grow in this sector but some poor strategies and weaknesses in technological advancement it is facing challenges in the industry. Cross-cultural issues, digital property risks, legal framework and competition are well-known issues for digital goods. Therefore, I recommend some effective strategies by which Daraz can gain competitive advantages in the market i.e., risk management, legal and technological advancement, search engine optimization, effective network and crowd management etc.

## Chapter 5: Recommendations

Daraz is facing continuous threats from competitors, legal agreements, cross-cultural issues etc. Risks are also created from digital property and security. Some strategies are made to face challenges based on different theories and data collected from the interview. The customer's survey result is also considered to recommend these suggestions.

By following the below strategies, Daraz can effectively lead the market of digital goods and expand its market, grow sales and gain more profits.

- ✓ Effective digital goods risk management
- ✓ Solve network issues and provide an efficient and more improved interface
- ✓ Daraz should improve user experience to retain customers of digital goods
- ✓ Daraz should promote business activities and the types of products it has. Some people are not aware of digital goods. They think digital goods are something like gadgets. Here create no demands for DG. Therefore, Daraz should take a large-scale promotion effort.
- ✓ Improve SEO to reach more people in case of searching by a digital goods provider
- ✓ Improve technology-based value chain to create brand value for digital goods and improve customer loyalty regarding digital goods
- ✓ Consider legal agreements with third-party sellers and focus on influencing buyers' decision-making process. Enhanced digital marketing can be an effective tool to solve issues.
- ✓ Solve transactional issues and make the easy return process> Daraz's mobile and web applications sometimes lack during purchase by debit and credit cards. Daraz should improve these to make instant transfers and purchases. A more improved payment structure will increase sales.
- ✓ Solve cross-cultural issues
- ✓ Solve digital property issues by ensuring security and focusing on the legal environment
- ✓ Competitor analysis and taking corrective action

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## **Chapter 7: Appendix:**

### **7.1: Acronyms:**

DG: Digital Goods

BB: Bangladesh Bank

BTRC: Bangladesh Telecommunication Regulatory Commission

UX: User experience

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**7.3: Survey questions:**

Do you prefer buying digital goods from Daraz?

How often do you visit Daraz?

How often do you buy digital goods?

What type of DG do you buy most often?

How long have you been using our product?

How satisfied are you with the products?

Do you find the Daraz app user-friendly?

Do interesting images attract you to purchase digital goods?

Did it cost less load time to get access to the site?

Did you get easy access to the DG segment?

Did you find adequate information about DG?


### 7.3.1: Survey form sample:

## DG survey, Daraz

I am Noboniita Bristy, studying BBA at BRAC Business School, BRAC University, investigating on "Daraz Bangladesh - Future of Digital goods in Bangladesh perspective". To fulfil the requirement of my internship program, I need some data from you. I assure you that all data will be kept classified, confidential data will not be disclosed to other party/parties and all data will be utilized for my exploration.

⋮

Do you prefer buying digital goods from Daraz?

  Multiple choice ▾

Yes ×

No ×

Maybe ×

Add option or [add "Other"](#)

**Questions** Responses Settings

How often do you visit Daraz?

Everyday

Once in a week

Once in a month

Other...

How often do you buy digital goods?

Daily

Once in a week

Once in a month



What type of DG do you buy most often?

Short answer text



How long have you been using our product?

- Less than 1 month
- More than a month
- More than 3 months
- More than 6 months
- Other...

Questions Responses Settings

How satisfied are you with the products?

	1	2	3	4	5	
Highly satisfied	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly dissatisfied



Do interesting images attract you to purchase digital goods?

- Yes
- No
- Neutral

Do you find the Daraz app user-friendly?

Do you find the Daraz app user-friendly?

- Yes
- No
- Maybe
- Neutral



Did it cost less load time to get access to the site?

- Yes
- No
- Nutral

Did you get easy access to the DG segment?

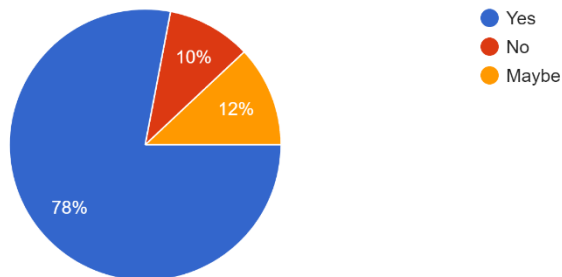
- Yes
- No
- Nutral

Did you find adequate information about DG?

- Yes
- No
- Nutral

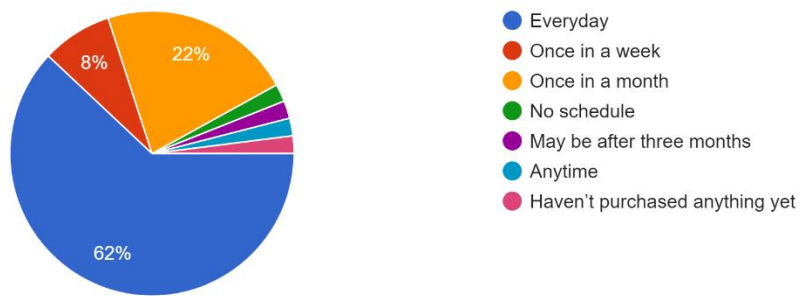
### 7.4: Survey Responses:

Do you prefer buying digital goods from Daraz?  
50 responses



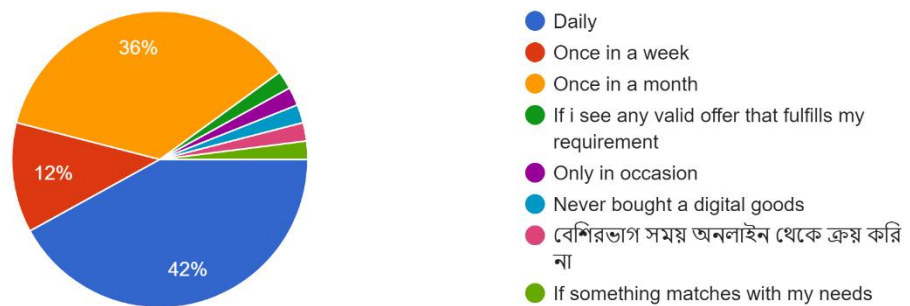
**Figure 21: Preference for buying DG from Daraz**

How often do you visit Daraz?  
50 responses



**Figure 22: No. of time people visit Daraz app and website**

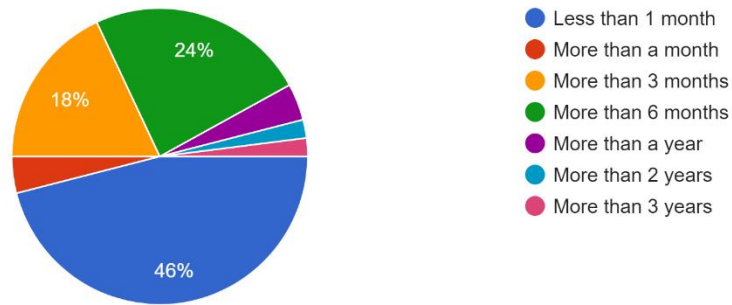
How often do you buy digital goods?  
50 responses



**Figure 23: No. of times people buy DG**

How long have you been using our product?

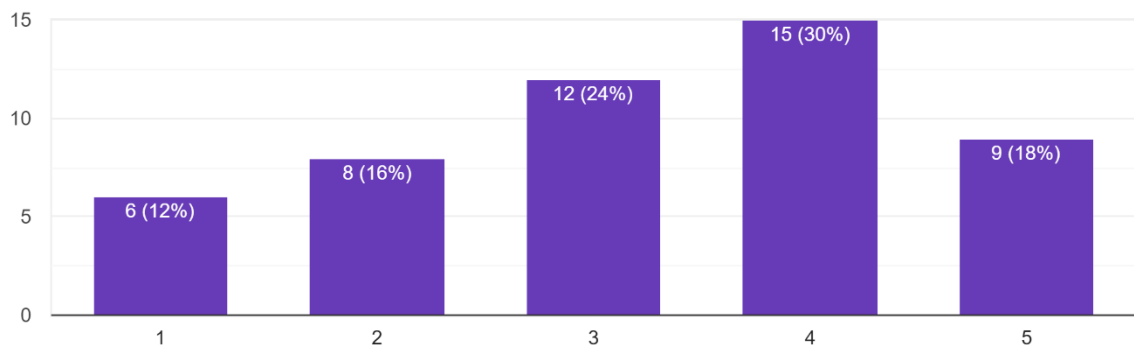
50 responses



**Figure 24: How long people are using Daraz's DG**

How satisfied are you with the products?

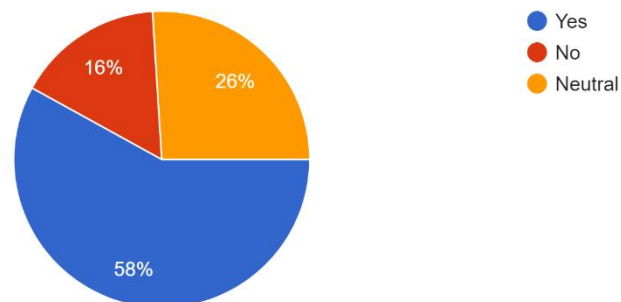
50 responses



**Figure 25: Satisfaction level of DG consumers**

Do interesting images attract you to purchase digital goods?

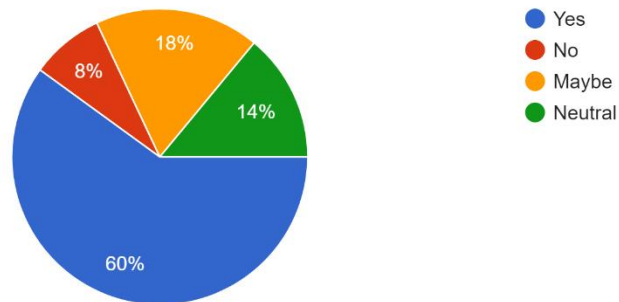
50 responses



**Figure 26: Considering factor that attract customers (Images)**

Do you find the Daraz app user-friendly?

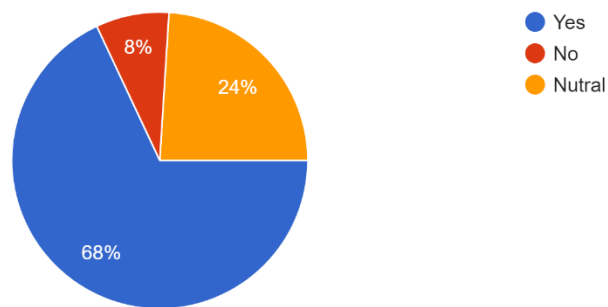
50 responses



**Figure 27: UX of Daraz Appa**

Did it cost less load time to get access to the site?

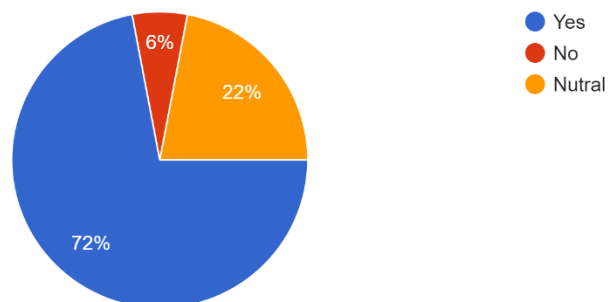
50 responses



**Figure 28: Time lacking**

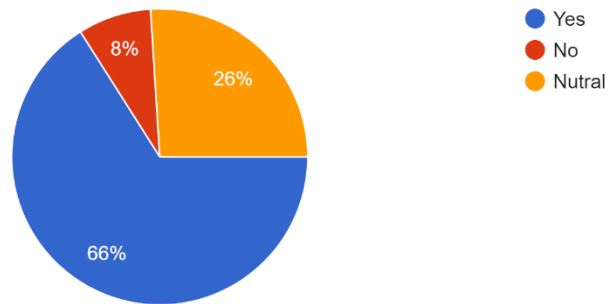
Did you get easy access to the DG segment?

50 responses



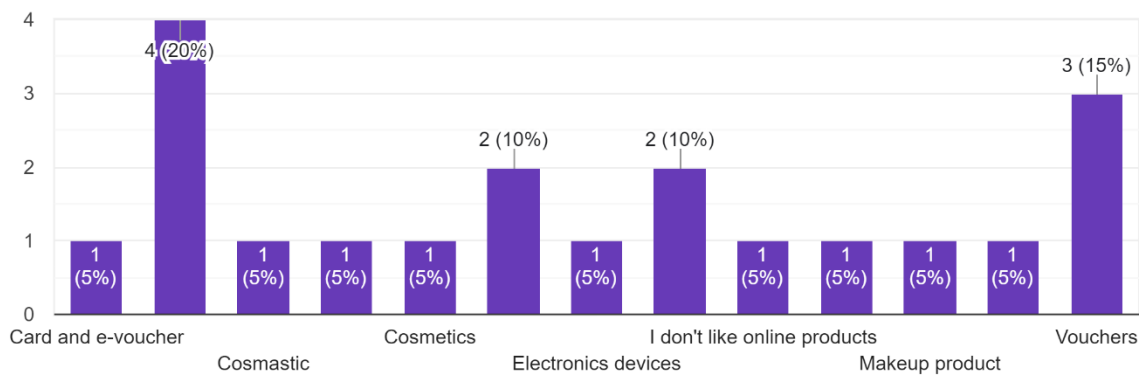
**Figure 29: Accessibility to the information of DG**

Did you find adequate information about DG?  
50 responses



**Figure 30: Findings of useful information regarding DG in Daraz App**

What type of DG do you buy most often?  
20 responses



**Figure 31: Type of products people buy the most from DG**

### 7.5: Interview questionnaire:

#### Interview questionnaire form for the head of the department, Digital Goods, Daraz

Dear Sir,

I am a student of the BBA program of BRAC Business School, BRAC University, investigating **“Daraz Bangladesh: Future of Digital goods in Bangladesh perspective”**. To fulfil my internship program requirement, I need some data from you. I assure you that all data will be kept classified, confidential data will not be disclosed to other party/parties and all data will be utilized for my exploration.

Thank you,

Nobonita Podd Bristry

Date-----

- 1) According to your opinion what would be the major challenges in the future regarding DG?

- 2) What is the most popular transaction method for purchasing DG from Daraz?

Credit card

Debit card

Bkash

Others -----

- 3) What do you recommend to solve challenges we have in this sector?

4) From which part of the country we do have the greatest number of orders of DG?

5) What would you suggest to attract more consumers?

6) Do you think improvement in the mobile app would improve sales?

7) Do you think more enhanced SEO would increase sales of DG?



8) Do you think Daraz needs to invest more in DG?