Internship Report

As an Online Market Place the Sales Activities of Kaymu Bangladesh

Prepared For:
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27th September, 2014

To
Mr. Suntu Kumar Ghosh
Assistant Professor
BRAC Business School
BRAC University

Dear Sir,

Subject: Submission of Internship report

This letter is regarding the submission of my internship report, entitled “As an Online Market Place the Sales Activities of Kaymu Bangladesh”, Kaymu Bangladesh being the organization I was attached with during the period of my internship. The purpose of this report is to learn about the operations and the business model of Kaymu Bangladesh and evaluate its operations.

I would like to thank you for supervising and helping me throughout my internship program for the completion of my BBA. The internship program has given me the opportunity to explore one of the latest and unexplored areas of business in context of Bangladesh and expand my knowledge thereby.

I have found the experience of working towards the completion of this report to be both challenging and interesting I feel that the skills I gained in working on this report in an organizational context will be helpful to me in my career and in further education, and I am grateful to you for granting me permission to work on this project.

Please feel free to contact me if you have any inquiries. I would be very happy to provide you with any clarification regarding the project.

Sincerely,

_____________
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ACKNOWLEDGEMENT

First of all, I would like to thank my honorable faculty supervisor for internship program Mr. Suntu Kumar Ghosh for providing me with the opportunity to observe and analyze such an interesting topic and, moreover for her invaluable guidelines, suggestions and advices whenever needed.

I would like to express my gratitude to my organizational supervisor of this Internship Program, Md. Junayed Mustafa, Sales Manager, Kaymu Bangladesh Ltd. for his continuous support and guidance throughout the training period. I would also like to thank my organizational colleagues for their sincere cooperation during the completion of my internship project. My sincere thanks goes to the various personnel I had contacted of this organization for the completion of this project for their invaluable & timely cooperation and all others who have helped me to complete this internship project.
EXECUTIVE SUMMARY

This paper examines the prospect of Kaymu Bangladesh in the Bangladeshi e-commerce industry. This paper looks into the e-commerce industry in the Bangladesh, introduces Kaymu and its business model, compares it with current market players and looks to see the feasibility and sustainability of Kaymu Bangladesh.

Kaymu is the brainchild of the world's largest internet incubator Rocket Internet. It started its operations in Bangladesh at the end of 2013 and within a very short span of time, has become quite popular. Kaymu replicates the eBay model of buying and selling where sellers sell on Kaymu in exchange of a commission percentage on sales. Kaymu is an online marketplace where sellers and buyers meet and exchange goods. Buyer can order anything from Kaymu and pay via cash on delivery (especially in Dhaka) and can receive products via home delivery all over Bangladesh (some sellers take prepayment via bank account or mobile banking). Kaymu markets the brand names of the sellers via social media, e-marketing (newsletters) and Google Search Engine Optimization (SEO).

The sellers find Kaymu easy to sell through to as Kaymu does not keep their stocks neither do they handle the payment. The sellers use Kaymu as a platform to get buyers and they do the contacting buyer and product delivery on their own or by using third party delivery system. Problems arise when delivery systems become unable to take the pressure and buyers suffer. Kaymu is still on the lookout for a dependable delivery partner.

Financially Kaymu hopes to break even within the third year. Currently it runs from parent company funding and focuses on investing heavily on marketing to gain market share. Kaymu's revenue has hundred folded since it's inception and it is on the rise. Kaymu looks to bring on board more sellers to give the buyers more variety of products and at competitive rates. This attracts more buyers and Kaymu's customer base is increasing day by day.

Given the fact that Kaymu is a new company in the market, this study gives a clear look at the operations of Kaymu in Bangladesh, its challenges and talks about the buyer seller experiences and comparisons with other e-commerce sites.
Part-A: The Organization

1.0 INTRODUCTION

E-commerce refers to the buying and selling of products or services over electronics system through internet or others computer networks. E-commerce improves the efficiency and effectiveness of business, government and nonprofit organization agencies. Online transactions can effectively save a lot of time and money which often is the main reason for consumers to shop online rather than purchasing from a physical marketplace.

Bangladesh should have been a large market worldwide due to its high level of population but it is not so as the people in Bangladesh are not much aware or educated to use the online marketplace. Bangladesh is one of the largest market in the world as population but the peoples are not well educated enough for online market yet. Previously, people would use computers for completing educational assignments or used for governmental or private projects. Just recently, the online market boomed and now more and more people are shopping online.

Kaymu is the leading online marketplace for emerging markets. Kaymu replicates the eBay model (online marketplace where buyer meet sellers) in emerging countries where they do not have eBay. Kaymu is a venture of Rocket Internet which is one of the world's largest e-commerce focused venture capital firms and startup incubators. The company’s business model is to identify successful internet ventures from other countries (often the United States) and replicate them in predominantly emerging markets. Kaymu operates an online marketplace enabling end customers to buy and sell basically anything online. Kaymu’s successful peer model is eBay which is the leading C2C online marketplace in the world.

Kaymu Bangladesh was launched in October 2013 and as of September 13th it is ranked as the 179th website in Bangladesh right after only 3 e-commerce sites- OLX, Ekhanei, Click BD. It has surpassed akhoni.com which is ranked 270 and biponee.com which is ranked 423 (source: www.alexa.com).
Kaymu’s main focuses are the buyers and sellers. The sellers are the clients of Kaymu who sells products in the website and Kaymu focuses on them because the only way Kaymu makes money is if the sellers make money. By focusing on obtaining quality sellers, Kaymu ensures buyers get good products and good services from good sellers and get competitive deals from sellers and are satisfied.

This report looks into the operations of Kaymu in Bangladesh especially focusing on the sales activities of Kaymu Bangladesh as a new e-commerce site and its prospect in the Bangladeshi e-commerce market. The following figure 1 and Figure 2 shows the reason behind Kaymu’s interest behind starting its business operation in Bangladesh such as internet users in Bangladesh is increasing gradually and at the same time considering the fact that why Bangladeshi internet users will gradually be more interested to shop online. The following chapters contain more in-depth information and analysis on this matter.

![Why Consumer Prefer Shopping Online](image)

*Figure 1: Why Consumers Prefer Online Shopping, Source: www.quartsoft.com*
## The Number of Internet Users in Bangladesh

<table>
<thead>
<tr>
<th>Months</th>
<th>Mobile Internet</th>
<th>ISP + PSTN</th>
<th>WiMAX</th>
<th>Total</th>
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<td>July 2014</td>
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<td>39353.142</td>
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<tr>
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<tr>
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<td>37172.05</td>
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<tr>
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<td>301.73</td>
<td>36865.756</td>
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<td>February 2014</td>
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<td>33985.541</td>
<td>1225.12</td>
<td>312.228</td>
<td>35522.889</td>
</tr>
</tbody>
</table>

** Subscribers in Thousands

**Figure 2: The Number of Internet Users in Bangladesh (Source: BTRC website)**

### 2.0 BACKGROUND

Kaymu’s parent company Rocket Internet is the world’s largest Internet incubator. It was founded in Berlin, Germany in 2007 by the Samwer Brothers (it is headquartered in Berlin). The Rocket team has been building online companies since 1999 and has created over 100 market leading companies in 50+ countries. The founders gained visibility through successful investments in Groupon, eBay, Facebook, LinkedIn, Zynga, etc (either through early direct investment or through taken over target companies). The company’s business model is to identify successful internet ventures from other countries (often the United States) and replicate them in predominantly emerging markets. In 2013, Rocket Internet raised close to $2 billion from investors including Russian billionaire Leonard Blavatnik, Swedish investment firm Kinnevik, and J.P. Morgan. This is in addition to nearly $2 billion that Rocket raised in 2012. The firm,
tightly controlled by its founders, is known for its aggressive approach in managing its invested ventures. It prides itself for the speed of execution and ability to hire exceptional talent.

Rocket Internet operates in more than 50 countries and has more than 75 ventures in their portfolio such as the e-commerce retail companies Zalando in Germany, Jabong.com in India, Lamoda.ru in Russia, ZALORA in South East Asia, The Iconic and Zanui in Australia, the global food delivery platform foodpanda/hellofood, the global property listings site Lamudi, Carmudi, etc. Rocket Internet's various companies created more than 20,000 jobs worldwide. Previous ventures include, for example, Citydeal, which was purchased by Groupon for US$126M, which profited by US$90M.

Rocket Internet launched 4 companies in Bangladesh last year- Carmudi, Lamudi, Foodpanda and Kaymu. Kaymu as mentioned before replicates the eBay model in emerging markets and since Bangladesh is an emerging market where eBay has not been introduced yet, Kaymu decided to come in!

Figure 3: Successful Business Models of Rocket Internet around the World
3.0 KAYMU.COM: THE LEADING ONLINE MARKETPLACE FOR EMERGING MARKETS

Kaymu Bangladesh Ltd started its journey in Bangladesh around October 2013 launching on November 2013. Kaymu is the leading online marketplace for emerging markets. It sells everything from books, to mobiles & tablets, fashion wear and accessories, electronics, jewelry, home and living products, kid’s products and many more. It is the one stop solution for customers to find their products online. It is the fastest growing online shopping platform in the emerging markets, with over million customers. Kaymu operates an online marketplace enabling end customers to buy and sell basically anything online.

3.1 ORGANIZATIONAL STRUCTURE

3.1.1 ORGANIZATIONAL CHART OF KAYMU BANGLADESH LTD.

Figure 4: Organogram of Kaymu.com.bd
3.2 BUSINESS MODEL & DEPARTMENTS OF KAYMU BANGLADESH

As mentioned before, Kaymu Bangladesh Ltd started its journey in Bangladesh around October 2013 launching on November 2013. Kaymu is the leading online marketplace for emerging markets. It sells everything from books, to mobiles & tablets, fashion wear and accessories, electronics, jewelry, home and living products, kid's products and many more. It is the one stop solution for customers to find their products online. It is the fastest growing online shopping platform in the emerging markets, with over million customers. Kaymu operates an online marketplace enabling end customers to buy and sell basically anything online.

Kaymu being an online marketplace, customers can browse through categories like Clothing, Footwear, Jewelry, Watches, Monies & Accessories, & Accessories, Jewelry, Books & Media, Electronics, Footwear, Watches, Mobiles, Computers, Electronics, Home & Living, Health & Beauty, Toys, Kids & Babies, Books & Media, Sports & Outdoors and various other categories. When a customer sees something they like, they click on the product and view the details that include pictures, descriptions, payment options and shipping information. If the customers have a pretty good idea of what they are looking for, they can search for it using simple keywords, such as "Apple iPod," or using more advanced search criteria that helps narrow the results, such as item location, brand and price range.

Figure 5: What Customers See After Clicking On a Product?
Next, Kaymu has an active sales team which is constantly on the lookout to get more sellers on board with unique items. Kaymu looks to source unique and demanding products on their website. It is quite simple for sellers to get enlisted in Kaymu. They just have to agree on a commission percentage that will be charged only and only if they sell anything through Kaymu. Kaymu does extensive marketing for its sellers but charges nothing for that. Sellers are given e-stores, promoted through Google SEO, Facebook, Kaymu Bangladesh Blog page and newsletters and all these are free of charge. If the seller sells nothing, there is no commission charged. Since there is no fixed cost, the risk is low. Sellers have their own delivery partners which they use to deliver the products by. Sellers are responsible for contacting customers once an order is placed and deliver the products accordingly. The customer service team from Kaymu calls up each and every buyer to see if they have received the product on time and to get their feedback on their purchase from Kaymu. Kaymu receives the commissions twice a month. It bills its customers bi-monthly and receives the bills accordingly. Kaymu does not handle the stocks and the cash and most sellers prefer it this way as the stock is not stuck with third party, rather they can keep their stock and sell it elsewhere if demand rises.

Kaymu works in autonomous teams. There is a lead venture who looks over mostly everything. Then there are small teams with managers in each team. Sales team is responsible for seeking out sellers and sourcing and signing new sellers selling both common and unique products. The Customer Service team is divided into two parts, one which deals with the sellers trying to get them to deliver on time, be quick and efficient. The second one deals with the customers. They answer to customer queries, helps customers place order if necessary, deal with customer dissatisfaction and most importantly create awareness. Most e-commerce sites are not like Kaymu. In fact, when Kaymu started, its operations were quite unique. I am not saying it still is because from my observations I have come to know that quite a few e-commerce sites have adapted to the Kaymu way of dealing with deliveries and payments. Most e-commerce sites deals with handling orders and deliveries. That is why when customers place orders; many do not understand that Kaymu is just a medium and not the seller. Kaymu does not own the products. So the customer service comes into help here, where they continuously try to aware people of the business model of Kaymu. In the FGD, conducted at Kaymu, one question was asked about their purchase experience from Kaymu. One guy said he had made multiple purchases but the first order he had placed was the one that was delivered to him after 7 days, the highest number of waiting period till date. So we naturally asked him after that experience
what made him come back to Kaymu and shop. His answer was simple, ‘it’s not Kaymu’s fault. The seller is a 3rd party and the delivery guy is also a 3rd party. So I cannot judge Kaymu based on their performances’. We asked how he could differentiate between sellers and the marketplace. He replied that the Customer Service Agent he had talked too politely and patiently made him understand the business model and then he understood! Since Kaymu is different to that of the existing e-commerce sites, such kind of business model needs to create awareness which is being done slowly.

There is a Quality Control team that controls the quality of the uploaded listings. This means they ensure that whatever is being uploaded on Kaymu has proper images, sizes, price, description and any other information the customer might require. Then there is the Portfolio Management Team whose job is to simply maintain their portfolio. They have sellers in their portfolios who they constantly stay in touch with, get their feedbacks; try to solve any issue they face, etc. The last team is the Business Development Team which works in areas like Marketing and Finance.
4. JOB DUTY & RESPONSIBILITY

My key job responsibility as a sales executive is sourcing (Lead generation) of clients/sellers for Kaymu Bangladesh, fixing meeting, meeting the sellers and briefing them, why and how Kaymu BD operates for both customers and for the sellers, persuade them to come on-board with Kaymu Bangladesh stating all the benefits they will get if they get on board, educating the sellers to manage the Front-End or how they would manage their e-store, reporting directly to head of sales, managing the BD Cockpit, doing the incubation and finally transferring the seller accounts to the portfolio managers.

4.1 Lead Generation and meeting with sellers

Lead generation refers to the sourcing the respective sellers for Kaymu Bangladesh. The leads could be divided into two groups. One is online lead and another one is offline lead. For online lead/sellers we basically search on the Facebook business pages, links provided by Kaymu Portugal’s lead generation department, web directory such as “Bdyellowbook.com” etc and for the offline lead sometimes the sales inters, executives often visit different shopping malls and collects different shops business card using which sales executives contact with the respective business shop owner over the cell and fix a business meeting with the owner to discuss about the business proposal in person.

4.2 Briefing the sellers how Kaymu Functions

Products are usually sold at fixed prices. So when a customer sees what s/he likes, they place an online order, they buy it, pay for it and wait for it to arrive at their doors! If they reside in Dhaka, they usually get home deliveries and many sellers provide cash on delivery even outside Dhaka (meaning customers can pay after receiving the product).

Customers can pay for an item on Kaymu using a variety of methods, including cash on delivery (this is available only in few cities at the seller’s discretion), bank deposit, bKash or other mobile banking methods, etc. Unfortunately, online payment gateway has not yet been installed and
customers can not yet make online payments to buy products from Kaymu thereby making it difficult for people outside Bangladesh to purchase products.

Just as one can buy almost anything on eBay, one can sell almost anything, too. Using a simple listing process, one can put all of the junk in their basement up for sale. People can sell old laptops, clothing, furniture, etc. But if one wants to sell as a business, they need to enlist in Kaymu as a Kaymu seller via which they get a Kaymu e-store. When one sells an item on Kaymu, they pay a certain percentage of the final sale price to Kaymu. There is no listing fee except this commission on sales and for people selling personal products, there is no commission either.

Once anybody registers (for free) with Kaymu, he/she can access all of their Kaymu buying and selling activities in a single location called "My Accounts"

Figure 6: 'My Account' in Kaymu
4.2.1 The Buying Process

To purchase something, one must have an account in Kaymu. He/She simply needs to register by providing some basic information (name, address, birth date, phone number etc.). With that account they can place orders on Kaymu. Once a buyer likes something, he/she places an order online by clicking on 'buy now'. After this, a text message/email is sent with a code to validate the purchase. If the buyer validates it, the seller can see it when they log in to their account and then the seller is responsible for calling up the buyer, confirming the order, answering to any necessary queries, and deliver the product. If the buyer is unable to validate the order, a customer service agent from Kaymu calls the buyer up and validates the order. And then the seller process starts as mentioned above. This process generally takes about 3-5 working days and the buyer usually gets it by then unless there are other issues. Often, pre payment is necessary and then the delivery time becomes higher as the seller would not dispatch the product without the buyer paying first. Most sellers provide cash on delivery to buyers residing in Dhaka, meaning the buyers can pay after the product reaches their home. Some sellers provide cash on delivery facility outside Dhaka as well, but not most sellers. Therefore, most customers outside Dhaka needs to prepay via bank account or mobile banking.

4.2.2 The Selling Process:

To sell through Kaymu, one needs to have an account as well. Once an order is placed it is showed in the account where details of the buyer is given with the product details (the one that the buyer chose). The job of the seller is to contact the buyer, confirm the order, answer queries of the buyer (if any) and deliver the product. The seller pays Kaymu a percentage commission on the final sale amount. The commission payment is made twice a month. The advantages sellers get are the fact that the products stay with them so they are not stuck with stock that hasn't sold. Also, they get free marketing via Kaymu.

To get started with Kaymu as a seller, one needs to sign a simple contract paper that enlists them as a Kaymu seller. Afterwards, they need to send their product listings along with product details and images so that it can be uploaded in their e-store. Sellers can upload from the front end as well by logging into their accounts.
4.3 Persuading the sellers to come on-board

Convincing and briefing the sellers to sell though Kaymu Bangladesh because of:

a) **Exposure** - One of the key reasons for sellers to be in Kaymu is to get exposure. The Kaymu Team focuses on marketing the products on the website on all premium online channels (mainly Facebook, Google Search Engine Optimization/SEO, Kaymu Blog and newsletters). Kaymu sellers get new fresh customers regularly without having to do anything much. Kaymu has website traffic of around 8000-9000 per day, meaning about 8000 to 9000 people visit Kaymu daily. So getting enlisted in a website where there are so many visitors gives the sellers more exposure.

b) **Heavy Marketing By Kaymu** - Kaymu has a policy of aggressive marketing. Currently it invests 10 times more in marketing than the amount invested in marketing in the beginning. Because of this, the number of orders has also increased more than 15 times than that of when it started. So in the beginning, Kaymu used to invest x amount behind Marketing and generated y number of orders. Currently, it invests about 10x behind marketing generating about 15y orders. So it directly converts customers into paid orders. This increases brand awareness of the sellers. When Kaymu markets, be it in Facebook or be it in the newsletters, it always mentions the names of the sellers. In Facebook campaigns, the ads always mention the names of the sellers and the hyperlinks with the ads redirect the customers to the e-store on the Kaymu website.

The newsletters also mention the sellers names which increase brand awareness of the sellers. The website also has products in the home page which often redirects to certain e-stores. With about 900 enlisted sellers and more than 500 active sellers, Kaymu tries to promote and market each and every seller over time. Half the quota remains for current top sellers and the rest half is dedicated to making other sellers sell more. This ensures more visibility to sellers. Comparing with Facebook, where they need to boost their posts by at least 5 dollars to make it visible, Kaymu is giving that to them and more for no cost at all. The only cost incurred is when they sell. If they do not sell, no commission is charged.
Electronics starting from Tk. 400
To order, it’s here: http://bit.ly/1uLcpFM
Order on Call: +8801962780100

Figure 7: A Kaymu Ad On Facebook Focusing Sellers
c) **Less Cost & Hassle**- The sellers can get enlisted on Kaymu free of charge. There is no listing fee and no fixed cost. No marketing or advertising cost is incurred by the sellers. Sellers focus on giving products, details and pictures and Kaymu handles the uploading and marketing the products. Since there is no fixed cost, there is no risk involved.

d) **Sales Analytics & Other Support**- The Kaymu Team often provides Sales Analytics to sellers letting them know how many times people have visited their e-stores, whether or not they should stock up on a product which is going to have a high demand, which product has been viewed by how many people and how many orders have come against that and so on. These analytics help the sellers understand more about the market and prepare themselves accordingly. As for other support, Kaymu often goes out of their way to satisfy customers which in turn benefits sellers. For instance, if a customer is super unhappy with a product, he returns the product. But, if he is moderately unhappy about something, Kaymu tries to give them discount coupons and free delivery coupons and other gifts bearing the costs on their own without bugging the seller. This helps Kaymu to retain clients and helps sellers also.
4.4 Educating the Seller

Educating the seller how to manage their Kaymu e-store or managing the front-end of Kaymu Bangladesh is another responsibility of the sales executives. Basically, describing the sellers that using the front-end the how the sellers will login to kaymu account created for them and check their respective orders (if any), manage uploading/removing/editing their products pictures (listing) from the listing option and most importantly whenever they deliver any product they clicks the “Pending Dispatch” option placed on the My Sales tab.

Figure 9: Kaymu Front-end management
4.5 BD Cockpit and Incubation

Managing and nurturing new sellers for six weeks are to be done by the sales executives. Using the BD Cockpit’s data of the individual sellers I evaluate the performance of the seller, such data includes the number of times the sellers each product has been visited in Kaymu, the product visible in kaymu.com.bd, amount of gross orders, successful conversion rate etc. So based on such data the sellers are to be kept in the incubation period where sales executives contact with the sellers regarding how they can boost their sell, solves any existing problems, provide advise etc. So when the sellers comes to the third week of their incubation period they are once contacted by the sales executive and finally in the sixth week for the last time they are contacted by the executives and in the mean time if the overall performance of the seller is less than average then they are sent to the general category.

![BD Cockpit of Kaymu Bangladesh](image)

**Figure 10: BD Cockpit of Kaymu Bangladesh.**
The Title of the Study is “In the Bangladeshi E-commerce Market the future prospect and business activities of Kaymu Bangladesh”. This study mainly aims to find out more about Kaymu’s operations and impacts in the Bangladeshi market.

5  BROAD OBJECTIVE

To learn about and evaluate the operations of Kaymu Bangladesh in the Bangladeshi e-commerce market. The overall effectiveness of Kaymu’s business model in the Bangladeshi market will be examined for which solutions will be developed and tried and tested in the period to measure the effectiveness of Kaymu.

6  SPECIFIC OBJECTIVES

• To learn about the current operations and business model of Kaymu Bangladesh
• To study the market prospects of Kaymu in Bangladesh and evaluate in terms of competitor websites like e-commerce websites, social media, online customers, etc.
• To learn how the business model of Kaymu can be a viable and sustainable e-commerce business.

7  SCOPE

This report is on the prospect of Kaymu in the e-commerce market of Bangladesh. In this report, I have tried to gather information from my own experience, and primary and secondary sourced information. Since the report is descriptive I gathered data from journals, essays, news reports and company database. For primary information interviews of the associated will be considered.
8 LIMITATIONS

This report is based on primary and secondary data. Since the e-commerce business is not that prominent yet, sufficient data was not found. Plus, even though there are e-commerce sites, most sites are classifieds or sells products by acquiring them from sellers, none of the business models match to that of Kaymu's. Therefore competitor analysis may not be accurate because there is no exact replication. Market analysis may be tough as well since Kaymu being one of its kind, has been in the market for only 10 months now and there hasn't been much study/news on it. So the absence of experts in this field is another drawback. To get accurate data all the organizations has to be brought into consideration. But that will take a lot of resources and also time. Due to a specific time frame, the findings/suggestions may not be accurate.

Also, due to confidentiality issues, details of some future plans have been excluded from this report, and the financials are not accurate financials rather they are rough estimations.

9 METHODOLOGY

The study will make use of both primary and secondary sources of information. For learning about the current operations and business model, mostly primary data has been used. The company's Sales Manager and lead venture developer has been interviewed and information has been collected mostly from them. A little bit secondary data has been used as well. While studying market prospects, industry analysis and competitor analysis has been made by mostly secondary datas. Relevant websites, journals and write ups concerning the industry and competition has been used for this report. Primary data has also been used in this case, casual Interviews have been conducted with sellers and an FGD has been conducted with a set of buyers. For learning about the viability and sustainability of Kaymu's business models, a little bit of company data has been used and mostly primary data from Kaymu management has been used to predict the trend and the future.

Primary

The primary data was obtained from face to face interviews with Kaymu employees, phone interviews of Kaymu buyers and phone interviews with Kaymu sellers.

Secondary
The secondary data was compiled from relevant websites, journals, write-ups and company reports concerning Rocket Internet, Kaymu and the e-commerce business in Bangladesh. Lastly, the relevant data was compiled, put together with the findings and presented it in a standard report format.

10. CRITICAL ANALYSIS OF KAYMU BANGLADESH

Critical analysis of Kaymu Bangladesh is on studying the overall marker prospects and feasibility of Kaymu in terms of competition, challenges faced, customer base and the overall industry analysis;

b. Studying the financials of Kaymu and primarily gathering data to predict the financial future of Kaymu and what needs to be achieved to become sustainable. Lack of information is a problem here as most financial information are confidential.

11. MARKET PROSPECTS OF KAYMU: A FEASIBILITY ANALYSIS

In studying the market prospects of Kaymu, the e-commerce market will be critically analyzed along with brief descriptions of the current market players namely other e-commerce sites, the role of Facebook and other social media, analyzing the online customers and sellers and analyzing other challenges faced by Kaymu. All these will be analyzed to see whether Kaymu's business is aligned with the Bangladeshi e-commerce industry.

11.1 INDUSTRY ANALYSIS

With the rise of the internet revolution, the Bangladeshi consumers are steadily getting used to the internet cultures. Almost every large scale companies, universities, news media, etc. have their respective sites. This revolution also stirred many Small & Medium Sized Enterprises (SMEs) in Bangladesh, especially those who are related to international business. Understanding the huge potentiality and having efficient workforce, the Bangladesh Government is now funding heavily on E-Governance to make lives easier for its Citizens.
Other than this, many E-Commerce sites are also fairly doing well in this heavily populated country, despite the scarcity of many E-Commerce technologies and lack of E-Commerce facilities (like Credit Cards, E-currency Management System, and Security Systems).

11.2 CURRENT MARKET PLAYERS

Kaymu is an online marketplace with sellers who sell their products to buyers who visit Kaymu's website. It can be thought of like a shopping mall only it is online. So far, none of the e-commerce site fully follows this model. As mentioned before, Kaymu Bangladesh is ranked as the 179th website in Bangladesh right after only 3 e-commerce sites- OLX, Ekhanei, Click BD, Rokomari and bdstall.com. It has surpassed akhoni.com which is ranked 270 and biponee.com which is ranked 423 (source: www.alexa.com). So we will be focusing on these sites regarding them as Kaymu's current competition.

OLX (short for online exchange) operates local online classifieds marketplaces accessible through the internet and through native apps on mobile phones. OLX allows users to post free advertisements to sell their products. Currently OLX is not focusing on generating money, but eventually it seems they will be looking into getting advertisements on their websites as revenue stream. They will focus on generating high traffic in the website which will attract third party advertisements. Also, they can use Google ads for revenue. OLX in other countries lets classified ad givers a chance to promote their ads for a certain amount of monetary charge. Their marketing method focuses on sellers. Their current marketing promotions feature people being able to sell of anything on their website.

Ekhanei (previously named cellbazar) is also a free classified online advertisement website. It is a mobile based e-commerce platform for buying and selling goods. Their revenue stream is similar to that of OLX and they charge a listing fee if sellers want to promote their products.

ClickBD.com started its operations in April 14, 2005 as the first e-commerce portal in Bangladesh. ClickBD is an online marketplace where anyone can sell or buy almost anything. The site has a wide range of item categories including Electronics, Cameras, Phones, Computers, CDs, Mobiles, Fashion Accessories, Music, and Travel. In 2011, ClickBD launched
Online Stores alongside its classified service, providing an opportunity for users to visit an online shopping mall and do online shopping at the best price.

Akhoni.com deals with many categories products like as mobile, jewelry, clothing, food, etc. Akhoni.com is an online marketplace featuring discount deals with popular businesses like Internet services, Luxurious restaurants, Hotels, Transports, Beauty parlors, Fashion houses, etc. Akhoni.com accepts online payments in the form of visa card, master car, and bKash and DBBL online transaction system.

Rokomari.com launched in January 19, 2012 as an online book store this site basically sale books online. Rokomari.com introduced services like Cash on Delivery all around Bangladesh, Order by Phone, Minimal shipping charge (Only 30 Taka shipping cost on any amount of purchases), Discount (up to 20% off on every purchase of books), 30 Day Replacement Policy, etc.

Bikroy.com is a free classified site which generates revenue by Banner Advertisement Model for the advertisers. This allows potential Advertisers to promote their Brands and reach millions of targeted audience.

11.3 THE CLIENTS

The e-commerce clients can be divided into two categories: the buyers and the sellers.

From the seller point of view, a lot of online based business have been opened up. It is quite easy to own online stores. The only thing they need to do is open a Facebook page and promote via boosting posts and also by telling friends and family to like and share. The online business is a huge hit. These e-commerce companies also provide many facilities like cash on delivery, free shipping and also return policies if the customer is not happy with the product.

From the buyer point of view, people are getting involved with this practice for shopping online as they are easily accessible over the internet and also provide door to door delivery. Most customers feel the need to physically view and check the product before buying it. But slowly the online businesses are winning the trust of the people. Online sellers are able to provide unique products at lower prices due to lower fixed cost. This added with niche marketing and
utmost attention to customer care (online stores are very attentive to customers) helped gain this trust. Looking at the way e-commerce is growing, it seems like this trend is here to stay.

11.4 COMPARING KAYMU WITH ITS COMPETITORS

In this section, Kaymu will be compared with other e-commerce sites in Bangladesh both from a seller view and a buyer view.

Sellers: Most sellers find working with Kaymu satisfying. The main reason being Kaymu does not hold their inventory. A lot of marketplaces like akhoni/biponee buy stock from them either by cash or on credit. Mostly they take stock on credit, sell it through their websites and then return the unsold stock. This results in a stock holdup which is a disadvantage to the sellers. Some websites buy the products in wholesale rate and does high bargaining which the sellers complained about. They also try to return/exchange products if some are left unsold which creates problems to the seller. Websites that hold stock and pay later often take a long time in paying. Some websites are swift in payment making and the sellers are happy with working with them. Because Kaymu does not hold stock and the sellers are the one directly contacting the buyers and receiving the cash, it works as an advantage to the seller. Plus, they also receive marketing and other sales analytics support which helps them predict better and sell more. Kaymu’s motto being: we earn more only if you sell more, they try to promote sellers as much as possible and generate high orders. Since classified sites do not have any incentive to sell their products, rather concentrate on the high traffic in their websites, the sellers do not get such attention and support.

As for negatives, the sellers often face customer issues from Kaymu that they do not face in other websites. The other websites pick up the product from the sellers and do the deliveries themselves and so the sellers do not come in direct contact with buyers. In Kaymu, sellers must contact the buyers and deliver the products accordingly. So problems arise when dealing with customers. One problems arises when customers do not understand that Kaymu is not the one that owns the products and orders different products from different vendors and then demands the deliveries be done all at the same time and at the same charge (if any). This often leads to cancellation of orders. Again, often when customers mention to sellers that they have ordered
multiple products, vendors try to source those products and the original vendor misses out on giving the products.

For looking into buyers’ opinions, an FGD was carried out. Most buyers had either learned about Kaymu from Facebook or from mouths of friends & family. A lot of the buyers had their first purchase from Kaymu simply to see how the website works. Those were trial purchases. Many buyers returned to purchase from Kaymu because they felt comfortable with the whole process and they were happy about the way they were dealt with by the Customer Service Team. Plus some buyers mentioned how they were able to return a product if they did not like it by simply paying the delivery charge. This is convenient for them as the products reach their doorstep and then they can decide. They also felt that the whole registration process is quite easy and that the website is user friendly.

Comparing Kaymu with other e-commerce sites, few buyers mentioned the fact they like most about Kaymu is that it has some unique commodities that they have not seen elsewhere and also the variety of the products. Most buyers receive their orders within 3-5 working days but many received much later which was a dissatisfactory point. But most had received a feedback call from the Kaymu Team 3 days after placing the order and they were happy that someone was keeping the orders in track even though the products are of different sellers. One customer was not happy with his first purchase because the seller delayed the delivery by a week but he
12. SUSTAINIBILITY OF THE COMPANY: A FINANCIAL STUDY ON KAYMU

12.1. Revenue Source

Kaymu Bangladesh Limited started with a modest startup capital and has identified a break even period of three years. The model is based on E-bay's famous marketplace which encourages small sellers to sell through a common market platform based online. The biggest source of revenue is through sales. Even though the products are not owned by Kaymu, they sign agreements with sellers on commission. If a seller can sell their product through Kaymu, then a certain percentage of its sale price is given to Kaymu as commission. This is by far the biggest source of revenue for Kaymu Bangladesh Limited. With a fast paced growth rate, their revenue has been doubling every month since its inception.

12.2. Current Income Trend

Kaymu Bangladesh Limited has enjoyed steady start in an exciting market in Bangladesh. Every month, since its inception, revenue has doubled on an average... Even in real terms, the amount has gone up significantly to indicate that the model may well achieve break even before two years. The business has observed that 80% of its income is generated from 10% of its sellers, meaning the top 20 sellers generate almost 80% of Kaymu's revenue. It goes on to show the importance of good sellers with unique, well priced products for the sustainability of a company like Kaymu.

However, revenue generated from business is not the biggest source of funding for Kaymu. With a big multinational at its back, Kaymu has enjoyed funds to reach the people through intensive Facebook advertising. The funding from Berlin has gone up from the third month due to high performance in this market. Currently, if the income statement is to be seen, there is no net profit as the company plans to break even at the 3rd year.
Part-C: FINDINGS AND RECOMMENDATION

13.0 FINDINGS & OBSERVATIONS

Being a venture of a multinational company Kaymu Bangladesh has been enjoying some added advantage over its competitors and at the same time it is facing some difficulty to run its business in Bangladesh. So as Kaymu is following the business model similar to eBay and operating in accordance with the strategies, policies being formulated in Germany and France, far away from the Kaymu’s market place in Bangladesh, at the same time, as the company is being managed by the foreign and local employees so Kaymu Bangladesh has some added advantage and drawbacks as well. Strong international funding is backing the Kaymu Bangladesh’s day to day operations, so they do not have to worry about the funding for the business operations. Additionally, Kaymu has big brand name, for instance, kaymu itself has business operations in Twenty seven (27) countries and its parent company Rocket Internet has operations over fifty (50+) plus countries and operating one hundred (100+) plus companies under its portfolio. So this has given Kaymu a big brand name to run its business operation in Bangladesh with pride.

Figure 11: Worldwide business operations of Rocket Internet.
Furthermore, talented and dedicated team comprised of international and national expertise, employees has been giving Kaymu added advantage over its competitors. As mentioned, kaymu is operating in 27 countries worldwide, so if one strategy in one country is found to be successful and can be implemented in another country then Kaymu’s decision making panel immediately implement these strategies in another country and as a matter of fact these strategies works successfully, for instance, in Myanmar one strategy was implemented which was that the sales team of Myanmar would come to an verbal agreement with the sellers rather signing contract with the seller on a agreement paper that the sellers can sell through Kaymu Myanmar for two (2) months without paying any commission on sales if they start their business with kaymu with in April, 2014. So this strategy turned out to be very beneficial for Kaymu Myanmar because the amount of sellers came to an verbal agreement with Kaymu was 1500 in April which was nearly three (3) times higher than the month of March, 2014 and one advantage of this strategy is that though the sellers are starting their business without paying commission but when they get used to with online market, gets good customers response through kaymu and sells through kaymu then even after the free commission trial period they continue their business with kaymu paying the commission on sales. However, seeing the advantage of the two months free trial period Kaymu decided to implement this business strategy also in Bangladeshis this zero percent commission agreement policy has been implemented in Bangladesh in August, 2014 and the numbers of sellers getting on board with Kaymu has increased three to four times higher than the last few months.

Kaymu Bangladesh will reach it’s breakeven within three years of its inception, so Kaymu Bangladesh is exempted from paying TAX which is helping the company to at least save some money for the company. Additionally, local competitors do not have huge funding, international expertise or are capable enough to educate the online markets sellers/buyers in Bangladesh which Kaymu is doing, for example, educating the sellers on how to manage their online e-shop or front end to manage their order. Another issue that is Kaymu is more focused on the online sellers such as the sellers who have online business such as the sellers who have Facebook business page, e-commerce website, own business website etc. but they should at the same time give focus to the sellers who are selling offline or have physical stores.

One area key area Kaymu should give emphasize on its delivery channel. Kaymu does not have any integrated delivery channel using which the sellers can deliver their products to their customers. Kaymu has few delivery partners though all of them are third party delivery company such as DELEX, Jakahan-Takhan Express, Road Runner etc but none of them have the ability
to deliver the products throughout Bangladesh and they can manage the order to a certain limit afterward they stop taking delivery order.

Next, the stocks of the products depend on the sellers. So if stock for one product from sellers is over then Kaymu itself cannot stock the products by itself because Kaymu’s business model does not support doing the inventory. So even after one product is out of stock then kaymu cannot stock that product but itself.

However, other international ecommerce companies such as eBay, Amazon are the future intimidation for Kaymu Bangladesh. Since these companies promotion budget, capital etc will be above the Kaymu’s budget and have more brand value worldwide so these companies are future potential threat for Kaymu Bangladesh. So Kaymu should sort out the lacking it has so that it can overcome these lacking to the ever changing market place in Bangladesh.

14.0 RECOMMENDATION

As talked about earlier that Kaymu Bangladesh is so far being funded by its parent company Rocket internet and has some negative aspects as well in Bangladeshi business model, so to become financially sound, sufficient and to triumph over the fallacies Kaymu should do the followings as Kaymu Bangladesh hopes to break even within the 3rd year of its operations. Due to confidentiality issue, the amounts or proportions cannot be disclosed.

To break even in that time, Kaymu projects that the following things need to be done.

The customer base needs to increase. Seeing the current growth of sellers, Kaymu feels that by the next three years the customer base will expand significantly to accommodate the revenue expectation and also, there will be loyal Kaymu existing customers. More than 100 buyers are enlisting every day (commission basis) and this is about 60% more than the growth of customer base since the beginning.
Figure 12: Bangladesh Internet Users Per 100 people Sources include: World Bank, http://www.theglobaleconomy.com/Bangladesh/Internet_users/

Figure 13 shows the data provided by World Bank for Bangladesh from 1997 to 2012. The average value for Bangladesh during that period was 1.52 percent with a minimum of 0 percent in 1997 and a maximum of 6.3 percent in 2012.

From the above figure, we can understand that the growth rate of internet user is escalating very quickly with the changes in lifestyle. So Kaymu should focus on educating its sellers on managing their e-store in Kaymu, acquire more and more sellers on board on the commission basis after or within the zero percent commission offer.

Marketing needs to be done through proper channels. Currently Facebook, SEO, BlogSpot and email marketing (newsletters) are the ways via which Kaymu is marketing. The main objective of marketing a website is to bring more site visitors. The focus of bringing more visitors can be done through quantitative approach or qualitative approach. Other marketing methods can be partner websites, advertising from popular websites and traditional media like TVCs, newspaper ads, billboards, radio ads, etc. Currently, partner website marketing is in the process of happening. Kaymu sellers with websites of their own have been approached to have a Kaymu hyperlink on their website. Hopefully once this starts, the exposure will be greater.

Integrated delivery channel should have to be established so that the sellers can easily deliver their products using the kaymu's assigned delivery channel if it is convenient to them.
Additionally, nationwide Cash on Delivery (COD) should be adopted by the delivery channel for the convenience of the sellers as well as for the buyers.

As kaymu is not doing the inventory so it does not have direct control over the stock of the products so kaymu should look for and source more and more sellers who can provide kaymu similar products at a competitively low rate so that if one seller runs out of stock then other sellers can provide the product to the customers. Additionally, as major ecommerce site such as eBay, Amazon are great threat for Kaymu so it should try to grab as much market share as possible as a short period of time and develop newer business policies, strategies frequently and place them in market in a strong position so that even if these competitive companies starts their operation on Bangladesh Kaymu can operate its business in Bangladesh smoothly and profitably.
15.0 CONCLUSION

Kaymu Bangladesh has seen potential prospect in the Bangladeshi e-commerce market. This is the correct time to tap into the market and establish itself as a key player in the community. There are challenges like the delivery system and hopefully these will be sorted out soon. One important thing is, at this time it is not only Kaymu who is tapping into the market. A lot of other businesses are as well. So in the future, we hope to see better growth of the e-commerce sector with better infrastructure and other businesses catering to this sector.
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