

Overview the E-Commerce in Bangladesh.

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Abstract: *Electronic commerce, commonly known as e-commerce which consists of the buying and selling of products or services over electronic systems such as the internet and other computer networks. Electronic commerce is rapidly growing as an impressive manifestation of globalization. The rapid expansion of e-commerce is a major opportunity for local and international trade development of LDCs including Bangladesh. The amount of trade conducted electronically has grown dramatically since the spread of the internet. A wide variety of commerce is conducted in this way, spurring and drawing on innovations in electronic fund transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange, automated inventory management systems and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at some point in the transaction's life cycle, although it can encompass a wider range of technologies such as e-mail as well. Bangladesh has also stepped into the arena of e-commerce slowly but surely. This work focuses on the overall e-commerce websites and business to consumer category of Bangladesh (B2C). This article emphasizes on secondary sources data collection. The report ends with recommendations and conclusion.*

Keywords: *E-commerce, Business to Business (B2B), Business to Consumer (B2C), Business to Government (B2G), E-Market.*

I. Introduction

Electronic commerce or e-commerce is a term for any type of business, or commercial transaction that involves the transfer of information across the internet. It is currently one of the most important aspects of the internet to emerge. E-commerce has grown rapidly Worldwide and also in Bangladesh. At present internet services are available in Bangladesh. Its usage for e-commerce by Bangladeshi producers to export as well as to access inputs will be dependent on their willingness and ability to use this medium as well as that of the buyers of final products and the sellers of intermediate goods and services. In Bangladesh, among the dimensions of e-commerce, there is a limited application and use of B2C e-commerce. But a significant portion of total e-commerce websites are engaged in C2C e-commerce which is auction based commerce between consumers to consumer. Other fields are not yet much developed in Bangladesh. There are many reasons behind this one simple reason this country is not so developed and most of its citizens are poor and uneducated. It is quite natural that there are few customers who is willing and can shop in internet. It might take years to be developed in this sector in Bangladesh, but there are evidence found that it is also growing rapidly and soon will reach at a prosperous stage.

There are over 2 billion internet users Worldwide in 2011 and it is forecast this number will exceed 3 billion by 2015 and the world B2C e-commerce industry generated between \$400 billion and \$600 billion in 2010 according to yStats.com, which estimates the market will generate somewhere from \$700 billion and \$950 billion in 2015. Social media continues to fuel the B2B e-commerce market, which aims to boost electronic business process efficiency, reports T systems. E-commerce is being considered as a separate, profitable field business and intermediary actors are updating their B2B business models, while embracing aspects of social media. Besides, competitive advantages determine whether a company can move forward, E-commerce is the right tool for gaining competitive advantage now-a-days in Bangladesh. Some restrict the definition of e-commerce only to internet rather telecommunication and telecommunication based tools are also involved in e-commerce activities. In Bangladesh perspective, the broader definition is accepted to all. Like traditional commerce, e-commerce does not involved only in buying and selling of goods and services rather includes intra-company and inter-company functions like negotiations and transactions, manufacturing and marketing etc. using email, Electronic Data Interchange (EDI), fax, file transfer, video conferencing etc. depending on the involvement with electronic means, a company can be either a complete or partial e-commerce user. Much debate surrounds the blooming e-commerce industry in Bangladesh, with different views on whether the proliferation and growth of e-commerce companies and the valuation that some of them have generated is merely a bubble or just the tip of the iceberg. Right now more than 6.5 million people are using Internet in the country with the help of around 200 private registered Internet Service Providers (ISP) and dial-up services and the cost of using Internet is low. The increasing number of user of Internet creates more opportunity of e-commerce in the recent years. Around 100 million people use mobile services and 15 or 20 percent people take

mobile banking services. According to data of Bangladesh Bank, about 1 million mobile users take the mobile banking services and roughly over 100 core transactions are made through the mobile banking every month. In Bangladesh have more than 2500 e-commerce websites and 1 million digital buyer overall and 50% of them are from Asia market. It is clear that e-commerce industry is growing at a rapid pace in Bangladesh. Major retailers are now opening their own websites which complement their traditional bricks-and-mortar outlets. Some retailers operate solely over the Internet, especially in F-commerce (Face book commerce). Online retailers often sell products and services at a significant discount to those offered by traditional outlets. Buying online is convenient. Consumers can make their purchases from the comfort of their own homes and have them delivered to their doors. In the near future the boundaries between 'conventional' and 'electronic' commerce will become increasingly blurred as more and more businesses move sections of their operations onto Internet.

II. Objectives

E-commerce has grown tremendously worldwide and also grown in Bangladesh. The impact of this growth is also influencing societies and businesses. So, this article is prepared with some objectives i.e. -

- To find out the origins and growth of e-commerce.
- To know the major types of e-commerce websites.
- To explain the evaluation of e-commerce.
- To analyze the different e-commerce websites in Bangladesh.

III. Methodology

This study is mainly based on secondary data related to E-commerce. Secondary data and information have gathered from Internet browsing, Books, Journals, Research paper etc. Primary data and information also have collected through using observation and interview method.

IV. Limitations

This research paper further can be used as a useful secondary source of data but it also holds some limitations due to confidentiality. Those limitations are-

- Unwillingness of e-commerce websites to provide information.
- Related regulatory body, Ministry of commerce & Industry do not provide sufficient data.
- Lack of information regarding total revenue from e-commerce industry in Bangladesh.

V. Ecommerce And Its Brief History

Meaning of E-Commerce: The Dictionary meaning of E-commerce is "The conducting of business communication and transactions over networks and through computers." E-commerce also includes all inter-company and intra-company functions (such as marketing, finance, manufacturing, selling and negotiation) that enable commerce and use electronic mail, EDI, file transfer, fax, video conferencing, workflow or interaction with a remote computer. E-commerce or electronic commerce is generally considered to be the sales aspect of e-business. If we want to define a term e-commerce we can choose between various definitions. According WTO it is "production, distribution, marketing, selling and expedition of goods and services by using of electronically measures." According to the Commission that formulates and regulates international trade in cooperation with the WTO, it means –"Any information in form of data message used in context of commercial activities." Among thousands of blessings of this "World Wide Web" or "WWW", e-commerce has brought an opportunity to get the best out of it.

Brief History of E-Commerce: In 1950s company began to use computers to store and process internal transaction records and in 1960s businesses that engaged large volume of transaction had begun exchanging transaction information on punched card. Transportation Data Coordination Committee (TDCC) was formed by some companies in 1968. American National Standards Institute (ANSI) chartered a new committee to develop uniform Electron Data Interchange(EDI) in 1979. Online shopping was invented in the UK by Michael Aldrich in 1979. Minitel was introduced nationwide in France by France Telecom and used for online ordering in 1982. World's first recorded B2C online home shopper was established where Mrs. Jane Snowball used the Gates head Tesco system to buy groceries in 1984. Swreg begins to provide software and shareware authors means to sell their products online through an electronic merchant account in 1987. Tim Berners-Lee writes the first web browser, World Wide Web, using a NeXT computer in 1990. In 1992, J.H. Snider and Terra Zippering published "Future Shop: How New Technologies will Change the Way We Shop and What We Buy". Netscape releases the Navigator browser under the code name Mozilla, Pizza Hut offers pizza ordering on its Web page, the first online bank opens, attempts to offer flower delivery and magazine subscriptions online and adult materials also become commercially available, as do cars and bikes in 1994. Jeff Bezos launches Amazon.com and the first commercial-free 24 hours, Internet-only radio stations, Radio HK and Net Radio start broadcasting, Dell and Cisco begin to aggressively use Internet for commercial transactions, eBay is founded by computer

programmer Pierre Omidyar as Auction Web in 1995. Business.com sold for US\$ 7.5 million to eCompanies which was purchased in 1997 for US\$ 149,000, the peer-to-peer file sharing software Napster launches, ATG Stores launches to sell decorative items for the home online in 1999. DHgate.com, China's first online b2b transaction platform was established, forcing other b2b sites to move away from the "yellow pages" model in 2004. Day by day online users have expanded; developed countries have increased E-commerce. In 2011 US e-commerce and online retail sales projected to reach \$197 billion, an increase of 12 percent over 2010. Quidsi.com, parent company of Diapers.com, acquired by Amazon.com for \$500 million in cash plus \$45 million in debt and other obligations. GSI Commerce, a company specializing in creating, developing and running online shopping sites for brick and mortar businesses, acquired by eBay for \$2.4 billion.

VI. Overview The E-Commerce In Bangladesh

Emergence of E-Commerce in Bangladesh: with the increasing diffusion of ICTs, more specifically the internet, the global business community is rapidly moving towards Business-to-Business (B2B) e-commerce. The buyers or importers gain a clear advantage when the Internet gives them access to the global market, by which they can compare prices across regions, find out whether prices vary by order fragmentation, get awareness about alternative products. Consequently, the sellers or exporters make sure that they are well portrayed in the cyber world through websites and portals. Like buyers, sellers also benefit from increased and more efficient access to the global market through the internet. Bangladesh is pursuing an economic policy of export-led growth. With the rising forces of globalization, it is becoming increasingly important that the private sector, particularly the export sectors are well prepared to meet the requirements and expectations of the importers and also stand out in the competition against exporters in other countries. In such a scenario, two issues are becoming particularly important for Bangladeshi export sectors- one, whether businesses are automating their internal processes with these of ICTs to become increasingly efficient and competitive in a global context and two, whether businesses have effective presence and participation in the cyber world. International organizations such as UNCTAD (United Nations Center for Trade and Development) and WTO (World Trade Organization) have emphasized on the importance of e-commerce for developing countries over the last several years. UNCTAD has special programs to facilitate developing countries to transition into e-commerce. The WTO has also developed rules and guidelines for global e-commerce transactions.

E-Commerce in Different Sector in Bangladesh: Though being a under developed country, selected segments of the Bangladeshi business community has embraced technology with reasonable success. Personal computers and the Internet are also emerging as day-to-day business tools. These positive indicators are favoring the prospects of e-commerce in Bangladesh. Some sectors are given below-

- Ready Made Garments (RMG).
- Banking sectors (Online Banking).
- Online Shopping.
- Web Hosting, Domain.
- Online cards, gifts.
- Oil and Gas sector etc.
- Online Transportation System, Hotel Management and Tourism etc.

Advantages of E-Commerce in the Perspective of Bangladesh: The multidimensional activity of E-commerce which Bangladesh can be benefited in business sector, i.e.-

- Expansion of the era of Business.
- Reducing of unemployment problems.
- Reducing of communication difficulties.
- Access to the international market.
- Competition against exporting in other countries.
- Business in round the clock.
- Helps to enhance the knowledge about business.etc

Telecommunication's Role in E-Commerce of Bangladesh: E-Commerce is largely dependent on the Internet and the access, pricing and the quality of Internet services and internet services are significantly dependent on the status and performance of the telecommunications sector. As per the National Telecom Policy, 1998, the telecom sector (Fixed line, Mobile and the Internet) is liberalized for private investment. Following the National Telecommunication Policy, the Bangladesh Telecom Act-2001 was enacted. In order to separate the commercial operations of Bangladesh Telegraph and Telephone Board (BTTB) from its regulatory functions, a separate Bangladesh Telecommunication Regulatory Commission (BTRC) has been established in January 2002. Bangladesh is already connected with Information Super High Way (I-Way / Submarine Cable) and with the 16-party consortium of the 20000 km 'South East Asia-Middle East-West Europe (SEA-ME-WE-4) submarine

cable projects as it has already installed the 1260 km branch line cable from the landing station at Zhilanja in Cox's Bazaar and at a point in the backbone of the undersea cable in the Indian Ocean. The capacity of the undersea cable will be available in the national network after the installation of fiber link between Cox's Bazaar landing station and Chittagong, which is to be completed by 2006 which connection has drastically reduce the communication cost and ultimately the transaction cost. Last Mile connections in Bangladesh are provided jointly by public sector and private sector. At present, in addition to the state-run BTTB's Land & Cell operation, four cellular and five rural fixed lines telecom service providers 195 ISPs and numerous cable operators are operating in rural and urban areas of the country. Key developments of Internet service are-

- ❖ The focus starts to build on the country developing into 'Digital Bangladesh' by 2021 with this strategy providing a boost to infrastructure.
- ❖ Mobile internet services have been giving a much needed boost to internet access.
- ❖ Provide board band services, however, continue to struggle.
- ❖ Rapid early growth in WiMAX services after operators launch.
- ❖ BTRC prepares to open market for more VoIP operator licenses.
- ❖ BTRC issued 34 additional IIG licenses in 2012.
- ❖ Banglalion and Augere were permitted to upgrade their networks to TD-LTE .etc.

Constraints to E-Commerce in Bangladesh: Out of 64 districts, Internet services are available only in 6 major district headquarters. BTTB is planning to gradually roll out an IP net work up to the 64 district headquarters. In January 2002, the internet facilities were extended to 12 districts. The project is running on very fast and today almost 40 plus districts are getting Internet facilities, within very short time 64 districts will be covered with Internet facilities. Followings are the barriers of e-commerce in Bangladesh-

- Minimum number of users of websites.
- Poor telecommunication infrastructure.
- High price of computer and hardware.
- Lack of technically efficient personnel.
- Lack of investment in hardware and software.
- Online banking connectivity is poor.
- Absence of sufficient cyber law.
- Very slow & expensive Internet services.
- Lack of initiatives in taking e-commerce.
- Bureaucratic complexities.
- Lack of awareness at government level of e-commerce issues.

Major E-Commerce Websites in Bangladesh: in spite of various barriers many e-commerce websites are established in Bangladesh. In July, 2013, an article published on Financial Express with title "e-commerce expanding at faster pace; yet no PayPal operation allowed in Bangladesh". E-commerce in Bangladesh is expanding rapidly, thanks to a fast growing number of Internet and mobile users, people familiar with the business. The volume of e-commerce in terms of transactions in monetary value is expected to reach BDT-2000 million in 2013 against around BDT.450 million of 2012. The products and services that now dominate the country's e-commerce are railway tickets, domestic air tickets, hotel booking, electronic products, books, gift items, jobs, hotel reservation clothing and some food items. Major e-commerce websites in Bangladesh are given below-

- ✓ www.banglamart.com
- ✓ www.bikroy.com
- ✓ www.akhoni.com
- ✓ www.ajkerdeal.com
- ✓ www.sohojshopping.com
- ✓ www.cellbazaar.com
- ✓ www.rokomari.com
- ✓ www.bdjobs.com
- ✓ www.mutobazaar.com

Dimensions of E-Commerce in Bangladesh: Internet services are presently available in Bangladesh. Its usage for e-commerce by the Bangladeshi producers to export as well as to access inputs will be dependent on their willingness and ability to use this medium as well as that of the buyers of final products and the sellers of intermediate goods and services. Three dimensions of e-commerce among them Business-to-Consumers (B2C) is practically slightly existent in Bangladesh, while a very limited level of Business-to-Business (B2B) and Business-to-Government(B2G) transactions exists. The potential for use of e-commerce by Bangladeshi

consumers and businesses with foreign firms is much brighter and can play an important role in boosting the country's exports. A significant volume of B2G is also possible, as the government remains the biggest spender.

Present Internet Situation in Bangladesh: The internet came late to Bangladesh with the country gaining connectivity in 1996. In the last few years it has grown considerably, although obviously from a very low base. With an estimated internet user-base of around 10 million coming into 2013, representing just under 7% user penetration by population, the local internet industry has been preparing to move into the next stage of its development. As this report demonstrates, however, the country must work hard to overcome obstacles associated with the country's lowly economic status and still developing ICT infrastructure, not least of which being an overly bureaucratic government. The report also looks briefly at very early signs of broadband internet in Bangladesh and importantly, the country's first moves into WiMAX and mobile broadband services. The Internet was launched by private Internet Service Providers (ISPs) in 1997. Even though NTP98 acknowledges the critical need for easy and affordable access to Internet services, BTTB's pricing and regulatory strategy on ISPs are restrictive.

VII. Findings

Major Websites are fall in B2C category but still there are some differences in the way of doing business. Therefore, to figure out the major similarities and dissimilarities, comparisons among major B2C e-commerce websites are presented in the findings part.

Comparison: Categories

Banglamart.com	Muktobazaar.com	Sohojsopping.com	Ajkerdeal.com	Akhoni.com
13	25	19	12	18

Comparison: Payment System

Banglamart.com	Muktobazaar.com	Sohojsopping.com	Ajkerdeal.com	Akhoni.com
- Cash on delivery (CoD)	- Cash on delivery (CoD)	- Cash on delivery (CoD)	- Cash on delivery (CoD)	- Cash on delivery (CoD)
- bKash	- bKash	- bKash	- bKash	- bKash
- DBBL Mobile Banking	- Mobile Banking	- DBBL & BRAC Bank Banking partner	- DBBL Mobile Banking	- DBBL Mobile Banking
- Debit card	- Credit card	- Payment Partner; VeriSign Secured	- Credit card	- Credit card

Comparison: Service Zone

Banglamart.com	Muktobazaar.com	Sohojsopping.com	Ajkerdeal.com	Akhoni.com
All over Bangladesh	Cities: -Dhaka -Chittagong -Sylhet Divisions: -Dhaka -Chittagong -Sylhet -Khulna -Rajshahi -Rangpor -Barishal	-All over Bangladesh -USA, UK, Canada	-All over Bangladesh	-All over Bangladesh

Comparison: Merchant Network [e-stores]

Banglamart.com	Muktobazaar.com	Sohojsopping.com	Ajkerdeal.com	Akhoni.com
32	165	26	8	36

Comparison: Strengths

Banglamart.com	Muktobazaar.com	Sohoishoping.com	Ajkerdeal.com	Akhoni.com
-Reasonable price -Cost efficiency -Faster delivery system -Flexibility in payment system	-Delivery within a short time. -Renowned brands under one roof. -Broader range of product	-Free home delivery -30 days return and money back guarantee -Shop around the world, including USA, UK, Canada -Gift certificates	-Business tactics -Larger options for consumers -Powerful promotional tools -Elegant front end website design.	-Same day delivery -Strong promotion Policy -Discount coupons

Comparison: Weakness

Banglamart.com	Muktobazaar.com	Sohoishoping.com	Ajkerdeal.com	Akhoni.com
-Newest in e-commerce industry -Lack of experience -Aggressive concentration on promotion -Small merchant network	-Less promotional activities -Website design is less appealing	-Less media promotion -Insufficient product details	-Lack of promotional activities -Difficult process of coupons -Fewer product Variations	-Based on Dhaka city mostly -Quite unable to cover entire premises of consumer choice.

VIII. Conclusion

The potential size of Bangladeshi e-commerce market and promising sign of development in its ecosystem has resulted in some impressive valuations for some of the country’s burgeoning e-commerce. There has been much debate about whether these valuations are part of an overly optimistic ‘bubble’, or if they are relatively conservative. Despite being a poor country, selected segments of the Bangladeshi business community has embraced technology with reasonable success. The facsimile in the 1980’s and mobile telephones in the 1990’s popularized modern technology in the mass market. Personal computers and the Internet are also emerging as day-to-day business tools. These positive indicators are favoring the prospects of e-commerce in Bangladesh. Synergy between telecommunications and information technology has the proven capability of monitoring and administering the real-time transactions. Therefore liberalizing the telecom and Information Technology (IT) sectors as well as reforming the country’s financial and commercial procedures is the preconditions of successfully implementing e-commerce in Bangladesh. In the case of marketing, simply having a website in the vast sea of the Internet is not sufficient. Uniformity is an important factor in the commencing of contracts through the Internet. Therefore to take advantage of the newer opportunities that IT development presents, the Bangladeshi companies have to attain internationally accepted certification on quality control, competitive price and timely delivery. Creating awareness among the Bangladeshi exporters regarding e-commerce is essential. They have to be knowledgeable to appropriate and to utilize the benefits of IT. The exporters are not required to acquire operating knowledge on IT. Their understanding on the cost-benefit aspects followed by adopting e-commerce would be an achievement. Business Associations can play a major part at this juncture by highlighting the benefits of IT to its members and encouraging them to use customized software for their day-to-day operations.

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