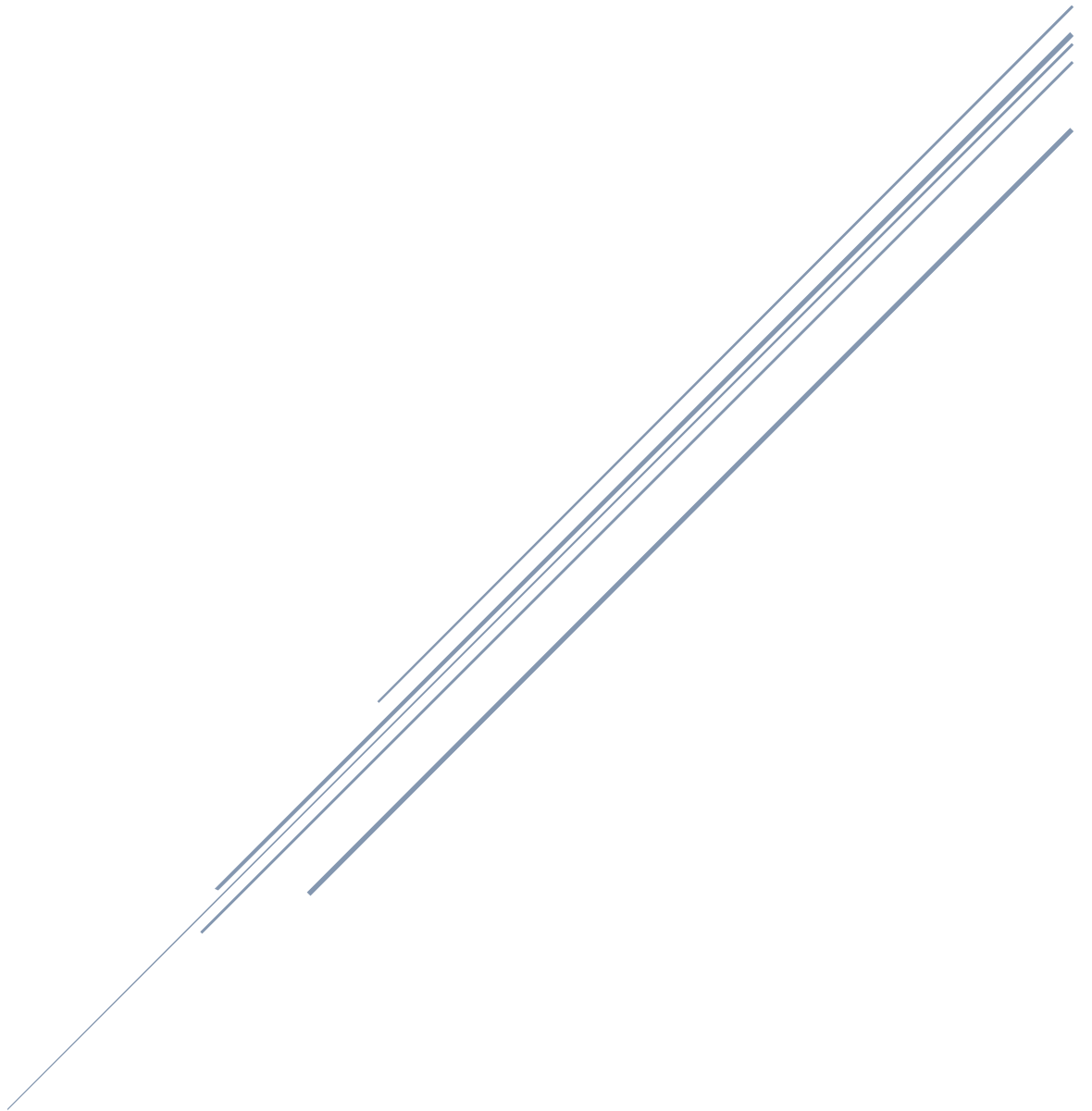


Prospects and Challenges of the E-Commerce Industry in Bangladesh



Prospects and Challenges of the E-Commerce Industry in Bangladesh

Submitted to:

Dr. Md. Shariful Alam

Associate Professor

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Date of submission: 19th March 2022

Letter of Transmittal

March 19, 2022

Dr. Md. Shariful Alam

Associate Professor

School of Business and Economics

United International University

Dear Sir,

It is indeed a great pleasure for me to be able to hand over the project report on “Prospects and Challenges of the E-Commerce Industry in Bangladesh”. This report is the result of the knowledge and instructions that I have gathered by staying under your valuable supervision.

I have tried my level best in making this report as informative as possible & used both primary & secondary data to make the report findings more effective. The report has enabled me to get a good picture about the ecommerce industry of Bangladesh. Your inspiration was the key to making this report successful.

I hope that you will find my report worth reading & feel free for any sort of clarification. I hope you'll appreciate my hard work & excuse the minor errors. Thank you for your support.

Sincerely,

Monia Khondoker

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Declaration of the Student

I, Monia Khondoker, hereby declare that the presented report of the project titled “Prospects and Challenges of the E-Commerce Industry in Bangladesh” is uniquely prepared by me. Also, I declare that the report was made solely for academic purposes.

Monia Khondoker

111143220

BBA Department

Acknowledgment

Foremost, thanks to the Almighty Allah for the gift of life and for his protection. Secondly, I would like to pass a lot of gratitude to Dr. Md. Shariful Alam sir for his teachings and also so for allowing me to make a report on “Prospects and Challenges of the E-Commerce Industry in Bangladesh” as my study area for my research.

I also thank the brothers and sisters whose valuable responses helped me to make this research successful.

Not forgetting those who are not mentioned here and contributed either directly or indirectly towards the success of my project.

May Allah bless them all!

Abstract

Due to the wide usage of internet, the global ecommerce industry is booming. The same is true for Bangladesh or perhaps become too much since the ecommerce industry is booming at an outstanding rate. Internet and smart devices have become widely available among the people of Bangladesh, online payment is also becoming flexible, opening up a business as ecommerce faces almost no challenges and for, all of these reasons an ecommerce-based business is usually an entrepreneur's first choice in Bangladesh. But all good things have their own dark side, because it is very important to monitor business transactions and operations by the government so that consumers are not scammed and also for stopping illegal transactions. But due to the lack of government regulations and proper monitoring, a lot of people in Bangladesh have lost millions of dollars because of ecommerce businesses that took the money but did not deliver the product. By keeping all the ups and downs of the ecommerce industry of Bangladesh in mind, the following report tried to put a light on certain burning issues like what are the prospects, what are the challenges and also if the recent scams had left a dent in the trust of the consumers of the ecommerce industry.

The ecommerce industry of Bangladesh holds great prospect since many international and local companies are competing in the market which is eventually leading to greater quality assurance, internet usage, and smart device usage is increasing rapidly which is paving the way for more new markets to target, the advancement of the ecommerce industry is also helping other businesses like marketing agencies, software companies. On the other hand, if we look at the challenges of the industry, we could see many lurking such as the growth of the industry is mainly Dhaka city-focused or in other words, other districts of Bangladesh have not quite adopted the idea of ecommerce. Secondly, there is a very high concern regarding the quality of goods or service purchased online. There are other problems that surround the ecommerce industry like lack of regulations which leads to online scams, avoidance of online payment due to quality issues, etc.

Also, in order to understand, whether online scams have left a dent in the trust of the consumer of the industry the report has come out with some findings such as, people still do not feel that much inconfidence when purchasing online, also not that many people have lost their trust on the government regarding taking action for making ecommerce transactions more secure.

Also, the report has highlighted new fields of research that should be conducted for the future expansion of the ecommerce industry. The research will be based on analyzing demographic, psychographic, literacy, income level, etc. for each of the districts of Bangladesh which will eventually help new businesses develop strategies to enter new areas of Bangladesh through ecommerce.

The main finding that the report has focused on is that the Bangladesh government has the major role to play in expanding and in securing the rights and responsibilities of the consumers and ecommerce firms. Proper regulations will surely encourage more businesses to perform their operations more confidently and will also keep fraudulent practices away from the industry. Also, with the help of the government, the general consumers will feel more encouraged to purchase online which will eventually lead to the betterment of the industry and the economy of the country.

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Chapter I: Introduction

1.1. Background of the Study

Ecommerce refers to an action where a commercial transaction takes place electronically over the internet. Ecommerce process started its journey in Late 90s and today we get to buy and sell almost any product or service or information through the internet.

At present, the people of Bangladesh are more educated and tech savvy than ever before. People are using internet, smart devices and computers every day. With the rise of using internet, according to eCommerce Association of Bangladesh there are about 700 ecommerce sites and 8000 eCommerce pages in Facebook. Amongst the ecommerce sites, the most popular are Daraz (Market Place), Pickaboo (B2C), Bikroy.com (C2C), iBOS (B2B) etc.

In Bangladesh, there are many types of ecommerce businesses but along with the rise of this segment various problems are also occurring.

For example:

- Customer not receiving their product or service even after making payment
- After sales service is ignored in most ecommerce transactions
- The market places and social media platforms barely takes any action or steps against sellers or buyers. In almost all cases, ecommerce market places and social media platforms do not perform any kind of screening or impose regulation on buyers. Which is why scamming through this industry is on the rise than ever
- Due to no strict rules, many hollow business organizations are luring customers into purchasing products through various promotional activities and consuming millions of dollars without providing the products or service
- At the end of the day, whether or not the culprits get caught, no actions are taken by the government or by any regulatory authority to retrieve the money for the customer

- As a result, while developed countries are fully focusing on expanding their business through ecommerce the people of Bangladesh are losing their faith on the ecommerce platforms. Which is why the businesses which are actually trying to give a better service are suffering to gain the trust of customers towards quality assurance.

Based on the problems mentioned above, the study will try to put a light on two things:

1. Whether the people of Bangladesh are losing their trust on the ecommerce industry of Bangladesh?
2. What are the challenges that the ecommerce industry of Bangladesh is facing?
3. What are the prospects of ecommerce in Bangladesh?

1.2 Statement of the Problem

The ecommerce industry has become one of the most important sectors in Bangladesh, especially with the vision of making a Digital Bangladesh. Unfortunately, due to lack of regulations, the people in general are getting scammed or in most cases the expected service is not satisfactory to the customers. The purpose of this study is to explore what are the factors that are holding back or creating problems in the advancement of ecommerce sector in Bangladesh and also what could be done to resolve the issues along with exploring the prospects of the industry for ensuring the development of the ecommerce industry in Bangladesh.

1.3 Objectives of the Study

General Objective

To assess the prospects & challenges of the ecommerce industry in Bangladesh

Specific Objectives

- To identify the attitude of the people of Bangladesh towards doing transaction online.

- To identify the challenges that the ecommerce industry in Bangladesh is facing.
- To identify the solutions that can help in the development of the ecommerce industry.
- To explore new prospects of the ecommerce industry in Bangladesh

1.4 Research Hypotheses and Theoretical Framework

Research Hypotheses

It is hypothesized that the people of Bangladesh are losing faith on the ecommerce industry in Bangladesh due to the fear of being scammed.

Hypothesis as Question

Are the people of Bangladesh losing faith on the ecommerce industry of Bangladesh due to the fear of getting scammed?

1.5 Motivation of the Study

The motivation behind the study is solely related with the recent online scams that has taken place by various ecommerce platforms like Evaly, Eorange, Dhamaka, Qcoom, Dalal, Sirajganj Shop, Aladiner Prodip, Boom Pradip, Adian Mart etc. These platforms used a strategy where they took payment in advance then later did not deliver the goods. People have lost a lot of money as well as time for waiting and protesting against this. Due to lack of proper monitoring of government many organizations through the Ponzi scheme, has scammed many customers in Bangladesh and has brought a great economical imbalance in the country. A study became eminent regarding this burning issue to know what view the people holds towards the ecommerce industry.

The study will try to put a light on whether the people of Bangladesh has lost their faith on the ecommerce transaction system due to these huge scams that took place and also what prospects lie ahead for the ecommerce industry of Bangladesh.

1.6 Scope and Limitations of the Study

Scope

The purpose of the study is to focus on the below issues:

1. Are the people of Bangladesh losing faith on the ecommerce industry due to the increasing number of online scams?
2. What prospect lies ahead for the ecommerce industry of Bangladesh?
3. Along with online scam, what are the other challenges that the ecommerce industry of Bangladesh is facing?

While addressing the two issues mentioned above the study has focused on survey as primary data source. Since, University level students are more prone to using ecommerce platforms. The age range for the survey participants is within 20-30 and the study result is based on capital city Dhaka since ecommerce transactions are most popular in Dhaka city compared to other cities of Bangladesh. The sample size for the study is 100.

For secondary data source, the survey will focus on Newspaper articles.

Limitations

The sample size is the main limitation for the study. Study result might change if sample is increased even more.

Another limitation is the timeframe for which the study is generated. The majority part of the study is surrounded by the ecommerce scams that took place by various online businesses. So, the study results might not be relevant if taken into consideration after a few years from the data of submitting the report.

Chapter II: Review of the Literature

2.1 Introduction

Online business system or ecommerce has helped Bangladesh flourish its economy at an outstanding pace. Alongside that, lack of proper monitoring has also brought great suffering to the people of Bangladesh and its economy. The literature review section has focused on the findings which are centered around the prospects & challenges that are relevant to the ecommerce industry of Bangladesh. The review will help in understanding what new opportunities and new practices will arrive for the ecommerce industry of Bangladesh, also it will state what challenges are acting as barriers for the industry. Especially the review will state if the ecommerce industry in Bangladesh is losing its integrity towards the people of the country due to increasing number of scams.

2.2 Industry Analysis

2.2.1 Specification of the Industry

At present, the people of Bangladesh are more educated and tech savvy than ever before. People are using internet, smart devices and computers every day. Amongst the ecommerce sites, the most popular are Daraz (Market Place), Pickaboo (B2C), Bikroy.com (C2C), iBOS (B2B) etc.

In Bangladesh the types of industries that has adopted ecommerce includes:

1. Banking
2. Shopping
3. Delivery Businesses
4. Hotel Management
5. Tourism
6. Software
7. Food
8. Export & Import

In Bangladesh, there are five types of ecommerce platforms:

B2B (Business to Business): This type of ecommerce businesses performs transactions with other businesses or in other words the customers for this type of businesses are other organizations not individual users. The biggest example of such industry is the customized software industry of Bangladesh.

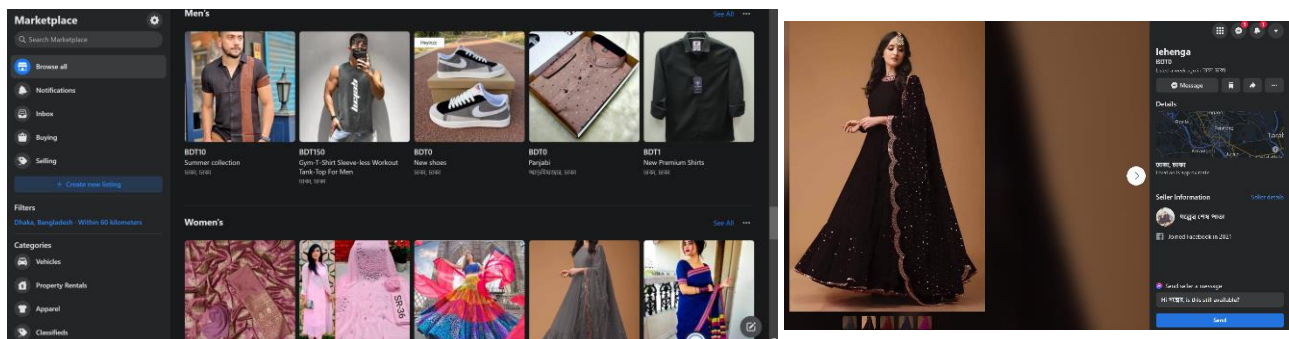
B2C (Business to Customer): This is the most popular and most common form of ecommerce business. Here, products or goods are directly sold to individual users. For example: Picakboo.com

C2C (Customer to Customer): In case, individual person acts as both buyer and seller at the same time. For example: bikroy.com

Ecommerce Market Place: This is one of the newest and one of the most popular platforms in Bangladesh. Here an online market place acts as a medium between buyers and sellers. The medium helps to promote the products of the seller in exchange for sales commission. Also, sometimes the medium also participates as seller in its own platform. Evaly, Daraz are two great giants in this type of ecommerce system.

Social Media: Though social media is not fully an ecommerce system, still a lion share of transactions is mediated by these platforms. This platform is on the rise and also so vast because there is “0” cost involved in opening up a business on social media. Facebook marketplace; Facebook & Instagram business pages are examples of such platforms.

(Pictures)



2.2.2 Size & Trends of the Ecommerce Industry in Bangladesh

Size: The ecommerce industry in Bangladesh has boomed without a doubt. The market is worth about 2 billion dollars according to a November 2020 report. With the rise of using internet, according to eCommerce Association of Bangladesh, there are about 700 ecommerce sites and 8000 eCommerce pages in Facebook. As per BTRC (Bangladesh Telecommunication Regulatory Commission) the total number of internet subscriber has hit 129.18 million in Bangladesh by the end of October, 2021.

The total number of Internet Subscribers has reached **129.18** Million at the end of October, 2021.

The Internet subscribers are shown below:

OPERATOR	SUBSCRIBER (MILLION)
Mobile Internet	119.11
ISP + PSTN	10.07
Total	129.18

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

The report states how vast the ecommerce market can become since ecommerce and number of internet subscribers go hand in hand.

Trends: Ecommerce industry in Bangladesh is constantly coming up with new trends. For example, local buyers are now able to get products directly from foreign sellers and vice versa. Most importantly, using of social media to promote products is one of the biggest and most common ways of promoting products or services online. In this case, any business can promote its products or services by posting ads for a small fee through social media business page. The ads could be of different kinds which are run by the sellers. Daraz's 11.11 campaign is a burning example of that. Daraz was able to generate about \$2.5 million dollars of sales on the first hour of the campaign according to Daraz CMO.

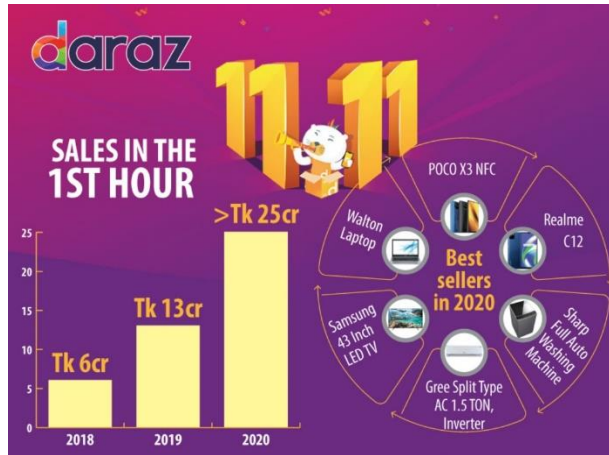


Figure Credit: Dhaka Tribune ([Daraz's 11.11 campaign was a sales blitz like no other | Dhaka Tribune](#))

The arrival of Daraz and Evaly is one of the biggest trends that the ecommerce market has shown. Businesses which are struggling to perform sell online are lining up with online market places. These market places allow the businesses to post their products and with the help of the market place the businesses are also able to do marketing on a large scale in exchange for sales commission. However, due to lack of regulations by the government and also by the marketplace owner, many people are scammed with fake products or services.

Also, the ecommerce is more encouraged in Bangladesh through the use of MFS. Various types of discounts are provided if payments are done through MFS like bKash and Nagad. The same practice is true for bank payments also.

For payment the following standards are followed in Bangladesh.

1. Cash on Delivery
2. Partial Payment
3. Advance Payment through MFS or payment through bank

Ecommerce and marketing go hand in hand. In order to drive more traffic to ecommerce platforms both online and offline campaigns are held by organizations. Companies come up with various marketing tactics each focused on a specific goal. For example, some

marketing campaigns are launched to raise brand awareness whereas some campaigns are focused on driving more sales.

The popular marketing platforms in Bangladesh are as below:

- Social Media
- Television
- Print media
- Direct marketing
- Leaflet
- Wall paintings
- Sponsorship (Sports, movie drama etc.)

Alongside of all the positive trends in the market, there are also some negative aspects.

For example:

- It is difficult in Bangladesh to make people get used to a new system specially when it comes to ecommerce.
- Buyer & Seller's lack of integrity which leads to various fraudulent activities.
- Lack of regulation by Government and lack of strong action taking capability by the government against fraudulent activities.
- Ecommerce transactions are less popular outside of Dhaka City which leaves a huge target market less engaged with the system.
- High delivery cost outside of Dhaka which discourages people of other districts to engage in online shopping.

2.2.3 External Economic Factors

Aside for the direct influential factors like the number of internet users, types of businesses, payment systems, there are other external economic factors which are influencing the ecommerce industry of Bangladesh.

Software Industry: The software industry is becoming more and more important for the ecommerce industry. This is because for management of inventory and delivery

of products and for handling other aspects of business a software integration with ecommerce site is becoming increasingly important. Fortunately, in Bangladesh there exists many large software firms and also part time freelance software developers. The software industry in Bangladesh is very competitive. As per BASIS there are around 800 registered software companies in Bangladesh or more than that. If we consider the unregistered software firms the number of total software firms could cross more than 900. The benefit of this is that the ecommerce businesses have a wide variety of choice when selecting an ecommerce management software based on need and budget. On the contrary, often businesses fall into the trap of scam software firms just to get price benefit which results in great business loss for companies.

Marketing Agency: Marketing agencies play a significant role on the ecommerce industry of Bangladesh. Ecommerce transactions are heavily relied on marketing actions of the businesses. These actions require planning, budget, expertise and other resources to execute. In most cases, it is more time consuming and financially not feasible to keep a marketing department. Which is why we see the emergence of more and more marketing agencies in Bangladesh. In Bangladesh, there are more than 50 marketing agencies which contains both old and new agencies. Also, there are numerous unregistered startup marketing agencies who run their operations through social media pages to provide agency like service.

The reason why marketing agencies are a strong economical factor is that, marketing actions is mostly responsible for driving up sales in ecommerce. The cost of marketing actions drives the way how ecommerce businesses will interact with the market which eventually impacts sales.

Government Regulations, Laws and Polices: Government regulations are always an important factor for any business. They could help a certain industry to boom and also be the reason for downfall. In Bangladesh the following acts and policies are considered when regulating the ecommerce industry:

- Contract Act of 1872: Determines when promises made by the parties of a contract will be legally binding.

- Sale of Goods Act 1930: Helps with warranty claim for sold products.
- Consumer's Right Protection Act 2009: Helps in stopping misleading people with false advertisements. This act clears the term "Fake" by stating it as - manufacturing of similar things which are already authorized to be advertised and manufactured by other parties.
- Competition Act of 2012: This act helps in preventing monopoly, oligopoly and abusiveness of power in the market.
- Penal Code of 1860: The section 264 to 267 helps with getting remedy for false measure or weight.
- Special Powers Act of 1974: This act helps with speedy trial and effective punishment for grave offences.
- Information and Communication Technology Act, 2006: The main objective of this act is to facilitate & remove barriers to ecommerce, resulting from uncertainties over writing and signature requirements, and to promote the development of the legal and business infrastructure necessary to implement a secure and safe ecommerce.
- National Digital Commerce Policy, 2018: The vision of this policy is to ensure transparency and accountability in the ecommerce sector.

Loopholes in Government Regulations, Laws and in Policies: Now the problem arises when these laws and policies are not enough to enforce the businesses to do business by the books.

- Businesses are not interested in generating an E-BIN (Electronic Business Identification Number) Certificate nor in making a Trade License and therefore remains in a shadow from the revenue regulating authorities.
- The Sale of Goods Act 1930 does not mention anything regarding online transaction. The act does not make the provision for warranty and condition mandatory and specially it indicates the buyer to make examination of the goods before purchase but in real life that is not possible.
- The Information and Communication Technology Act, 2006 misses the concept of the online shopping and focuses only on the method of

Information and Communication Technology and cyber-crime aside for the section 57 which can be indirectly related to ecommerce. The ICT act emphasized on punishment for publishing fake, indecent or insulting information in electronic form but the main focus here was more on political agenda rather than on online business.

- The Penal Code 1860 talks about the adulteration of foods, drinks and drugs and also about the weights and measures of the good. But it misses the concept of virtual shopping here.
- Special Powers Act, 1974 focuses on adulteration, black-market business engagement consequences etc. but does not focus on the deception on virtual selling.
- In Bangladesh a buyer gets into an agreement with the seller before even buying a product and the contract act of 1872 does not mention such a unique and important issue.

2.2.4 Technological Factors

When we talk about online shopping from the perspective of technology, there are a couple of things which needs to be in the system for the whole online transaction process to work.

1. An electronic device at consumer end (A desktop, laptop, smart device)
2. Internet Access
3. Payment System
4. Seller's Platform's Accessibility

Each one of the factors mentioned above plays its own significant role in the ecommerce industry. For example, the more the number of smart device or computer users with internet the more the potential the ecommerce industry has to reach through online and drive-up sales. A quick comparison could be made if we look at the total population of Bangladesh and the number of internet users. Within 164 million people of Bangladesh 129 million people uses internet as per BTRC report. This is truly an outstanding number

as in other words it means 78.65% of the people has access to the internet thus creating a huge opportunity for doing business online.

Payment system involves cash on delivery or through bank payment or MFS payment. If buyers want to pay via online, most of the businesses urge the buyer to make payment through MFS accounts because

1. Banks and MFS cuts a charge from the merchant account which is designated for payment and instead of giving that charge to financial intermediaries' businesses urge buyers to make payment with cash out charge through MFS.
2. Another reason for focusing on personal MFS is due to lack of authentic documentation. Since, a great number of businesses are without legal papers they have to rely on personal MFS accounts or banks accounts for payments.

If for some reason, the bank charge or MFS cash out charges rise up then it will create major impact in the ecommerce sector since many people will be discouraged to make payments online and this will also create problem in driving up sales.

A seller's platform is usually a social media page or a website. In some cases, even though a business has a website it mostly relies more on its social media business page rather than on the actual ecommerce website. If for some reason, a business which is fully dependent on a particular social media goes down it will very harshly impact the business. For example, on October 4, 2021 it was seen that Facebook, Instagram, WhatsApp were unavailable for 7 hours and during this time a huge financial loss occurred for many businesses due to the dependency on these platforms.

2.2.5 Barriers to Entry in the Ecommerce Industry of Bangladesh

If a person in Bangladesh wants to start up an ecommerce business, then he/she can do so by just opening up a Facebook page or through a website. Sometimes, it requires little to no investment to start an ecommerce business.

To demonstrate the idea an example can be given, suppose a person wants to sell electronic gadgets online. He could simply buy a couple of gadgets for selling then open

up a social media page and afterwards he can start selling the products through the social media page. In fact, there won't be any need for a physical store. This is how majority of the business is run in Bangladesh.

But, opening up an ecommerce business without a trade license is illegal in Bangladesh though it is very easy to get one from the city corporation. These businesses without a license suffer from various aspects. For Example:

- Businesses can't open a bank account based on the business name
- Can't put any banner, festoon, leaflet or digital banner legally
- Can't sign any agreement or contract with other businesses
- Other businesses don't feel the trust to do business with them
- They also can't rent any office space for their business

However, every startup ecommerce business face one common barrier to entry like high competition. If we look at the buying process of any consumer over the internet, then it more or less is relative to the below process.



Firstly, when a consumer is interested in purchasing a product, he/she googles for other vendors to see if other vendors are providing the same goods or service for a lower price or not and also the quality, review of other consumers are also considered by the consumer. The issue arises when a somewhat big company starts selling a product for the least price possible to gain profit through economies of scale whereas smaller companies do not have that ability to do so and eventually the smaller businesses are left with unsold stock or slow sales turnover. Due to this reason, many startups forcefully shutdown their business for incurring unbearable losses.

2.2.6 Rivalry in Ecommerce Industry of Bangladesh

Since, ecommerce is based on internet, it is open for all to perform business anywhere. So, a business that traditionally used to have a target group locally now has the potential to reach anyone in the world if the business intends to. We could see, many international ecommerce business platforms like Alibaba also participating in Bangladesh ecommerce market. We could see small merchants competing head-to-head with big corporate giants like Daraz.

Although, the rivalry in the ecommerce industry of Bangladesh in one word is quite unhealthy. According to The Competition Act 2012's section 16(2)(a), no business can sell a good or service below the cost of production. But, many big ecommerce businesses in Bangladesh sells product at a price which is lower than its manufacturing cost to drive out competition.

The ecommerce marketplaces have brought a new era of doing business online. Here the marketplace owner directly deals with end consumer and also allows other sellers to participate for doing business. But ecommerce marketplaces have its own demerits because these platforms have a bidding system to gain higher position in the search results and this does not highlight consumer preference.

Also, ecommerce has a tool called retargeting, which is the phenomenon of getting advertisements of the products over social media or other websites which a consumer just checked on an ecommerce site or searched on a search engine. This tool is implemented to increase sale. But, the issue with this is the retargeting program will only advertise products or service of the vendor that the consumer recently looked up on the internet, not from other vendors. In this way, companies with websites and cookies gain the advantage of retargeting whereas a huge number of small ecommerce businesses strive hard to hold loyal customers.

2.3 Literature Survey

Ahammad, S. M., Satter, F., & Saifullah, M. (2007). Prospects of ecommerce in Bangladesh. *J. Sci. technol.(Dinajpur) Vol, 5, 74-80.*

As per the author there are around 35 data entry centers, thousands of formal and informal IT training centers. The government has declared IT as one of the top most priority sector also the governments has made plans for setting up computer training centers in division and district headquarters of Bangladesh. The government of Bangladesh also has made the importing of software and computer hardware duty free. The author also points out that, the human resource of Bangladesh is one of the biggest powers since a majority of the population is youth which opens the doorway for the advancement of ecommerce in Bangladesh. Many foreign investors are also taking great interest in developing IT professionals in Bangladesh with a view to make more developments in this sector. The author also talks about some challenges which were noteworthy. For example, the author points towards the poverty level of Bangladesh where many people still can't afford to use internet or have a computer to enjoy the benefits of it. Also, the lack of regulation from government is pointed out in the report but it does not say how the regulation is lacking.

Islam, M. S., & Eva, S. A. (2019). ELECTRONIC COMMERCE TOWARD DIGITAL BANGLADESH: BUSINESS EXPANSION MODEL BASED ON VALUE CHAIN IN THE NETWORK ECONOMY. *Studies in Business & Economics*, 14(1).

Based on the research paper, around 200 customers have been surveyed regarding ecommerce usage and it has been found from the study that quality of the product is always lacking while doing business electronically, in most cases the picture given online does not match with delivered product. Due to quality issue, people still do not feel comfortable with advance online payment rather customers prefer cash on delivery of the product. As per the author's research, after quality issue, participants pointed out two major issues one of them is the poor return policy of the companies and the second one is delivery issue. The author has also pointed out the bad image of the ecommerce industry in Bangladesh due to scams. However, the report did not state if the people of Bangladesh are losing their faith in the industry.

Bappy, A. M. (2018). E-commerce business opportunities and challenges in Bangladesh.

The author talks about a very key aspect, which is the cost of setting up an ecommerce platform. As per the author's findings the average cost of hosting a website for a year is 4128tk and 30,000tk minimum requirement for developing a website. Also, the report gives an idea regarding payment gateway cost which is around 15000tk license fee and processing fee is around 2.00%-4.00%. A clear idea can be inferred from here that, setting up an ecommerce business requires very less investment. As per the author's breakdown, the total minimum cost of setting up a full-fledged ecommerce is around 51,000tk.

The report shows another key aspect which is the traffic density for ecommerce as per location. According to the findings, 35% of the total ecommerce traffic is from Dhaka city, 29% from Chittagong Division, 15% from Gazipur District and the rest of the traffic accounts for 20% which comes from various parts of Bangladesh (Youths mostly active in Bangladesh e-commerce, 2015). This finding shows that, ecommerce has a big prospect untouched in the rural areas and ecommerce is mostly still capital centric.

Suhan, J. (2015). Acceptance of online shopping in Bangladesh: Consumer's perspective. *Journal of Business and Management (IOS-JBM)*, e-ISSN, 14-24.

As per the author's research 37.7% people out of 106 respondents feel that online payment is risky also 42.5% people feel that the delivery time of products in Bangladesh is very time consuming. Another strong finding was that among 106 respondents 39.6% people found the delivery cost of products to be very high. The author in his paper indicated towards a very important question which was "How satisfied your felt after receiving an online order and the result came out as 37% felt neutral and 31% felt agreed. But it is to be noted that this result was published in 2015 and it is important to know the current scenario regarding the satisfaction dimension. Also, 37% people felt neutral when they were asked about the trustworthiness of ecommerce business. From the author's finding some key issues could be identified. Delivery time and delivery cost is pretty high also the author's study pointed out that majority of the people found online payment risky but the research did not point out why did the respondents feel online payment as risky.

Chapter III: Research Methods

3.1 Introduction

After carefully scrutinizing the information readily available on various sources a question still remains unanswered, which is, due to the lack of proper regulation are the people of Bangladesh losing their trust on the ecommerce industry? To answer that it is important to know from consumers directly. A survey questionnaire has been formed regarding this to explore certain dimensions which is crucial in answering the question that the research paper is looking for. The dimensions which have been taken into consideration are follows:

- The level of comfort the participants felt during purchasing something online
- Reason behind the discomfort
- Participants' awareness regarding online business scams
- The impact of the online scams when purchasing something online
- The participants' frequency of purchase after the scandals that have taken place
- The level of faith the participants have on Bangladesh government's laws & regulations on the ecommerce industry
- Whether firm trust on government's regulatory actions over the ecommerce industry of Bangladesh will affect purchase behavior of the participants

3.2 Research Design

The research has focused on trying to know, due to the lack of proper regulation are the people of Bangladesh losing their trust on the ecommerce industry or not? For this a survey questionnaire has been formed. The survey questionnaires for most of the dimensions will contain a five-point Likert Scale.

Other Variables regarding the survey are as below:

- Sample size: 100
- Participants: Students & Job holders

- Age Range: 20-35
- Location: Dhaka City, Bangladesh

The survey feedback will be collected through google forms and later the answers will be exported on excel to perform analysis.

3.3 Questionnaire Development

The questionnaire for the survey is pretty straight forward. In the first three questions the personal information has been acquired and it has been kept as minimal as possible.

1. Name:
2. Age:
3. Occupation:

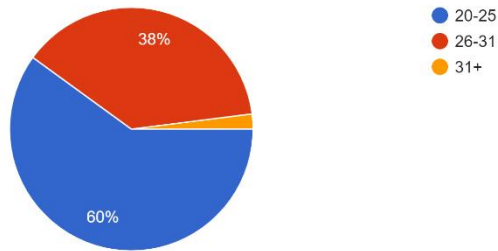
The rest of the questions has focused on the topic which is to find out whether the people of Bangladesh has lost their trust on the Ecommerce Industry due to the increasing number of online scams

4. How frequently do you purchase over online in a month?
5. How confident do you feel when purchasing something online?
6. If you feel discomfort when purchasing something online what would you mention as the key reason?
7. Are you aware of the recent online scams that have taken place by Evaly, Alesha Mart and by other companies in Bangladesh?
8. If so, then have these events affected your purchase behavior negatively?
9. How much confident do you feel on the Bangladesh Government's initiative to impose proper regulation so that online scams can be prevented in the future?
10. Have the recent scams regarding online purchase, affected your trust towards the ecommerce industry/businesses?

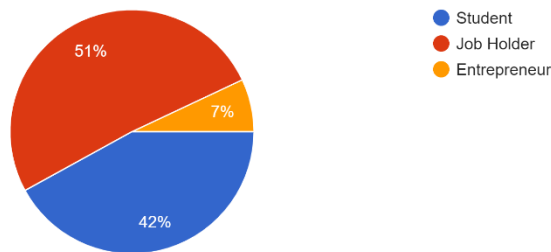
3.4 Data Collection

After completing the survey on 100 participants the results are portrayed below:

Age
100 responses



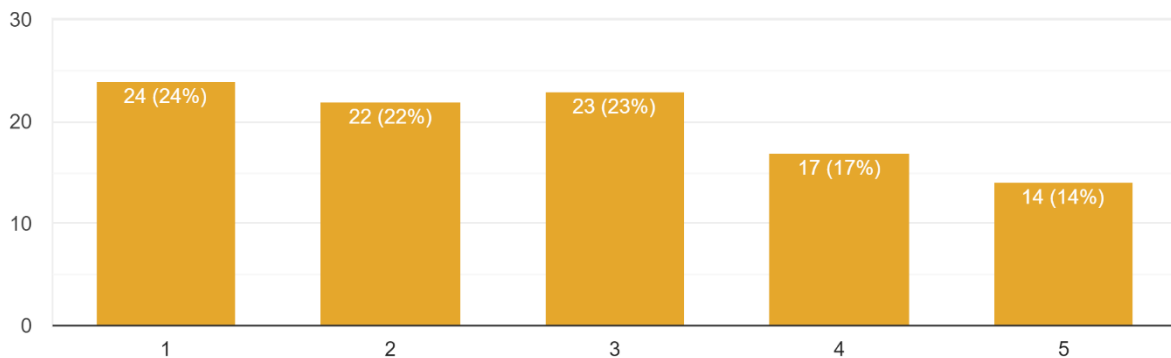
Occupation
100 responses



Most of the respondents are within the age range 20-31 and the majority part of them are either students or Job holders.

How frequently do you purchase over online in a month?

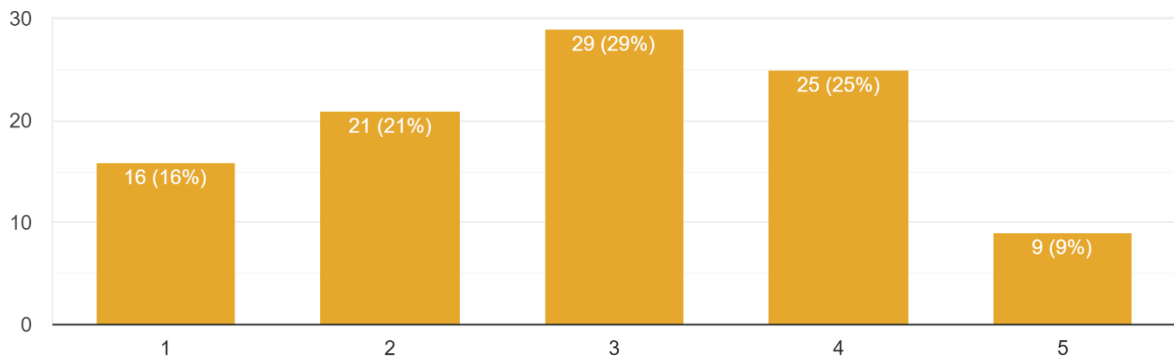
100 responses



If we consider the average number of times these 100 participants bought something online over a month the result is 2.75 on average which means the participants are not a heavy buyer from online neither they fully refrain from it.

How confident do you feel when purchasing something online?

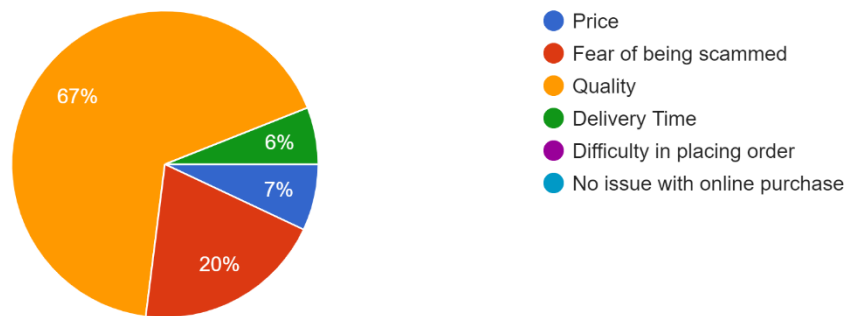
100 responses



On average, the value is 2.9 out of 5 from 100 participants, when asked how much confidence the participant felt when purchasing something online. So, we could say that the majority of the people do not feel too much confident or too much worried when purchasing something online.

If you feel discomfort when purchasing something online what would you mention as the key reason?

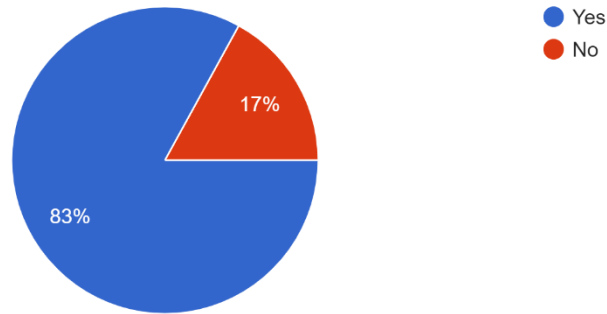
100 responses



The participants who responded that they felt discomfort when purchasing something online stated quality as the major reason and afterward the fear of being scammed was the second reason why people were not comfortable purchasing something online.

Are you aware of the recent online scams that have taken place by Evaly, Alesha Mart and by other companies in Bangladesh?

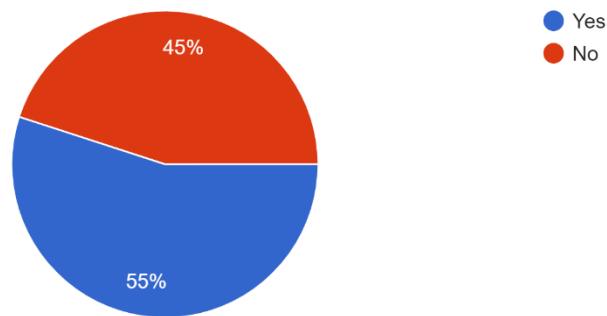
100 responses



The majority of the participants were aware of the scams that had taken place in Bangladesh.

If Yes, then have these scam related events affected your purchase behavior negatively?

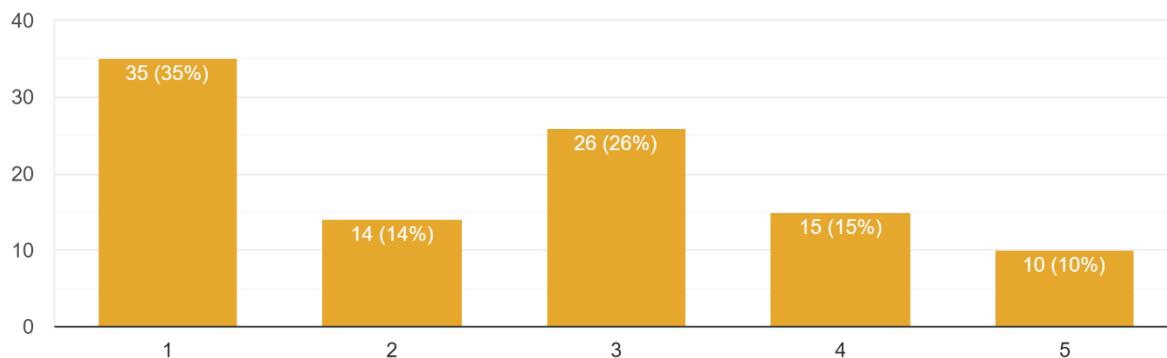
100 responses



The majority of the participants who had said they were aware of the online scam-related events in Bangladesh shared that these events did leave a negative impact on their purchase behavior

How much confident do you feel on the Bangladesh Government's initiative to impose proper regulation so that online scams can be prevented in the future?

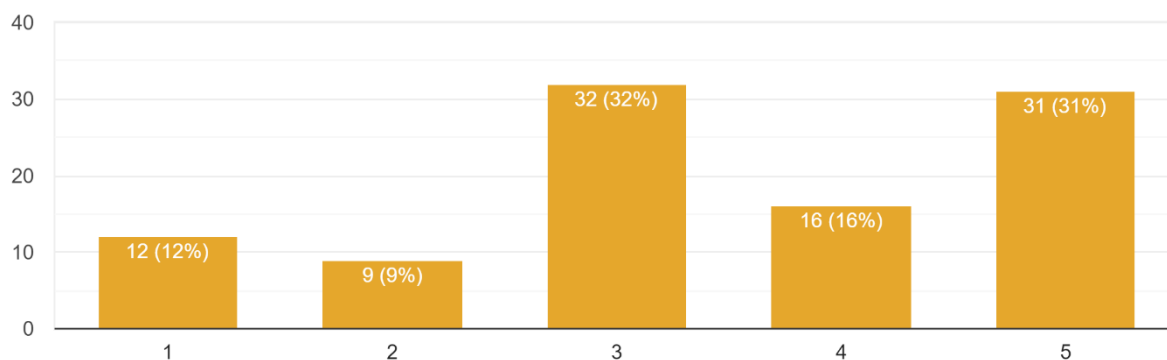
100 responses



On average 2.51 is the value out of 5 for 100 participants, which could be stated when reflecting the level of confidence, the participants had on the Government's actions to prevent online scams.

10. Have the recent scams regarding online purchase, affected your trust towards the ecommerce industry/businesses?

100 responses



On average 3.45 is the average value of 100 participants when they were asked of the recent scams had affected their trust towards the ecommerce industry of Bangladesh.

Chapter IV: Research Findings

After carefully analyzing the survey findings, in simple words it cannot be directly concluded that the people of Bangladesh have lost their trust on the ecommerce industry of Bangladesh. This is because of a couple of findings from the survey result:

- The people still do not feel that much inconfidence that they would refrain from purchasing online.
- The main reason for discomfort while purchasing something online is not online scam rather the fear of quality of product.
- Not a great number of participants still believe that due to online scams, it has affected their purchase behavior.
- Not a great number of people have lost their hopes on government actions regarding taking action on online scams.
- Not a great number of participants have lost their trust on the ecommerce industry of Bangladesh.

However, it could also be concluded that the situation is in no way promising for the ecommerce industry. The online scams did leave an impact on the consumer purchase behavior and it has affected purchase behavior negatively but the scale is not yet alarming but could escalate at any moment, if necessary, precautions are not taken.

If we evaluate the secondary data that has been collected from various articles and findings from websites it could be said that Bangladesh Government was not that much concerned about the issue involving online business scams until recently. Still, we have not seen any strict actions or ruling regarding businesses with no license or businesses who scam customers.

Another important issue that we see surrounding the ecommerce industry in Bangladesh is the lack of keeping the quality of the good or service intact. People often order seeing a picture then they are delivered with something else or a product of a lower quality compared to what was committed. This issue forces customer to not pay for products in

advance and hence the cash on delivery method for payment is still the most trustworthy payment method for customers.

The ecommerce industry is booming in Bangladesh without a doubt but the problem is the growth is capital centric. Ecommerce is still not that much popular with people who are outside of Dhaka city and this is a major bar for the industry to grow further. This issue is happening for reasons such as, people outside Dhaka City are not that comfortable in ordering something online, delivery cost is high, existing delivery services does not cover the whole Bangladesh, home delivery is not available for many places and customers need to collect a product from a certain place, also no return guarantee, if the product is damaged is a major turn down for customer who are outside of Bangladesh.

Now, if we tend to point towards the ecommerce industry of Bangladesh, then we could point out to a couple of facts:

- The ecommerce industry without a doubt is booming rapidly
- We are now seeing many ecommerce businesses becoming a brand and this branding process is creating business for many small and large marketing agencies
- Both local and international companies are competing simultaneously in Bangladesh and this will continue to be so. Eventually this level of competition will force customer's expectation to be high resulting in higher product and service quality.
- Due to increasing competition, market players are looking for all kinds of ways to attract customers and many are focusing on more flexible return policy to attract customers.
- Many organizations are pushing for cities outside of Dhaka to expand their operation.
- Due to increasing need of automation in the ecommerce industry website developing and software developing companies are also getting more engaged with ecommerce business.

- Since the ecommerce industry has a great impact on the Bangladesh economy, the government is bound to take necessary steps to ensure that customers are not scammed and that the promised commitment is delivered.
- The number of literate and the number of internet users with smart devices in the country are increasing rapidly which is creating more opportunity for the industry to grow.

Chapter V: Discussion

5.1 Conclusion

The research paper focused on three important issues involving the ecommerce industry of Bangladesh. The first issue is the challenges that are occurring against the growth of the industry and if we look at them, they mostly revolve around issues like quality issue of the product or service which withhold many customers from purchasing something online, poor return policies, lack of regulations that are important stop scams with customers, focus of majority of ecommerce players only in Dhaka city but not outside of the capital and finally, the lack of awareness among the rural people in terms of internet usage and regarding ecommerce.

The ecommerce industry of Bangladesh is without a doubt a part of the glorious future that Bangladesh is yet to see if utilized in the right manner. This is because of the huge number of populations with internet and smart devices, intense competition which leads to higher quality products and ensures higher standard of life style, the opportunity for other industries to boom by keeping pace with the ecommerce industry like software industry, marketing agencies, third party customer service agencies, etc.

The industry of Bangladesh also has a great issue which is spreading like a cancer rapidly. The issue started with when a giant ecommerce platform evaly took a lot of money from customer but failed to deliver goods on promised time and ultimately failed to deliver product, following the incident many other large companies like eorange, Alisha mart, and others also did the same thing by taking customer's money and not paying them back nor

delivered the product. This issue occurred because of lack of regulations in the ecommerce industry of Bangladesh and for this anyone can open up an ecommerce business without facing any legal challenge. This allowed many fraudulent people to take many from customers by showcasing fake products. The research focused on whether actions like this have left an impact on the trust level of customer because trust impacts customer purchase behavior. The results were that, these incidents which are happening did leave an impact on trust and on their purchase behavior but the impact is not that much significant. But one important finding that did come out that people are more reluctant to purchase something online because of delivery of lower quality products. In other words, what is being committed online is not delivered to the customer.

The research was very important to be done because it was vital to know what the people of Bangladesh in general think of the ecommerce industry. Since the customer is the lifeline of any market if they become fully reluctant to the market that market is bound to fall. This is why the consumer's perspective should always be the top priority in determining an industry's prospect.

5.2 Suggestion for Future Research

A very important finding that has come to light is that the ecommerce industry of Bangladesh is highly dependent upon capital city, Dhaka. The industry has not focused on many areas outside of Dhaka city. A very important research could be, to find out the level of prospect that each district of Bangladesh has.

The research could focus on the below factors, such as:

- Literacy level
- Type of devices they use
- Internet usage frequency
- Income level
- Internet coverage
- Internet downtime
- Lifestyle quality

- Development level
- Population level, age and gender wise data collection

These data will help any organization to come out with plans to cover area outside of Dhaka city and will definitely make investors more confident in expanding business. This research is a must for ensuring that the ecommerce industry of Bangladesh keeps booming.

5.3 Recommendations

The report comes out with many recommendations for the improvement of the ecommerce industry of Bangladesh. The recommendations if followed will ensure a healthy business environment and a safe buying method for the people in general.

- Firstly, the government needs to step up with strong regulations for opening up an ecommerce business. It should be ensured that no person can engage in business without having trade license.
- Secondly, government should also focus on regulation that will ensure the amount of advance payment that a company could take without delivering the product. This will ensure that a company does not get into too much debt of product delivery while taking advance payment.
- Government's help is much needed to ensure that product quality is strictly maintained and government should empower the customers more by ensuring alternative methods which will allow the consumer to get compensated for not getting what has been promised.
- Government has to focus on areas outside of Dhaka city for the expansion of ecommerce services. Government can do so by reducing tax for performing business on certain zones, ensuring higher literacy rate, good internet coverage and also by making people more educated to be able to run smart devices along with computers.

- For a healthy business environment, it is important that Government ensures the strict following of the competition act so that giant companies cannot push out small businesses with lower prices.
- Businesses should improve their return policy because many businesses do not have any provisions, if the product is damaged or does not meet the quality standard that has been promised.

Based on the research that has been done, the mentioned recommendations are a burning need for the betterment of the ecommerce industry of Bangladesh.

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