



Opportunity and challenges of E-business in Bangladesh

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Abstract

Digitalization is a vigorous process for modern development. Business owners and consumers are facing new challenges and opportunities in the digital age. Consumers are now exposed not just to what a company says about its brand, but what the media, friends, relatives, peers, etc., are saying as well. Consumers and the business owners are taking the benefits of digital marketing technologies which allow the consumers to stay updated with the company information. Digital marketing is the utilization of electronic media by the marketers to promote the products or services into the market. The aim of this study was to find out the opportunity as well as barriers for E-business in Bangladesh. Study adopted secondary source of information, we rigorously used published articles, books, conference papers and information from social media. In this competitive age, it's not enough to just know the consumers; marketers should also discover when, where and how the consumers are most receptive to marketing message. To do that, marketers need a consolidated view of consumer preferences and expectations across all channels – web, social media, mobile, direct mail, point of sale, etc. Digital marketing allows the marketers to collect and use information to create and anticipate consistent, coordinated consumer experiences that will move consumers along in the buying cycle. The deeper insights marketers have into consumer behavior and preferences, the more likely they are able to engage them in lucrative interactions. This study has described various elements of digital marketing, effectiveness of it and the challenges and opportunities currently facing digital marketers and the business owners in Bangladesh. Bangladesh.

Keywords: e-commerce, business to business (B2B), business to consumer (B2C), business to government (B2G)

1. Introduction

In simplistic terms, digital marketing is the promotion of products or services via one or more forms of electronic media. Digital marketing differs from traditional marketing in that it involves the use of channels and methods that enable an organization to analyze marketing campaigns and understand what is working and what isn't – typically in real time. Digital marketers monitor things like what is being viewed, how often and for how long, sales conversions, what content works and doesn't work, etc. While the Internet is, perhaps, the channel most closely associated with digital marketing, others include wireless text messaging, mobile instant messaging, mobile apps, podcasts, electronic billboards, digital television and radio channels, etc. Through digital media, consumers can access information any time and any place where they want. With the presence of digital media, consumers do not just rely on what the company says about their brand but also, they can follow what the media, friends, associations, peers, etc., are saying as well. Digital marketing is a broad term that refers to various promotional techniques deployed to reach consumers via digital technologies. Digital marketing embodies an extensive selection of service, product and brand marketing tactics which mainly use Internet as a core promotional medium in addition to mobile and traditional TV and radio. The essential feature of digital marketing allows the consumers to stay up-

to-date with the company information, products or services anytime from anywhere. Consumers can visit company's website, read information about the products or services and make purchases on line and provide feedback. For this, digital media is becoming a demanding channel to promote products or services for any company. There are several studies in the prospects and challenges of e-commerce in Bangladesh, but the current study is of significance because there has been relatively little research conducted in digital marketing opportunities and challenges in Bangladesh. The study aim was to find out the opportunities and challenges of E-business in Bangladesh with identifying potential sectors, existing sectors, area coverage and some comparison of existing markets in Bangladesh

2. Methodology

This study is mainly based on secondary data related to E-business. 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.

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 to 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 Overview the E-Commerce In Bangladesh. 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.

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. Overview the E-Commerce in Bangladesh. 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 broadband 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 network 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-

1. Minimum number of users of websites.
2. Poor telecommunication infrastructure.
3. High price of computer and hardware.
4. Lack of technically efficient personnel.
5. Lack of investment in hardware and software.

6. Online banking connectivity is poor.
7. Absence of sufficient cyber law.
8. Very slow & expensive Internet services.
9. Lack of initiatives in taking e-commerce.
10. Bureaucratic complexities.
11. 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. Overview the E-Commerce in Bangladesh. 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.

3. Findings

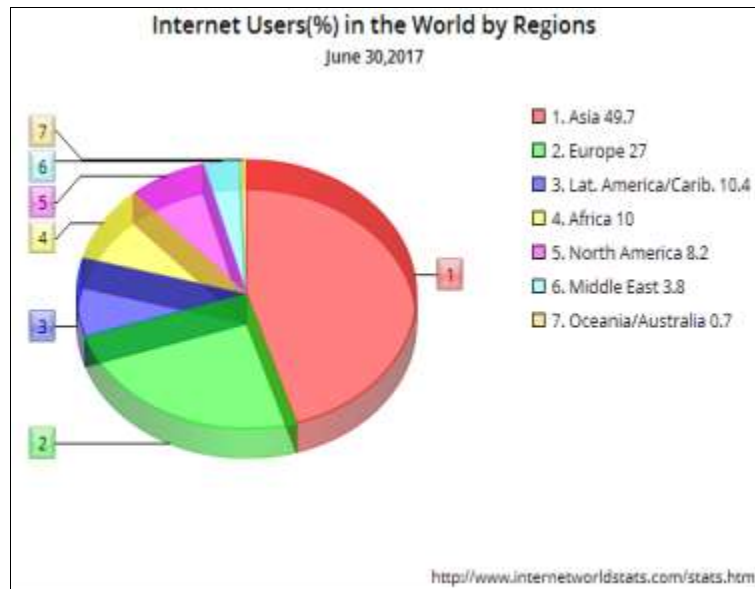


Fig 1: Internet user's in the world by Regions

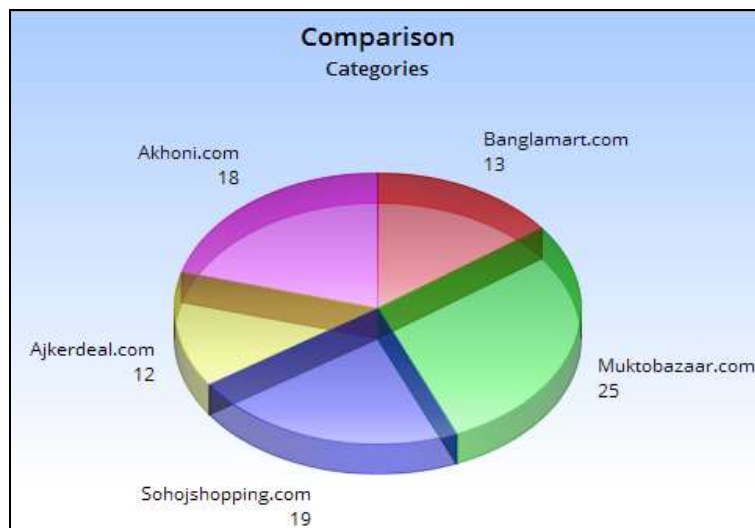


Fig 2: Comparison (Categories) in Bangladesh

Table 1: Comparison (Payment system) in Bangladesh

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

Table 2: Comparison (Service zone)

| Banglamart.com | Muktobazaar.com | Sohojshopping.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 |

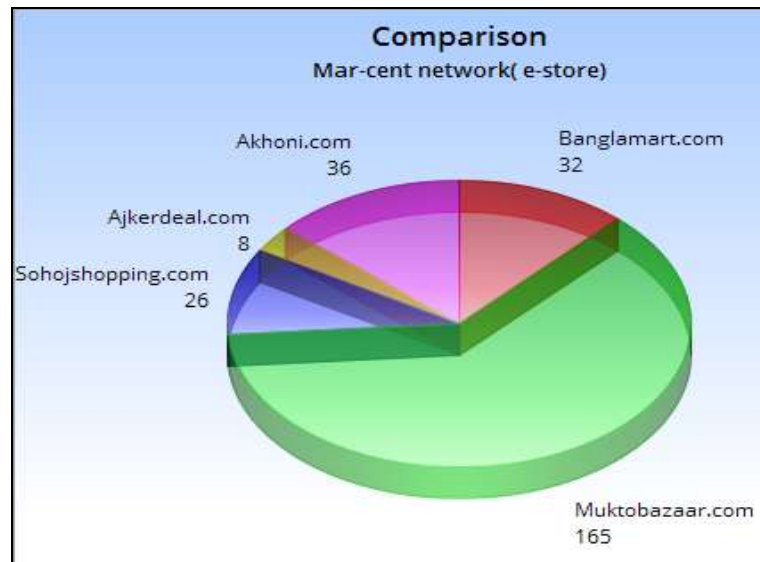


Fig 3: Comparison (Mar-cent network, e-store)

Limitations of the study

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.

4. 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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