

Role of E-commerce Practices on Business Expansion: Observation in Dhaka City

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ABSTRACT

Purpose: The major purpose of this study is to highlight the characteristics of E-commerce activities along with their barriers and impact on business expansion in Dhaka city.

Methodology: The study includes 4 E-commerce houses based on purposive sampling. Both primary and secondary data are used in the study interviewing 100 respondents of E-commerce customers.

Findings: Major findings of the study that there had been increasing trends of internet users, Mobile users, during 2011-2021. Within the state owned commercial banks Sonali bank had the highest number of cards followed by Agrani bank, Janata and Rupali respectively. Among the private commercial bank Dutch Bangla had the highest position followed by Islami bank, City bank, Brac, United Commercial bank (UCB). The study also finds that e-commerce faces difficulties due to lack of customers' awareness, conflict among manufacturers, whole sellers, retailers, lack of transport & communication facilities, unfair market competition, and lack of confidence, lack of quality products, publicity, advertisement & regulatory framework.

Practical Implications: We need more publicity & advertisement, coordination among the stakeholders, Market research activities, analysis of SWOT Mix and formulation of strategic approaches for sustainable business growth.

Originality: The study is an exploratory one aiming at focusing the users' perceptions and available operating information collected by the researcher through individual efforts. No such parallel study has been done earlier in research arena.

Limitation: Major limitation of the study is that six years' operational data restrict the statistical analysis & interpretation; detailed hypotheses could not be developed due to shortage of research studies in this sector.

1. Introduction and Statement of the Problem

E-commerce follows an exchange of goods and services through electronic devices. Its popularity is creating day by day due to quick service delivery to the customers as per their needs and expectations. We know that in Bangladesh digitalization efforts is highly expanding with the adoption of modern technology in consistence with the practices of developing economies in global economic. Our government policies are also in favor of wide adoption of e-commerce activities for generating target revenue through controlling cost burden based on effective monitoring by the use of relevant software. Practically e-commerce depends good use of internet business through organizing distribution of quality products in time in minimum cost and time considering the convenience of the customers. In every business organization website, exposure, face book Id, newspaper advertising, and participation in exhibition, refecton of billboard and others showing etc are the popular characteristics of e-commerce issues in all over the world. Good use of e-commerce

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requires appropriate marketing strategies to fulfill customer demand in competitive market. With the global challenges and minimum opportunities businesses people need to develop their business strength prevent their weakness through observing competitors strength in global market. Virtually to survive in competitive market good coordination can easily be done with the use of e-commerce network among the suppliers, whole seller, retailer, prospective customers and other stakeholder in our society. In achieving marketing efficiency, challenges, and conflicts are disturbing elements that is communication gap among the manufacturer, whole seller, retailer and customers. Sometimes manufacturers are directly involved in selling their product directly to their customers without the involvement of whole seller and customers. This creates disincentives for whole seller and retailers, although customers prefer such practices. E-commerce practices are required for the satisfaction of whole seller and retailers so that they can reduce the dependence of customers on manufacturer for delivery of quality product and services by the manufacturers. In urban and rural area there is ample scope to use e-commerce activities as upazilla, roads and communication, power facilities and other infrastructures are developing day by day through the utmost efforts of our government.

2. Objectives of the Study

Objectives of the study are as follows:

- i. To focus the broad characteristics of e-commerce activities for the business development through digitalization program in Dhaka city.
- ii. To trace out the barriers to the way of ecommerce activities in the context of customer and business concerns.
- iii. To prescribe necessary measures for the advancement of e-commerce activities through the good achievement of digital goals in Bangladesh.

3. Rationality of the Study

E-commerce is the way of buying & selling of goods and services through the internet facility and the money along with relevant data are transferred for computation of sales assignment. Ecommerce business is to manage the business activities through internet. Intranet and extranets are used for easy services to the users. We know we have ten best e-commerce platforms worldwide; these are shop by Magentocom, BD card, Big commerce, Woo commerce, Square spake, Blossion, Prestashop. Amazon is the largest online retail brand, Books, beauty, apparels, electronics, grocery, toys & other things are well distributed. Three types of e-commerce like-business to business, business to consumers, and consumer to consumers play a vital role in our day to day business activities, on like market places are Amazon, eBay, Etoy, Fiverr & Up work. Ecommerce business strategy follows a long term vision for managing electronic communication with the different shareholders. Internal services are taken as intranet and external service is called extranet for the customers, suppliers & others. Manifold benefits of electronic business are that quick conversions among the buyers & sellers prompt decision making, saving of time & money, easy understanding and quick messaging and electronic mailing, arrive at large number of consumers in global market, popularize the product in local & internal market etc are of immense value to our growing business people to face the global challenges. This study would be of greater needs for them.

4. Conceptual Framework of the Study

Now a day's uses of ecommerce are growing rapidly due to its manifold benefits like

- a. Easy available of products in all markets
- b. Saves time and cost
- c. Providing customer service
- d. Suggestions for improve user are available
- e. Market research can be well done
- f. Sustainable business growth
- g. Savings of distribution cost.
- h. Easy sharing of customer experience.

The major pillars of ecommerce:

- a. Accountability and simplicity
- b. Speed & organization
- c. Trust & security
- d. Effective communication & customer service.

4.1 Convenient Service through Web Site

E-commerce is a major of electronic business. The basic difference of the two is that e-commerce refers to the transactions in monetary terms but electronic business comprises both monetary & some other services activities. E-commerce follows an extroverted task for the customers, suppliers & distributors concerned.

4.2 E-commerce Sites in Bangladesh

Big commerce, Wix, Evaly.com.bd, Daraz.com.bd, Chaldal.com, Bikroy.com, Rokomari.com, Foodpanda.com, Click bd, Azker deal, Pickaboo, Othoba, Jadroo, Prixphop.

4.3 E-commerce Association of Bangladesh

700 ecommerce sites & 8000 ecommerce pages on Face book, being popular way for advertising & publicity instead of Websites.

4.4 Best online business ideas in Bangladesh

Content writing, Personal blogging, Affiliate marketing, you tube Channel, Health care consultancy, Shopping guideline, Tour consultancy. Market expectation from ecommerce is Tk.70 billion by 2021. Retailing in Bangladesh is growing by 12%. 35000 individuals & 25000 small & medium enterprises are engaged in these activities.

To start online retail business we are to follow selected steps:

- a. Develop a business plan & model
- b. Select your products for online selling
- c. Establish an ecommerce Web site
- d. Try to upload your products and initiate selling activities.

We know that traditional types of ecommerce consist of:

a. B2C b. B2B c. C2C, d. B2G

Electronic business strategy is to raise the revenue, controlling cost and distribution to the global markets.

Elements of electronic business are narrated below:

- a. Online store Website
- b. E-commerce marketing
- c. Gate way payment
- d. E-commerce security
- e. Distribution of product
- f. Supply chain activities
- g. Warehousing tasks

In spite of manifold benefits, Electronic business faces following limitations:

- a. Due to improper management there might be threat for security & reliability
- b. Proper software development depends on Network bandwidth
- c. Absence of personal touch
- d. More time for delivery
- e. People scan through online business

5. Methodology

It comprises mainly six components like sampling of the study, nature & sources of data, Preparation of data collection Tools, Pilot study for judging the reliability & validity of the Tools used, Techniques of data analysis & interpretation and finally limitations of the study. Sample selection: The study includes four E-commerce houses like a. Amazon, b. Agora, c. Chal dale, d. Shopno online which are selected purposively based on convenient data collection. The study followed both primary & secondary data like the publication of Ministry of finance, Government of Bangladesh, BTRC and 100 customers. Primary data is collected through using particular questionnaire. Data are analyzed and interpreted based on Microsoft Excel in logical form (Saunders et al 2009)

6. Limitations of the Study

- a. Limited sample of the study restricts the generalization of the findings of the study.
- b. Shortage of information also affects the extent of analysis & interpretation of both primary and secondary data.
- c. Reluctance of interviewee for providing necessary information is also another limiting factor.
- d. Time series data are also limited to 6 years only which also limits the use of statistical technique.

7. Review of Literature

Ahammad et al (2007) narrated the inherent pitfalls of e-commerce business transactions and suggested for the use of latest technology to achieve the business goals. Mohiuddin (2014) developed research based article on “Overview of the E-commerce in Bangladesh”. He presented both primary and secondary data in support of the combination of E-commerce transactions along with the market constraints. He forwarded nice suggestion to develop E-commerce business environment through good use of information technology, sophisticated financial management, techniques and ethical code of conduct. Hossain & others on articles entitled “A Survey of E-commerce of Bangladesh” based on both secondary and primary data. They highlighted the various limitations of E-commerce transactions like absence of data based management, poor network facility and difficulties in regular payment of E-commerce transactions. They provided good number of suggestions to overcome the said difficulties through good use of data based management, improving network expansion and regularizing the payment procedures as per the expectation of stakeholders. Khan (2016) article on “Electronic Commerce: A Study on Benefits and Challenges in an Emerging Economy” focused the manifold benefits and challenges with reference to emerging economy. He mentioned that in spite of the increasing role of E-commerce transactions. We need to be more careful for the market challenges to develop consumers’ satisfaction through providing customers service. Bromwich (2012) had an important study on present e-commerce scenario in Bangladesh based on secondary data. He found that more emphasis should be given on security aspects of E-commerce transactions through developing cordial relation between businesses to consumers (B2C). Mehnaz Akhtar had a study on “Enlightening youth entrepreneurship with E-commerce to empower young generation in Bangladesh”. She found that low amount of capital, good earnings, easy payment procedure facilitated. The entrepreneurship development efforts in Bangladesh. Ecommerce is highly popular among the young entrepreneurs for their self-employment opportunity & satisfactory earnings. Dev authored an article on “Ecommerce in Bangladesh”-An overview. He mentioned that in Bangladesh e-commerce activities are increasing day by day more than 1000 e-commerce operators are engaged in such activities. More than 50000 people are observed in such business. About 20000 parcels are sent daily for the satisfaction of customers. Hasan & Sobhan wrote an article on “A Study on Secured e-commerce transactions using CRYPTO currency”. They showed that with the increasing earnings through e-commerce transactions, there is threat of cybercrime such on line payment frauds. Online shopping could be more secured by providing unique Personal code for their transactions. That might reduce the risk and would be more cost effective. Iqbal authored on article “E-commerce Scenario in Bangladesh”. He presented the various types of E-commerce, relevant product sold, benefits, payment methods, followed by 11 e-commerce companies in Bangladesh. He also narrated the major obstacles thereon and prospects in Bangladesh through good shipment, warehouse management to face the growing demand of the customers. He also emphasized good use of sound logistics support like easy transportation, timely delivery mechanism, inventory control & return management.

7.1 Regulatory Framework

Practically in Bangladesh, The Sale of Goods Act, 1930, The Consumers’ Rights Protection Act 2009, The Information & Communication Technology Act 2006, VAT Act 1991, Income Tax

Ordinance 1984, Finance Act 2016 directly & indirectly facilitates the functioning of e-commerce activities. We need immediate enactment for regulating the diverse activities of e-commerce & e-business for the satisfaction of customers & other stakeholders. (Iqbal 2017).

8. Finding and Observations

Amazon E-commerce business strategies follow customers expectation, reasonable pricing delivering costs, payment option etc. Global opportunity, challenges, competitive market, leadership, dominating the retail market, internal strength & weakness are thoroughly evaluated for fixation of business Model. Interaction of buyers & sellers, easy communication facilitate their understanding & exchange of information. The business strategy of Amazon consider the latest technology, Management of logistics, research & development outcome and good use of financial management techniques, customers based business approach is the secret of their business success. Agora was established in 2001 by Rahim Afroz. In Uttra, Mirpur, Gulshan, Magbazer & Dhanmondi ares 14 outlets are in Dhaka city. Chaldal E-commerce was set up in 2013. Grocery items ate sold in Dhaka, Natore, Jessore, Khulna, Sylhet & Rajshahi. Number of employee is 2700 and revenue was 12 million in 2019. Baby products, personal care products, Pet-food, other daily necessities are supplied through Websites. Shwapno on line has 40 outlets in Dhaka, Chittagong & Sylhet being the largest super shop in Bangladesh. Grocery & food items are the main products delivered in time for customers' satisfaction.

Table 1. Internet and Mobile Users in Bangladesh

Year	Internet users		Mobile users	
	No. in Crores	Growth rate	No. in Crores	Growth rate
2011	-	-	7.30	-
2012	2.84	-	8.66	118.63
2013	3.10	109.15	9.74	112.47
2014	3.55	114.51	11.48	117.86
2015	4.28	120.56	12.19	106.18
2016	6.66	155.60	12.64	103.69
2017	7.33	110.06	13.60	107.59
2018	9.13	124.55	15.70	115.44
2019	9.90	108.43	16.55	105.40
2020	11.19	113.03	17.01	102.78
2021	11.27	100.71	17.33	101.88

Source: Bangladesh Economic Review, Ministry of Finance

Number of internet users rose to 11.27 crore in 2021 against only 2.84 in 2012. Mobile subscribers use to 17.33 are in 2021 against 7.30 are in 2011. Growth rate of internet had increasing trend during the period under study, even growth rate of mobile subscribers, had also increasing trend which are very much encouraging for the expansion of E-commerce activities in Bangladesh.

Table 2. No. of Subscribers of different Mobile Operators

Name of operators	Creore (Tk)
Grameen Phone	8.04
Bangla Link	5.15
Rabi	3.59
Tele Talk	.55
Total	17.33

Source: Bangladesh Telecommunication Regulatory Commission.

Total subscribers are 17.33 crore of which highest number is in Grameen phone followed by Bangla link, Rabi and Tele Talk respectively. The price of internet Bandwidth declined by about 90 percent during last ten years. We know that with the setup of 4G Network in 2018, 5G Network is also under process in corporation of BTRC. Sixty four Zillas and 478 upzillas have been connected through sincere efforts of BTCL. Domestic entrepreneurs also came forward to invest in such ventures. In Bangladesh 162 million people use Credit card, 19.90 million Debit card & .59 million prepaid card.

Table 3. No. of Users of Credit Card & Debit Card and Prepaid Card in Bangladesh

Credit card	Debit card	Prepaid card
162 million	19.99 million	0.59 million

Source: October. 2020 Bangladesh Bank

We know that Eastern bank Ltd, Dutch Bangla, City bank & Standard Chartered banks & Southeast bank provide international Debit card facilities. Standard Chartered bank established Credit card system in 1989 along with Visa & Master card. Practically Credit cards are more convenient due to credit facilities, no interest, available insurance facility, travelling discount & cash back etc. In Debit card checking account is adjusted but in Credit card you need to pay the bill after credit transfer. Benefit of Debit cards are that quick payment is possible, no interest is charged & secured payments are there. Limitation of Credit card shows increasing interest rates & fraud rate.

It is very much encouraging to observe that Bangladesh has 4th position in enjoying the opportunity of cheapest mobile data within the south Asian countries. India enjoys the cheapest mobile data worldwide. In global market we have 18th position based on cable company network data. Within a short-term 5G network service might be available with the initiative of Grameen phone, Rabi, Tele talk & others. Bangladesh has the quickest mobile network but in Bangladesh slow internet speed is due to the following barriers:

- a. Router might be out dated
- b. It might be far from TV /computer.
- c. Bandwidth throttling.
- d. Lack of awareness regarding the use of Modem/ Router.

In December 13 2021, 5G computer network has landed in Bangladesh South Korea, China & USA contributed a lot in developing 5G network. 5G delivers 20 gigabits per second (gbpd) in peak hour while average data would be 100 + megabits per second (Mbps).

Table 4. Debit Card / Credit Card Situation of State owned Commercial Banks in Bangladesh

Name of banks	Debit card	Credit card	Total
Sonali bank			496285
Janata bank	40000	1048	41048
Agrani bank	125821	-	125821
Rupali bank	-	-	58000
Basic bank	-	-	14600
BDBL	-	-	-
BKB	-	-	10314
RAKA	-	-	-
Total	-	-	746068

Source: Ministry of Finance Annul Report 2020-2021.

Table no. 4 shows that Sonali bank had the highest number of Debit & credit cards followed by Agrani bank, Rupali bank, Janata bank, Basic bank & BKB at the end of June 2021. BDBL and RAKA had the ongoing preparation for the introduction of the same.

Table 5. Number of Debit Card/Credit Card Scenario of top Thirteen Private Commercial Banks

Name of banks	Debit card	Credit card	Total
Dutch Bangla	6841395	88462	6929857
Islami bank	3594216	16586	3610802
City bank	471867	491937	963804
BRAC	787121	14312	801433
UCBL	490000	56400	546400
EBL	255700	119596	375296
Mutual Trust	340842	21230	362072
South East bank	230000	128673	358673
Mercantile bank	270820	12923	283743
Pubali	217855	5976	223831
Al Arafa	214635	4610	319745
AB bank	206179	7498	213677
Prime bank	137891	65553	203444

Source: Ministry of Finance Annul Report 2020-2021.

Table 5 shows that Dutch Bangla banks had the highest number of Debit card / Credit card i.e. 6,92,9857 followed by Islami bank, City bank, Brac bank, UCBL, Ebl, Mutual Trust bank, South East, Mercantile, Pubali, Prime bank respectively at the end of June 2021.

Table 6. Other Private Commercial Banks having Debit/ Credit Card at the end June 2021

Name of banks	Debit card	Credit card	Total
Dhaka bank	175543	16178	1,91,721
Standard bank	103125	80187	1,83,312
Shaha Jalal bank	-	-	1,72,585
IFIC	164488	2763	1,67,251
EXIM	159769	5092	1,64,861
NBL	-	-	1,51,408
Premier	-	-	1,47,533
Social investment	-	-	1,44,410
One bank	72545	15181	87,726
NRB	-	-	80,460
Uttara bank	-	-	64,423
NCCI	-	-	58,724
Simanta	-	-	35,131
First Security	-	-	11,483
ICB Islamic bank	-	-	7,595
Bengal com. Bank	-	-	97

Source: Authors compilation

Table 6 exhibits that Dhaka bank had the highest amount of Debit/ Credit card followed by standard bank, Shajalal bank, IFIC, Exim, NBL, Premier, Social investment, one bank, NRB, Uttara, NCCI bank, Simanta, ICB, Fist security Islamic bank, & Bengal commercial bank respectively at the end of June 2021.

8.2 Opinion of the E-commerce Customers

While interviewing 100 customers it is found that they had quality, difficulties increasing price rates, irregular delivery & non-cooperation of distributors. Practically they purchased grocery items, electronic, fancy clothes, choice & dolls and collection of railway & bus tickets. They suggested for prompt delivery of quality products in time at a reasonable price for the satisfaction of customers.

8.3 Difficulties Faced as Mentioned by the Respondents

- I. Conflicts among the manufacturer, whole seller and retailers regarding price fixation are of great concern. Sometimes there is communication gap among the producers, retailers & customers regarding the variation in the quality of product delivered with the product ordered..
- II. Non-cooperation between whole sellers and retailers.
- III. Cost of distribution, variation in quality of products, difference in assurance given for branded & non-branded items are also determining factors.
- IV. Existence of low quality product and unfair competition in market & difference in pricing of similar product influence customer perception towards effective e-commerce services.
- V. Need for mutual trust and confidence towards the e-commerce platform are also vital factors.

9. Conclusion and Recommendations

From the overall analysis and interpretation of both primary and secondary data, it could be concluded that clothing items are the preferred products followed by electronic items & others respectively. Practically customers prefer quality items, timely distribution, and reasonable price rate, post-sale services, necessary guarantee & warranty which are highly preferred for business expansion in Bangladesh. Following suggestions are given for developing environment for increasing prospect of E-commerce.

Developing more e-commerce platforms in Bangladesh through website. b. Wide publicity and advertisement for creating stockholders' awareness. c. Group coordination within the distribution network like manufacturers, wholesalers' customers and retailers. d. Training and developing activities for the sales personnel at the level of manufacturer, whole sellers and retailers. e. Forecasting of business environment through narrating available business opportunities threat & challenges and internal strength and weakness of the organizations. f. Market research activities should be undertaken through developing strategic approaches for creating market leadership & sustainable business growth. Ethical practices are the crying needs for feasible performance of the e-commerce sector.

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