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A Literature Review of the Trend of Electronic Commerce in Bangladesh Perspective

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A Literature Review of the Trend of Electronic Commerce in Bangladesh Perspective

Nazmun Nessa Moon [α], Shaheena Sultana [σ], Fernaz Narin Nur [ρ] & Mohd Saifuzzaman [ω]

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I. Introduction

Now a days, e-commerce sector plays a significant role both in developed and developing countries. *M. S. Khan and S. S. Mahapatra et.al [1]* mentioned that Information technology can play a significant role in developing and increasing the perfection of services in business sectors and he also discussed that now a day's after the revolution of agricultural and industrial revolution, internet is considered to be the third wave of revolution. *Yaser Ahangari Nanehkaran et.al [2]* explained, e-Commerce has actually made a business situation in our modern world through technology like the internet or other computer network. The development of e-Commerce is basically depend of the accessibility of the internet of the people. According to Bangladesh Bureau of Statistics the present size of population of Bangladesh is near about 163.187 million and according to BTRC the internet subscriber is 67.247 million at the end of February 2017. In this present situation of huge population the annual growth of GDP is 7.05% according to Bangladesh Bank and in this situation the contribution of e-Commerce market is nearly 1% but if we connected industries for example logistics, banking, export import then the e-Commerce is near about 2.5% (Source: eCab). So the contribution of e-Commerce in Bangladesh's economy is not like to avoid. After seeing and observing the effectiveness of online business, Bangladesh is also growing their capability on this particular side gigantically. In e-commerce, the payment is really a challenging part after purchasing services. Sometimes the payment is processed after delivering the goods, products and services and Sometimes, the transaction is processed through visa card both international & Bangladesh prospect and in Bangladesh bKash & DBBL is most commonly used payment medium. The second one is considered to be a standard transaction system both international & Bangladesh prospect which is shown in Fig 1.

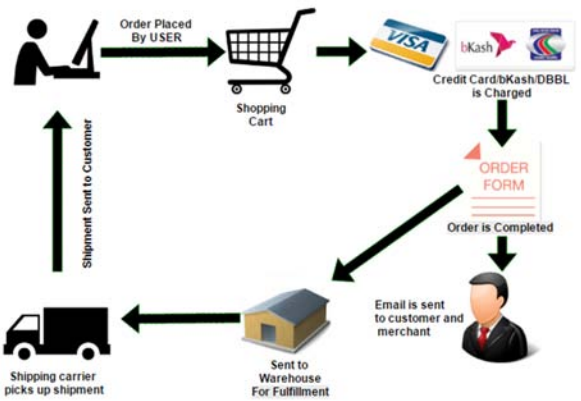

Fig.1: E-Commerce transaction Cycle

Szymanski et.al [3] described that it gives us opportunity to ignore national boundary gap in new business models and developing of modern technology cut the barrier which is used to distinct one industry from another one. Bangladesh has a large marketplace but online market is not well establish yet. From previous research, we can say that since 1970-2000 was the darkest period for Bangladesh in E-Commerce business. Then the people can't even think or imagine for e-Commerce. They only use computer to make assignment for school, college and university or even

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busy to make presentation in private & government sector. From 2000 the students as well as the public & private sectors just waked up and began a revolution of computer work. On that time, the Bangladesh Institute of Communication and Information Technology (BICIT) has been organized and run an Annual Development Programme. This organization will instruct standard ICT education and certification of IT related courses & products. According to BICIT they made report of IT Trainers, IT Professional, Language skill, operating system skills which is shown in Fig 2.

IT Trainers & Teacher		IT Professional		Language Skill		Operating System	
B.A., B.SC, B.Com	33%	B.A.,B.SC., B.Com	41%	Java	11%	Unix	10%
M.A., M.Sc., M.Com.	29%	B.Sc. Engineer	14%	C++	34%	Linux	28%
B.Sc. Engineer	25%	M.A., M.Sc., M.Com.	13%	Visual Basic	22%	Windows 95/98	30%
M.Sc. Engineer	8%	Diploma	13%	Others	11%	More than 1 OS	20%
SSC/O Level	2%	M.Sc. Engineer	9%	More Than That	22%	Other	12%
Diploma	1.50 %	MBA	5%				

Source: BICIT Survey,1999-2000 fiscal year.

Fig.2: BICIT Survey Report

After that in 2013 when ICT ministry of Bangladesh and Bangladesh high commission London unitedly organized the first international e-commerce fair. The huge success of this fair developed our online business in Bangladesh. After that the government is like to enlarge ICT section & coverage of broadband network to 30% by 2015 and 40% by 2021 and also vision to build Digital Bangladesh by 2021. The students of private universities have done superb for e-commerce data and uses development and some private universities are giving free laptop to force them to learn things from online. This is also nice to see that they're doing online business and putting several things on their sites and selling them easily. There are so many online shopping websites has been developed in Bangladesh like cell bazaar, bikroy.com, AjkerDeal.com, daraz.com.bd, rokomari.com, priyoshop.com, bagdoom.com, lareve. com. bd, arong. com. bd, othoba. com, chaldal. com, food panda. com, bangle mart. com, muktobazar. com, shohoj shopping. com, ajkerdeal.com, akhoni.com, itbazar24. com is one of the most effective e-commerce websites in Bangladesh, wherever you can notice large numbers of products. For online dress shopping in Bangladesh, you can come with arong, plus point, bag doom, priyoshop or daraz. Chaldal is the best online store for grocery and food. When you feel that you are hungry you can go to hungrynaki or food panda. Kaymu is going to turn into one of the highest Bangladeshi online mall & daraz so on. Recently Alibaba also started their online shopping service in Bangladesh. So we can say in near future, e-commerce sectors will spread gigantically in Bangladesh to make a revolution.

II. Literature Review

As we all know, internet and e-commerce are entirely committed towards every developed country. But we think it can be accomplished and can make a remarkable benefit to developing countries also if an ideal business purpose can be made. *Ohidujja man et.al [4]* clearly discussed that E-commerce is a revolution & turning point in online business practices and can make a huge contribution to the economy and *Hasan et.al [5]* also indicated that currently, e-commerce organizations have increasingly become a fundamental component of business strategy and a strong catalyst for economic development. A huge amount of research works has been done on e-Commerce which is basically on online shopping. A large group of researchers has found out and also pointed out the necessity and possibilities of Online Shopping. On the other hand, limitation of e-commerce is found and at the same time, they provided essential suggestion and came to a prediction to make Online Shopping more useful for the consumers. But the contribution of traditional marketing is also inescapable but compare to online shopping it is less effective we think. So on this basis, *Mehrdad Salehi et.al [17]* found out distinguish between online marketing & traditional marketing. Though most of the people of Bangladesh especially the rural people are not enough capable of operating internet to run the online business. For that reason, they need to be dependent on traditional marketing.

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Table 1: Distinguish between e-marketing & traditional marketing

E- Marketing	Traditional Marketing
Interactive advertisement. Example: website, social networking site, Google ads, banner ads, video marketing.	Contact from one side. Example: Print media (Newspaper), Broadcast Media (TV & radio ads), telemarketing.
E-marketing methods less expensive	Traditional marketing methods more expensive
Reach out maximum people	Limited audiences
Instant Comparable	Less opportunity
Save a lot of time	Need a lot of time
Less interaction	Interaction with people can make good relationship.

In town both marketing system are available but the most cost effective is online marketing. So in this paper, we would like to show distinguish & effectiveness of both marketing system as illustrated in Table 1.

When we looked back some previous research work on e-commerce, we found out that everywhere they described their papers on consumer's perspective but in this paper we would like to describe it both consumers and marketers perspective. By contributing both side, we can assure a healthy economy and easy marketplace in Bangladesh.

a) *Customer Perspective*

Williams, Bertsch, Wiele, Iwaarden & Dale et.al [6] clearly discussed that although consumers keep on to purchase from a physical store like traditional shopping but consumers feel very convenient to shop online since they find themselves free from personally visiting the stores. So we can say that online shopping saves time as well as the energy of the consumer while buying their commodities. In the case of online shopping, buying decisions can be easily made from home by sitting at home. In online shopping comparing product with lots of verity & supplies, price advantage can prevail easily. Online shopping is much useful in meeting the consumers' needs and wants. *Brown et.al [7]* confirmed in his paper that consumer can now make more intelligent decisions in the way which is not possible through traditional shopping. Moreover, *Monsuwé et.al [8]* also made a review that the consumer can also buy anonymously which is more convenient and when it comes to personal products that consumers may feel uncomfortable buying in stores. *Brown et.al [7]* found out that daily tasks like shopping for groceries have become simple for consumer's who do not like crowds. *Richard Dobbs et.al [9]* observed that online retail stores often market themselves through low price. For example, Amazon.com uses this tactic to allure consumers away from traditional bookstores. These low price online retail store are causing a great consumer surplus. *Goldsmith et.al [11]* study reveals that some consumers use online shopping just to avoid from face-to-face interaction with salesman because they feel uneasy & uncomfortable while bargaining with the salesman and do not want to be manipulated and fooled around in the marketplace. This is a big true for those customers who may have face a negative experience with the salesman. Here *Mohammad Harisur Rahman Howladar et.al [10]* described in his paper that due to the up to date developing infrastructure of ICT in Bangladesh, online shopping intention among people are developed day by day and consumer & marketers make a huge contribution to the national economy through e-commerce. Let's come to the current consumer statistics & age brackets of e-commerce in Bangladesh where the youth with male consumers is in the majority (75%) position. The most victorious age group is 26-30 years achieving 50% of the consumer group. The majority of the consumers are either professional achieving 44% or the university student achieving 33% where the contribution of female consumers is complainingly low 25% than others shown in Fig 3.



Fig.3: Consumer contribution on e-Commerce

Source: Light castle partners survey on Digital Consumers, 2016, support document.

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b) Marketer Perspective

As we know there are many restriction in traditional marketing for selling goods and products but in online marketing there is no boundary or limit or restriction. *Johnson et.al [12]* revealed there are huge differences between the E-marketing and traditional marketing. Traditional marketing can only concentrate one to one communication that means the marketer need to market the product to one customer round the clock on the other hand E-marketing is done through one to much communication system. In case of online marketing, marketer should be trained as we know that traditional marketing and online marketing is not the same thing. If an organization adopts online shopping for the first time, it must be very cautious and its communication technique should be different from the traditional one. That's why the organization need to maintain some basic strategy for making business effective shown in Fig 4.



Fig.4: E-marketing strategy

In the 21st century trade and commerce has been so diversified that if a marketer wants to do business, he should be diversified through internet. As we all know internet is the source of innovation so online shopping will shows the way to make innovative ideas of online shopping. In online shopping marketer do their trade through a user friendly website so it is very important to design an attractive website for the prominent consumer. Internet create a marketplace where different company and the customer come in one place. As it is one kind of virtual market. Through internet every company advertise their goods and products. In 2016, total retail sales across the world will reach $22.049 trillion, up 6.0% from the previous year. E-Marketer calculates sales will top $27 trillion in 2020, even if annual growth rates of the world will slow over the next few years, as explored in Fig 5.

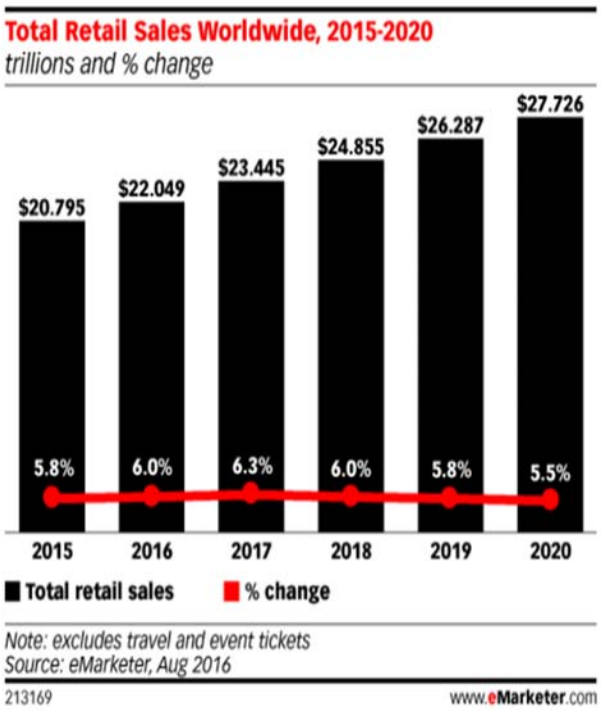

Fig.5: Chart of e-Marketer Sales

III. Objectives of the Studies

The main objectives of the study are as follows:

- To analyze the present infrastructure of e-commerce in Bangladesh To know the major types of e-commerce.
- To identify the advantages & disadvantages of e-commerce.
- To know the challenges and limitation in e-commerce in Bangladesh
- To identify the motivation factors and recommendation for future development in Bangladesh for online shopping.

IV. Research Methodology

This research is actually based on secondary information from various journals, published book, and newspapers along with internet. The study is qualitative and unique in nature.

V. Types of E-Commerce

There are basically several types of e-Commerce in Bangladesh as well as other countries too [14].

- *Business to Business (B2B):* B2B deals between the businesses or among business. In Bangladesh

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BGMEA, readymade garment receives order from outside client of Bangladesh. Example: Sindbad. com, address bazar, Bangladesh Business Guide, trade etc.

- *Business to Consumer (B2C):* This business is basically done with the general people like catalog utilizing shopping software. Example: ajkerdeal, bag doom, daraz, othoba and so on.
- *Consumer to Consumer (C2C):* This business strategy which is basically done between customers. Example: Bikroy.com, Ekhanei.com and ClickBd.com.
- *Others:* G2G (Government to Government), G2E (Government to Employee), G2B (Government to Business), B2G (Business to Government), M-Commerce (Mobile Commerce), F-Commerce (Facebook Commerce).

VI. E-Commerce Advantages

- *Comfort:* If we need any household commodities or even anything, we can get it by sitting at home on the click of our finger on the internet.
- *Time-saving:* By using e-commerce sites, there is not a chance of waste of time and with the help of online order, our necessary product will be delivered to our address.
- *Options, options, and options:* Without visiting outside from one store to another, the consumer can simply compare goods products or commodity. We can see who offer low price for standard & branded goods and can have more option to choose from the websites.
- *Easy to compare:* When the marketers place their products to the website, they make a lucrative description of these products to compare them with other products, to let the consumers know that they have the best option and come back for more.
- *Coupons and deals:* Some online business company makes offers that we can't refuse. Some major sites sometimes offer up to 80% of discount.
- *24/7, 365 days:* if it's holiday or rainy or sunny or the road is blocked by any reason, the businessman should not be worry for his business because the door of this market is always open & the profit will go rising every day.

VII. E-Commerce Disadvantages

- *Privacy and security:* Before making a transaction, we should be sure and check the website's security certificate. Sometimes unauthorized access, DDOS attack make a huge problem.
- *Quality:* Quality is a big fact on e-commerce, sometimes the product which is ordered from online website will not be similar in quality. So the consumer should not touch the product or make instant transaction until they delivered the product in door.
- *Hidden costs:* Sometimes hidden fees will not be mentioned like product delivery cost, tax etc. so be alert.
- *Credit card issues:* Some company gives some free point for purchasing good by taking the credit card information after that from that vary information the credit card can be hacked.
- *Social Relationships:* Through traditional shopping a face to face interaction occurs which makes a social relationship with others but in online shopping we fail to do so.
- *Consumer dishonesty:* sometimes customer make an order through online but after delivery they refused to take the order or make a wrong address for the delivery of orders for which the marketer face Harassment as well as business loss

VIII. Challenges of E-Commerce

The major challenges faced by the buyer and the seller which carrying out business transactions through website are as follows.

- Now Private and Public organization work separately but if they do business jointly, the ecommerce business will be developed flourishingly in near future.
- As we know that most of the e commerce website don't have proper cyber security for this their system is not reliable & secure. If the website is hacked, the consumer will lose their money as well as the marketer too.
- In developing countries like Bangladesh there is a tradition of buying goods or products by bargaining price with the seller but in e-commerce, it is quite impossible.
- Another biggest challenges is to make a low price of the internet and cutting down the short ranged validity or expiry date. The authorities spreads high cost of internet which should be stopped.
- Lack of quality trainer to teach the e commerce knowledge. Lack of Government laws, rules and regulations.
- Our country's telecommunication service is insufficient near about 60% of lines are mainly

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analog and the quality services is comparatively poor.

- Lack of transaction security. *Jayshree et.al [12]* described in his review that legality should be maintained by conducting new method of transaction instead of the existing banking system in e-commerce such as electronic signature.

Apart from that, the developing economy like Bangladesh also has to face the following challenges:

Out of 64 district few are facilitate the availability of internet services. In 2002 BTTB was planning to facilitate internet service in 64 district but in January they did just 12 district but the project is running and growing very fast nearly about all districts. According to Bangladesh e commerce country fact sheet, in 2016 the internet penetration is 38.5% which is 62,004,000 users (Source: BTRC: Bangladesh Telecommunication Regulatory Commission) out of a population of approximately 161,000,000 (Source: BBC: Bangladesh Bureau of Statistics). But if we look on e-Commerce market as percentage which is less than 1% of total GDP, which is pretty much unfortunate for our country because of some basic limitation-

- Lack of educational and practical knowledge about information technology
- Cultural tradition
- Poor concept on e-commerce
- Less Advertisement, promotion & marketing
- Political instability
- Sometimes online products are costing high rather than traditional market.
- Limited internet coverage area
- Lack of trust in business and business strategy
- No product return policy
- Absence of cyber law
- Slow and expensive internet service
- Lack of public as well as government awareness

IX. Top Motivation Factor

According to the following Fig 6, the top motivators for online shopping are trust and loyalty, most important is ensuring security, cash back guarantee, cash after delivery, Fast delivery service and discount & offers. If this factor can be ensured in near future in Bangladesh then both the consumer and marketers can make a huge contribution in national economy.

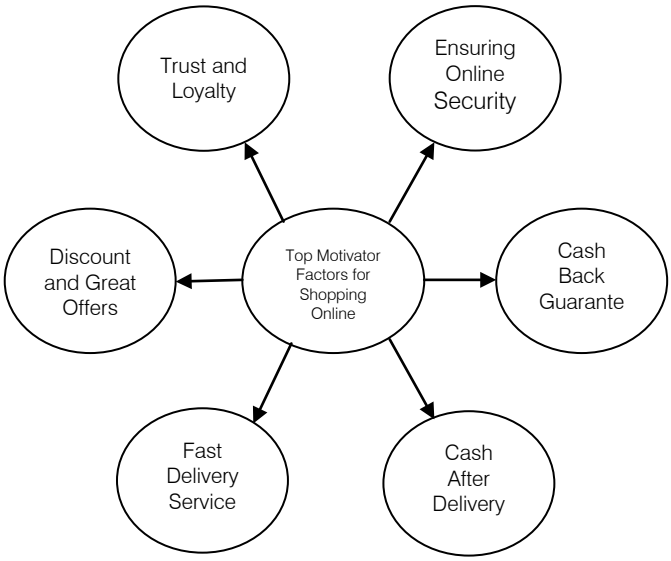

Fig.6: Top Motivator Factors

X. Conclusion

In near future E-Commerce will be the leader with popularity and prosperity in e-trade sector. From above discussion we can come to a view that e-Commerce has changed the business strategy and making life easier for the people of Bangladesh as well as other countries. Developing countries like Bangladesh, we faced some problem in this sector but we think we can overcome very strategically in future. In this sector Government role is also very significant for the growth and implementation. *Shiferaw et.al [15]* Government should simplify friendly policy and e-government services. Here social support and practice is also needed for the improvement of online shopping. *Limayem et al [16]* Family practice & choice and the significant role of the media should be leaded positively. So from the above research we can easily say, maintenance of factors, handling of limitation and by the help of Govt. e-commerce can plays a significant role in 21st century.

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