"Ecommerce prospective in Bangladesh: Case study on Daraz and others"

By

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This report is submitted as a part of course curriculum for Completing Degree from **Dept. Of Innovation & Entrepreneurship** in Daffodil international university.

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Letter of Submission

Dated: 1 July 2019

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Subject: Submission of project (Two) report.

Respected madam,

It is my utmost pleasure and matter of pride to submit the project report on "Ecommerce prospective in Bangladesh: Case study on Daraz and others". This report was created from the personal working experiences from Daraz and different medium. This report will carry the journey of Ecommerce business and its activities which will showcase the prospect from the industry in our country.

I would like to take the opportunity of thanking you for all the support and guidelines that you provided, which I hope will continue in the future.

Regards,
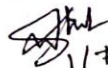
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Letter of Acceptance

This is to certify that this project report entitled "PROJECT 2 (two)" submitted to "Daffodil international university" is a bona fide record of work done by "Mir Sazzadul Islam Hira" under supervision of "Mrittika Shil" "January-2019" to "May 2019" As the part of course curriculum of "Dept. of Innovation & Entrepreneurship".

It is permitted to be submitted as Project report.

1/7/19

Supervisor(s),

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Declaration by Author(s)

This is to declare that this report has been written by me no part of the report is plagiarized from other sources. All information included from other sources have been duly acknowledged. I aver that if any part of the report is found to be plagiarized, I shall take full responsibility for it.

Mir Sazzadul Islam Hira

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Department of Innovation & Entrepreneurship

Dated: 1-06-2019

Acknowledgment

This Report won't be complete if I missed to give credit where it's due. The report was made with my effort true but so many helping hand was involved in it who have unconditionally helped with friendly attitude.

Firstly I would be thankful to almighty ALLAH. Without the blessing of him nothing would have been possible.

Secondly the list of people helping me to create such a report is worth of mentioning.

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Also I am very much thankful to my university for all the facilities given.

Executive Summary

This report deals with the current technological period of Bangladesh in E-commerce industry. It not only the activities or systematic procedures of E-commerce business but also brings up the prospect of it.This report will introduce its readers too closely to Daraz Bangladesh by its history origin and its mission vision and goals.Part of this report shows the daily routine activities of ecommerce sites.Including of its-Internal activities,Customer handling,Supply chain,Organogram,Training methods e.t.c.The report will also deal with the competitions the company faces and future threats.Report will also show some business tools such as swot analysis and will discuss about different strategy applied in the business.This report will also analysis the current situation and will show lacking's and find out sections that can be improved.Finally There Would be some recommendations which can be applied to improvement of company.

Chapter: 1 Introduction

Introductory Part

Whole World is presently in a state where technology making its mark. No matter what sector we observe technology and modern science is taking over that too. Internet can be named the top most central attraction nowadays. Following the trend Currently Bangladesh is also having a technological breakthrough period. Bangladesh may be seeing the best of its technological advancement after the birth of the country. And talking about the internet we can easily follow the current internet users of Bangladesh to see the positive number of growth. Below are the data from BTRC in March 2019 of internet subscriber in Bangladesh-

The total number of Internet Subscribers has reached **93.102** Million at the end of March, 2019.

The Internet subscribers are shown below:

OPERATOR	SUBSCRIBER (Million)
Mobile Internet	87.310
WiMAX	0.061
ISP + PSTN	5.731
Total	93.102

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

*Source-BTRC Website

With the internet access one thing is suddenly being talk of the people and that is E-commerce business. Bangladesh may not have big name s like Amazon, EBay but it already have its mark with the Alibaba powered Daraz or pickaboo and others.

E-commerce can be defined as any commercial transaction that happens through electronic media.

With every passing days the users of internet and customers of ecommerce sites are growing. And to keep the pace with increasing amount of interests every time some new ecommerce companies are getting introduced.

So, it can be seen that e-commerce has great opportunity to conduct business in Bangladesh. My work experience also enabled me to understand that e-commerce is rapidly growing in Bangladesh.So this report is meant to discuss the current and future prospect of e-commerce industry in Bangladesh.

Objective Of The Report:

Though the report explore lot of segments of ecommerce industry in our country.And lot of point came out too but here are are some major objectives which was considered and mainly focused on creating this report, those are-

- What is the current situation of e-commerce?
- How an ecommerce actually works?
- How the customer being handled?
- What are the problems customer facing?
- What are the main problems business owner facing?
- Future prospects of ecommerce?
- Finding solution and recommendations for the industry.

Report Origin

Govt. of Bangladesh has lowered the taxes grade for IT and Ecommerce related industries. These category seats the bottom of the table which means the Entrepreneurs has to worry about very low tax rate doing these business. Why Govt. took such a step can be clearly understood that Govt. are making an environment for E-commerce and IT Business to do well and engage more and more people to this sector.Govt. Also working on Tech support for these kind of business and created Tech Park in different points of countries. So it is can be described that future of this business is bright locally as well as globally.

Methodology:

Collecting the data and information to use to create the report was various but it can be categorized in two major parts and sub parts.

1. Primary-
   - ✓ Personal working experiences
   - ✓ Duty time learnings
   - ✓ Colleague and co-workers interviews
   - ✓ By studying Reports
2. Secondary-
   - ✓ Websites
   - ✓ YouTube
   - ✓ Television Reports
   - ✓ Articles

Limitation of report source:

- ❖ Company policies won't allow to distribute internal data.
- ❖ Bangladesh is still not ready for this sector
- ❖ Time insufficiency
- ❖ As online based industry information are changeable time to time
- ❖ Workers are always busy in duty

Chapter: 2 Overview Of Company

About:

Daraz is a creation of Berlin (German) Based Company Rocket internet. Rocket internet was established in year 2007.They First launch Daraz in Pakistan (2012) and after two years of their operation they started doing business in Bangladesh in year 2014. Today it operates in Pakistan as well as Bangladesh, Myanmar, Sri Lanka and Nepal.

Daraz follows the B2C model of conducting business.B2C which stands for business-to-consumer, is a process for selling products directly to consumers.

Daraz was introduced as 4th ecommerce site in Bangladesh but in a grander way. It Also followed the international method of doing business and showed the capabilities in very early stage.

Daraz Bangladesh is the currently the business leader in E-commerce sectors after having so many competitors in market. They have huge number of products and seller list is large. Still everyday new sellers and products gets attached with them. Which helped them become the largest ecommerce site in Bangladesh.

Currently Daraz is working as unit of Alibaba (China based ecommerce site). Rocket said in a statement that Alibaba has acquired the entire Daraz business.

"Bjarke Mikkelsen, Co-CEO of Daraz, said: "With this transaction Daraz has found its natural home in the Alibaba family, and we are proud to carry our part of the mission to 'make it easy to do business anywhere'"

(Source- Dhaka Tribune)

"Daniel Zhang, CEO of Alibaba Group, said Alibaba was excited for Daraz to become a part of its ecosystem. "Together with Daraz, we can now empower entrepreneurs to better serve consumers in the region through our technology and expertise," he said." (Source- Dhaka Tribune)

Daraz's Values Missions And Goals-

Values-

- Embrace change
- Teamwork
- Customer commitment
- Integrity
- Ownership

Missions

- To become Global leader in ecommerce industry. Their first target is Asia which can be seen. They are advancing with new methods technology and effective human resources.
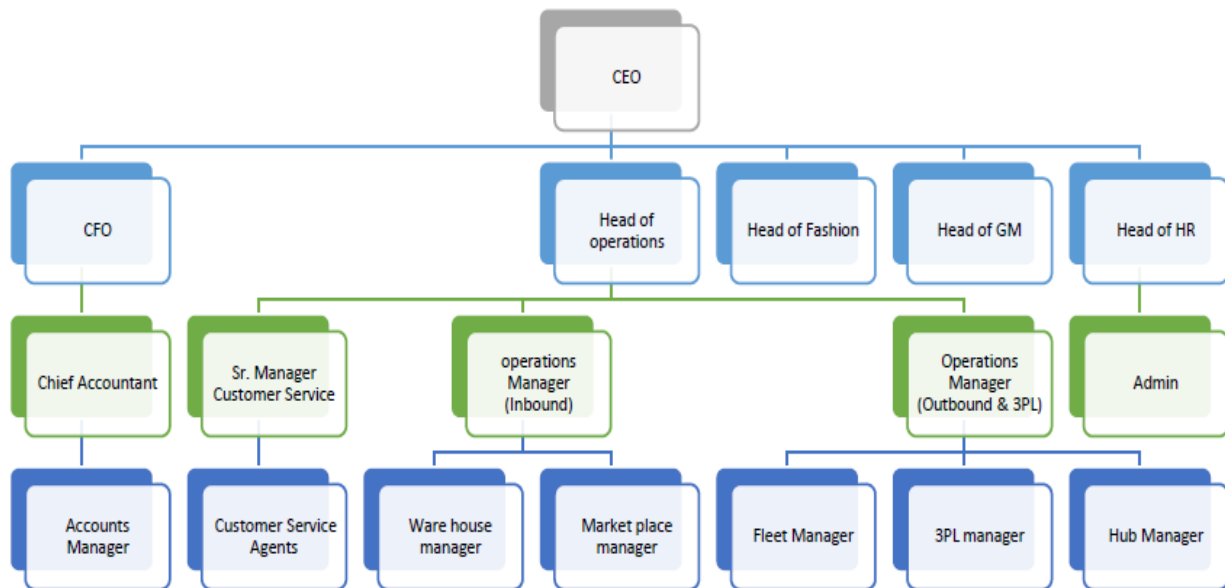
Vision

- To gain the maximum possible share of online based customer.

Goals

- To provide customer authentic product
- To give doorstep services
- Best product at lowest price offerings

Chapter: 3 Working Procedure

Daraz Organogram

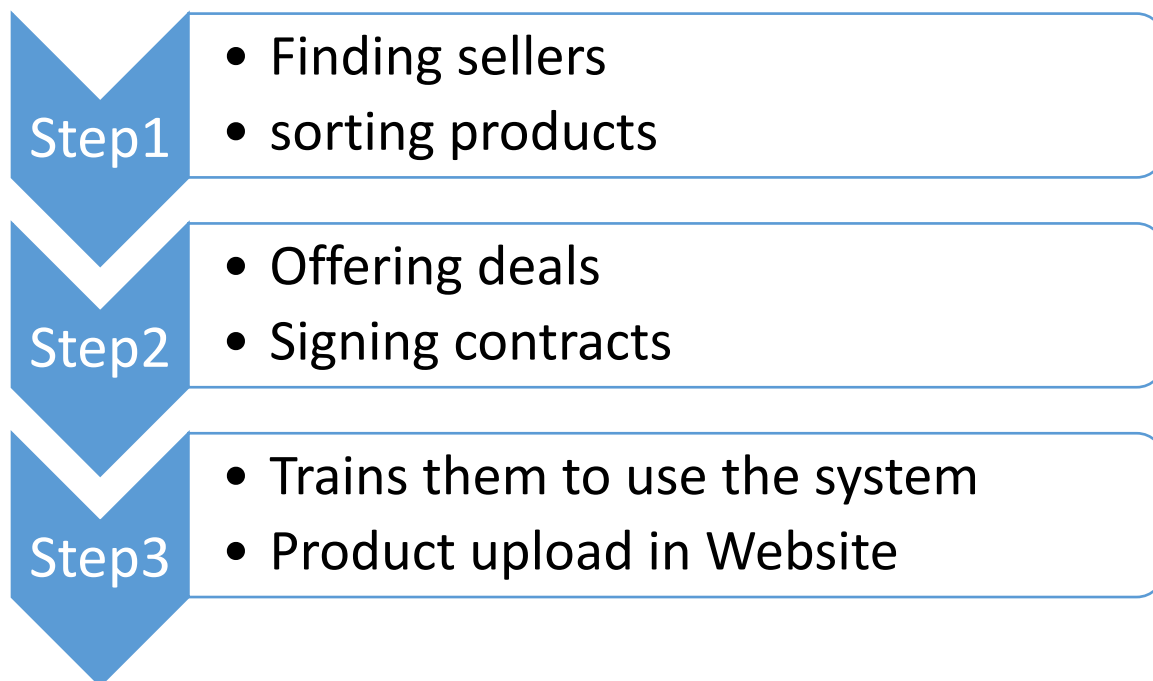
*Source-Internet (BRAC university report)

From the organogram we can easily notice that the company runs by the direct involvement of CEO.S/He is the main leader who leads the company. As it has global operation so every country has its designated CEO of its own. Ceo distribute the orders and shows responsibilities to the head of ever dept. categorized as working divisions. Head of every dept.'s has their own managers to maintain the employees or working HR of the company.

Above the managerial posts every persons work with ideas and rules where below the managerial level these are workers works with basic rules and maintain the primary duties put upon them.

Having as many employees doesn't mean they are not connected with 3PL.They need 3rd party labor also in their activities such as courier services.

Business Contracts And Deals-

Even before putting products online they need to source the seller of whom they will put products in their website for sell. Process can be shown as below-

Step1
- Finding sellers
- sorting products

Step2
- Offering deals
- Signing contracts

Step3
- Trains them to use the system
- Product upload in Website

After uploading products to website the main phase of works begins. Customers then can browse their website and find listed products and can place order. After placing the order maximum standard Ecommerce run in same patterns. Below are the Daraz as well as standard ecommerce procedure shown-
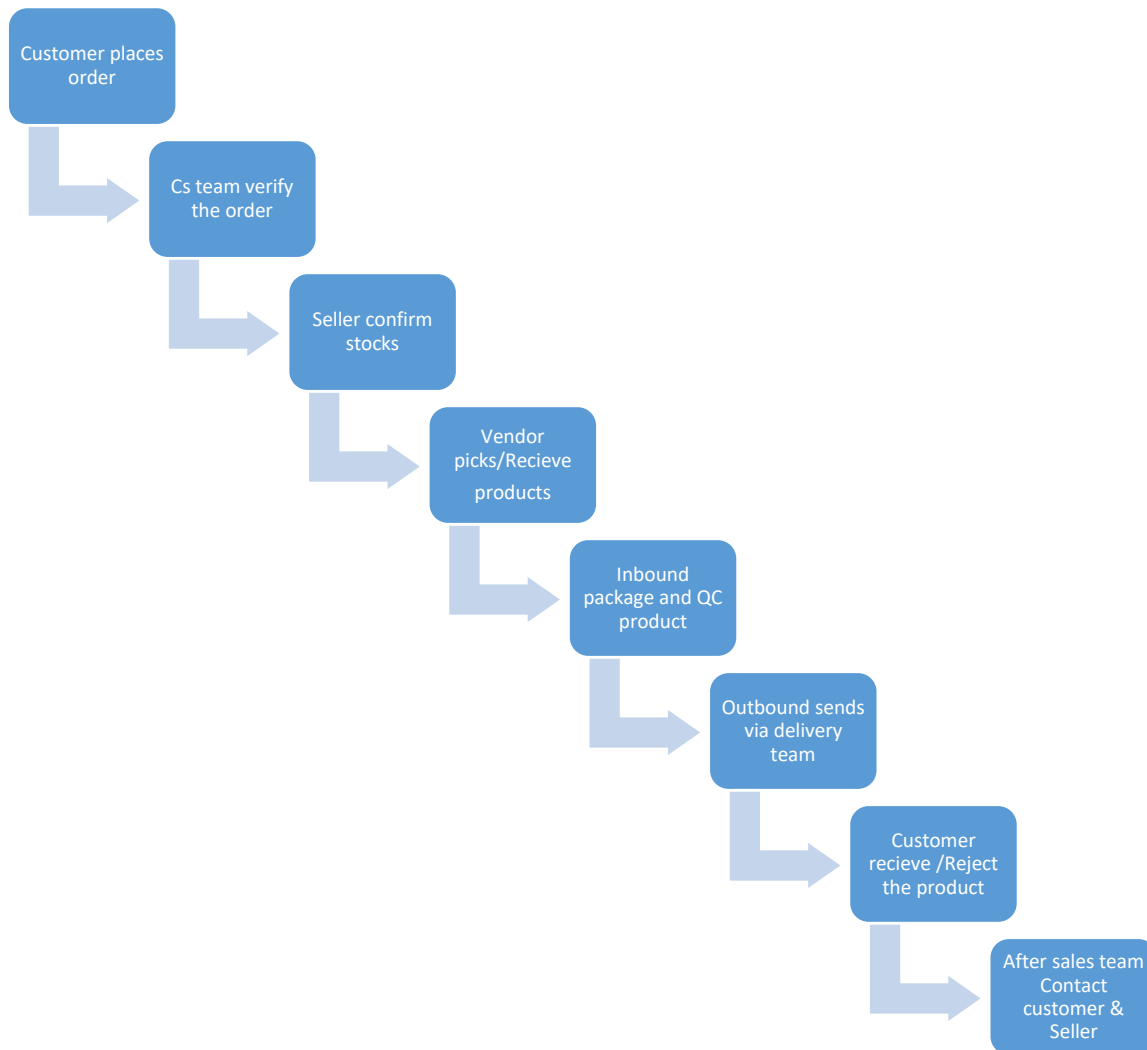
Fig-The Working Procedure Of Daraz

Promotional Activities

Being an International company Daraz never kept any stone unturned they have used every promotional activities available. They tried Basic to innovative every possible promotional activities.There most used promotional activities are mentioned below-

- Online media
- Television media
- Print media
- Commercial ads
- Direct marketing
- Leaflet
- Wall paintings
- Sponsorship (Sports, movie drama etc.)
- D-force*

*D-force- It was a direct marketing strategy from daraz. They introduced a method where they targeted university level students to be their human agents who can direct marketing their products among relatives friends and others By giving the benefits of commission based earning system.

This proven to be a very useful marketing tool for Daraz. As the youth were attracted as they could have earn money without doing office job and gain experience being a student. They got the recognition of being an employee of daraz where daraz were getting benefited as word of mouth spreads fast. Finally they unofficially closed the program in 2018 when they thought they achieved what they wanted to. It is still one of the best marketing strategy applied in Bangladesh. Very easily rural and urban area were covered as students are from different location of Country

Chapter: 4

Problems, Competitions & SWOT

Problems In Ecommerce-

- Unsettled market
- Unaware customer base
- Lack of internet users
- Lack of Customer understanding
- Seller honesty
- Transportation cost
- Transaction difficulties
- Lack of online banking
- Unpopular mobile banking
- City based popularity
- Local competition
- Bad word of mouth

Competition

The e-commerce Association of Bangladesh (**e-**Cab), the trade body for eCommerce in Bangladesh**,** estimates **there** are **700** e-commerce sites and around 8,000 **e-commerce** pages **on** Facebook. And yet every day new e-commerce sites being introduces. Few days ago Rahim afrooz venture Deligram started e-commerce business Which can be proven as big competitior.Another E-commerce site named evaly started working with huge investment recently and doing so many promotional activities costing 6-7 crore investments on campaigns only. These can make a very competitive market place for ecommerce sectors. Yet there are news that Amazon can be launched in Bangladesh soon that will hardened the business of many of the ecommerce sites.

SWOT Analysis of Daraz

Strengths	Weakness
❖ Investment ❖ Cheap labor cost ❖ Market share ❖ Public preference	❖ Slow processing ❖ After sale service ❖ High cost structure ❖ 3rd party dependency
Opportunities	**Threats**
❖ Potential local & international market ❖ Government special tax policy	❖ Competitors ❖ Promotional activities of other ❖ Non developing

CHAPTER: 5 Conclusion

Conclusion

It is surely can be said that Daraz is doing extraordinary business. In fact they have done 5-7 times better business in year 2017-18 in respect to their previous year and in 2018-19 they have done 5times better business then previous year. The growth of business and profits raising at very high rate. People are taking them as their first choices in ecommerce shopping. Yet there are so many things to be concerned about. With satisfied customers there are also big number of unsatisfied customers building which can do harm in long run. Local and international competitors are fueling their gear to challenge the business too. The example of Daraz is actually a positive sign for our Ecommerce industry. They have at least created an online customer base which will be a good sign. Following Daraz many companies are starting up and doing great business which will help Bangladesh economy as well as customer choices will get valued. To avert competition every business will try to upgrade themselves and will try to offer better services which can bring better days to this industry.

Chapter: 6 Recommendations

Suggestions

To run with the phase is a survival tool of today's business. So it is undeniably important for companies to outperform other companies and also set a standard which is not easily effected by any new ventures to survive and have stable position in marketplace. So It is The matter of sustainability too. Here are some recommendations from my end-

i.   Order should be processed more quickly
ii. Sellers should be trained in proper method to use the platform
iii. Video tutorials should be introduced for novice users
iv. Product quality check should be done
v.   After sales service should be improved
vi. Delivery should be more quicker
vii. Dedicated delivery team should be manage rather than using 3rd parties
viii. More promotional activities should be done
ix. Should all Dept. be interconnected
x.   Better service quality in customer care dept.
xi. Offering different payment methods
xii. Easy installment facility
xiii. Pricing should be review properly
xiv. Analyze ,find and solve sales drop causes
xv. Offering every kind of products
xvi. Offering trendy product
xvii. Keep changing the methods with time

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