

## Online vs. Traditional Shopping in Bangladesh

Md Kabirul Islam<sup>1</sup>  
Md Fokhray Hossain<sup>2</sup>

***Abstract:** This study examined important features of a number of goods and service providing Electronic Commerce websites (Business to Consumer category) in Bangladesh. The prices of a range of products of online and those of traditional stores in Dhaka city were also compared. Five Businesses to Consumer websites were selected to study the features while the prices from one of them were noted for a number of product categories. The prices were then compared with those of the traditional stores. The results revealed that the online stores are more user-friendly in product viewing, ordering and delivery. However, the prices of most of the products of online stores were found to be high compared to those of the traditional stores.*

***Key Words:** Electronic Commerce, Online Shopping, Traditional Shopping*

### 1. Introduction

The advent of the internet and the increasing sophistication of communication technology of the 21<sup>st</sup> century have made almost every aspect of our life easy and comfortable. The development of communication technology has pervaded almost every sector such as education, governance, health, commerce, Business, etc. Online shopping is a process whereby customers directly buy goods or services from a seller in real time, without an intermediary service, over the internet (Trees & Stewart 2000). It is a form of Electronic Commerce. The present status of E-commerce in Bangladesh is one step ahead of initial stage as electronic banking, electronic ticket, limited services of mobile banking, and virtual shopping are being conducted online.

More than half a dozen business to consumer (B2C) websites are running business to sell products online and organize home delivery in Dhaka city and some selected district headquarters in Bangladesh. Various categories of products such as grocery and vegetables, fish and meat, bakery and sweets, gifts, cloths, etc are available to buy from a B2C website called online store. Most of the products have been introduced with brand names. But it is perceived that many customers who have internet access are not aware of these online stores in Bangladesh. The residents of Dhaka have bitter experience of traffic rush in the city. They spend hours and hours on the street to reach their shopping mall or destination. Online shopping could be an alternative way to escape from this unpleasant situation.

Everyone is familiar with supermarket or shopping mall. Shopping at these markets or stores is called traditional shopping in this study. Traditional shopping has a lot of advantages. Seeing, touching, and smelling products are important factors for many

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<sup>1</sup> Associate Professor, Department of Computer Science and Engineering, Daffodil International University

<sup>2</sup> Registrar, Daffodil International University, contact at: drfokhray@daffodilvarsity.edu.bd

people when they buy things. Most of the people would not buy a piece of expensive jeweler or dress only on the basis of a picture on a website. Shopping is also viewed as an entertainment by many people and it is a place for get together with family and friends.

In spite of certain advantages of traditional shopping, increasing popularity of shopping online many customers in western countries are reluctant to face inconvenience and crowds, incompetent shopping assistants in the store, going all the way to the shop only to find the product they are looking for (Shopping Navigator, 2011). The only extra expense is the delivery but this could be outweighed by travel expenses. A survey showed that people use online shopping for top three reasons: for convenience, to save time, and the ability to compare shops (ArticlesAlley, 2011). Online shopping has also created better pricing and incentives in western countries. There are several options for payment for example credit card, billing to mobile phone, cash on delivery etc. Despite numerous benefits convenience, physical, performance and social factors may effect on the attitude toward online shopping (PI & Jirora, 2011).

In Bangladesh very limited research has been conducted into electronic commerce especially on online shopping. The purpose of this study is to discern important features of online stores in Bangladesh and to see how the prices of traditional stores differ from those of the online stores.

## **2. The Study**

The objectives of this study are:

1. To identify important features of business to consumer website (online store)
2. To compare the prices of online stores and those of traditional stores in Bangladesh

Five Businesses to Consumer (B2C) websites were selected to analyze different features, for example, how the information of products is presented, registration, communication facilities, ambiguity etc. The features were then compared and summarized. The address of the website is kept confidential because of the ethical issues related to research methods.

The prices of a number of products from various product categories of one of the five online stores were noted. The prices of the same products were collected from supermarket or stores (traditional stores) in Dhaka city. The prices of those two modes of shopping were then compared. Telephone interview were conducted with customer service of the online stores to collect their opinions of the prices, online customers and payment systems.

## **3. Results and Discussion**

### **3.1 Features of Online Store**

Five B2C websites were analyzed to identify the category of features which are important for making a user-friendly website and conduct selling and buying. The common features of online stores are as follows.

- i. Content Architecture
- ii. Clarity of product information
- iii. Quality of images/pictures
- iv. Registration
- v. Interaction facilities
- vi. Order placement
- vii. Payment
- viii. Delivery of products

A brief description of the features is given below.

### **3.1.1. Content Architecture**

Content architecture is the presentation of the contents and design of the webpage to make the online store user friendly and achieve goals of the electronic business. It has been found that the presentation of each aspect of online stores including the list of products is well set. In the home page of the websites different category of products (fish and meat, cake, gifts etc.) are placed on the left while other useful information such as sign up, delivery area, delivery of products, discounts are given in the top row. The home page indicates that it was designed with different useful navigation buttons (Cyber Business World, 2010), (Shah, 2011). Each category of products includes a range of items and in the next click the customers can view the detailed information of each item (product). Registration opportunity is available in the home page of the website. The home page is also designed with new arrivals, best selling products, and occasional items (Muslim Festivals, Father's Day etc). Level of ambiguity was found very low. The commercials are given at the bottom of the page presumably to avoid indistinctness.

### **3.1.2 Clarity of Product Information**

Clarity of product information means providing accurate and reliable product information. A range of products are listed under each product category and each item is introduced with required information. An example is given from 'Cake' category. Shape cake is an item of this category. The information provided with this item includes brand name that is, where the item is available (Mr Baker, Cooper's, Prince, etc.), weight, item code, delivery area and price in both USD and BDT. Most of the items have adequate information that the customers need to know before buying. Besides, images of items are given with most of the products. Some products had insufficient information. For example, four pieces chicken sold in packet with a note 'size and weight may vary depends on availability'.

### **3.1.3 Quality of Images**

Displaying colorful and excited images (Cyber Business World, 2010) add several advantages for selling of products. Most of the items of the online stores have pictures/images. The images have small and large view. The images of the most of the items are well presented with actual brightness and shape but different stores have their own style of presentation. Some products contain special notes with the picture regarding design and color.

### **3.1.4 Registration**

Registration is mandatory for buying products from online store that seemed easy for customers. A person requires only email address and password to become a registered member of a B2C website.

### **3.1.5 Interaction facilities**

The communication facilities available for customers for buying products are only the email and phone including mobile phone. Customers may contact the customer service of the online stores with these facilities. One website has real time chatting option for customers.

### **3.1.6 Order Placement**

The online store provides step by step short instructions for making order of products. It covers registration/sign up process, selecting items, selection of delivery area with date and time, and payment procedure. The customers will receive an email of confirmation at the time of order placement and receipt of items.

### **3.1.7 Payment**

Payment of online shopping is made mainly using credit card through paypal.com. Data collected from customer service of online stores suggests that the customers who have paypal account can do online shopping using credit card. There is alternate arrangement of payment such as advance cash payment and bank account payment. The arrangement can be done after negotiation with the customer service over telephone.

### **3.1.8. Delivery of Products**

The online store charges delivery fees on the basis of the locations (district headquarters). No delivery charge is imposed for Dhaka city. Each website has their own delivery area and charges.

## **4. Comparison of Prices of Online and Traditional Store**

The prices of four categories of products which are very essential in our daily life were taken from one of the five websites. These are Bakery, Fish and Meat, Grocery, and Beauty & Care. Prices of these products are compared with the prices of traditional stores (Super Market) in Dhaka city (Table 1).

The prices of all 18 products listed in Table 1 are higher in online store and it varies from 4 to 171 percent. Five essential items have double or more values in online store indicate that these are out of reach of many customers. The customers have to pay delivery charges in addition to the prices listed in Table 1 for different district headquarters. No delivery charges are required for Dhaka city. Similar to traditional store, the online store offers a range of discounts to their customers on the basis of their customer standard. Each customer is awarded 2 points for each one hundred taka and the total points indicate the standard of the customers such as silver, gold, platinum, etc. The interview data indicates that online store may negotiate on prices and other aspects if requested by the

customers. The value of online store is supposed to be more than the traditional store as they incurred delivery charges (Shopping Navigator, 2011) as viewed by the researchers in the western countries but in the context of Bangladesh the prices are very high without delivery charges. It is perceived by the researchers in western countries that the value of online store is almost similar that of the traditional store (Articles Alley, 2011) but the situation is much different in Bangladesh. In relation to higher prices in online store the customer service of online store reported that they have to pay certain amount of service charge for using Paypal account.

**Table-1: Prices of online and traditional store**

Category	Product	Price (Taka)		Difference and % increased
		Online Store	Traditional Store	
Bakery	Chocolate cake	1650/kg	1000/kg	650 (65.0)
“	black forest cake (band)	1725/kg	1200/kg	525 (43.7)
“	Vanilla cake	1725/kg	1000/kg	725 (72.0)
“	Handmade nut biscuit	416/kg	400/kg	16 (4.0)
Fish & meat	Fish: Boal	775/kg	285/kg	490 (171.0)
“	Fish: Katla	420/kg	230/kg	190 (82.6)
“	Fish: Tengra	480/kg	377/kg	103 (27.3)
“	Beef with bone	480/kg	265/kg	215 (81.1)
“	*Dressed chicken country small size	685/kg	400/kg	285 (71.2)
“	Dressed chicken farm	380/kg	240/kg	140 (58.3)
Groceries	Nazirshail Rice	86/kg	48/kg	38 (79.1)
“	Chinigura Rice	164/kg	71/kg	93 (130.9)
“	*Pran Chinigura aromatic Rice	780/5kg	425/5kg	355 (83.5)
“	*Lentil (Mosur)	170/kg	85/kg	85 (100.0)
“	*Lentil (moog)	240/kg	110/kg	130 (118.0)
“	*Lentil (Chola, unbroken)	140/kg	65/kg	75 (115.3)
Beauty & care	Pantene PRO-V Shampoo (400ml)	650/bottle	350/bottle	300 (85.7)
“	*Ponds white beauty (facial foam) p-w glow	335/tube	200/tube	135 (67.5)

*NB: The products compared have the same brand and quality. Most of the prices were collected in May 2011. The prices of the products with \* symbol were collected in November 2011.*

Of the four categories of products Bangladeshi citizens especially living in urban area consume 2 categories of products (fish and meat, and groceries) more than other two categories. Items of these two categories from item number 5 to 16 are shown in Figure 1 with their prices.

**Figure-1: Prices of fish & meat, and grocery items in online and traditional stores**

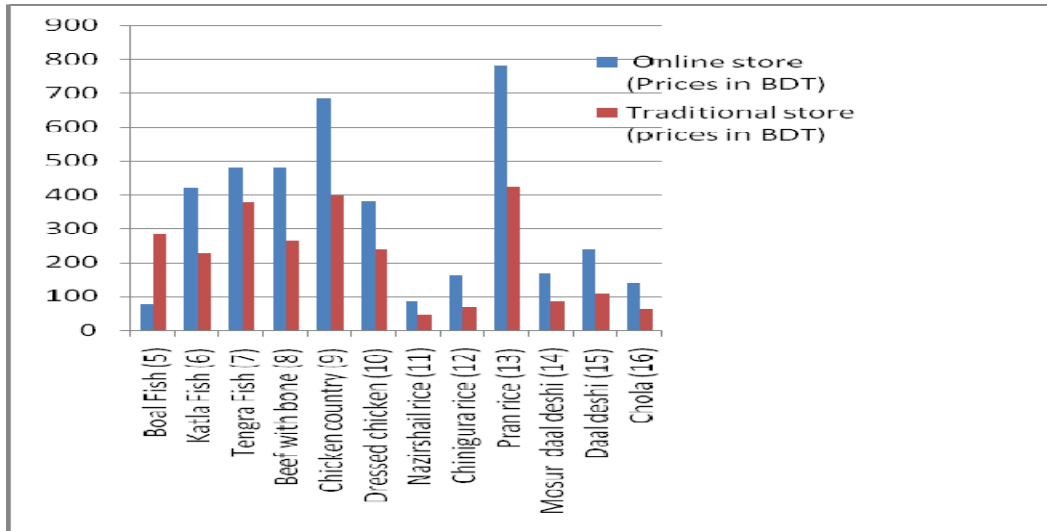


Figure-1 shows very high prices in online store compared to traditional store which is consistent with each of the products. Figure 1 also indicates substantial differences of prices of few products between two modes (online and traditional) of stores. It is envisaged that the high level of prices may decrease customer's motivational level for going to online shopping in Bangladesh even they have all facilities and abilities.

The results show that in the context of Bangladesh emphasis may be given on consumers' attitude building towards online shopping, availability of information (Khare & Rakesh, 2011), reasonable product price, and easy and secure payment process (Alhassan, 2011) for making online shopping more popular especially in Dhaka city. This will not produce any negative impact on traditional shopping as the items are taken from the same mode of shopping mall or super market.

### 5. Conclusion

The excellent features of online store (Business to Consumer website) in Bangladesh appear uncomplicated and do not involve much time to go through the website and place order for buying. The presentation of products with pictures, relevant information, and payment process are transparent. However, the value added to the products may frustrate the customers as it is very high compared to the prices in the super markets in Dhaka city. Initiative is required to boost consumers' purchase intention and trust on online shopping (Lee, Pork & Han, 2011). The owners of the online stores and the policy makers in the government may come forward to make this promising sector more attractive and popular to put forward our eCommerce status to achieve the dream of ICT supported Bangladesh.

There could be several reasons for higher prices of products in online store. Since most of the customers are living overseas and buying products for their relatives in Bangladesh, apparently the number of customers is quite few than those in the traditional store which may incur price hike in online products to adjust maintenance cost of the website. On the

other hand, the exchange rate of foreign currency (Dollar) in DBT is much higher which may impact on the increase of prices of online products than the traditional store. Furthermore, collection charge is involved in online payment process as reported by the customer service.

However, online shopping is still expensive for the local customers as they are purchasing essentials in DBT instead of U.S. Dollar. The customers in Dhaka city may be attracted and encouraged by reducing the prices of the online stores which may release them from travelling hassle and spending valuable time in the distressing traffic jam.

Further research is required to analyze the prices of other online stores and their product categories for broader understanding of online shopping in Bangladesh. In this study interview with online customers was not possible for unavailability of their addresses. However, from the findings of this study, it may be suggested that the owner of the B2C websites needs to adopt an online customer feedback form to collect customers' views on the prices, delivery of products and charges, payment method and suggestions of the customers for further development of the Electronic Commerce sites in Bangladesh.

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