



LEVERAGING THE PRIVATE SECTOR GROWTH IN DEVELOPING COUNTRY FOR ENTREPRENEURIAL DEVELOPMENT THROUGH RISING ONLINE MARKET TREND: A STUDY IN BANGLADESH

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ABSTRACT

This study aims to investigate the trend and impact of Chaldal.com on the competitive business environment of Bangladesh. This study discloses how this rising online grocery business is growing and its strong impact on the business environment of a developing country. The modern view of doing business involves with rapidly changing technologies, workforce redesigning and diverse global business operation. Online and offline were once two very separate worlds. But with the rise of e-commerce and in particular mobile e-commerce, the distinction between online and offline is blurring rapidly. One of the internet's early effects was to foster a much greater proliferation of specialty retailers than ever earlier, vendors with a unique point of view but not necessarily a need for a tremendous amount of floor space. One of the biggest inclinations is to integrate strong national or international brands with stores or restaurants with a strong local vibe or presence, so that consumers feel that they have the best of everything available to them in one place. So Online shopping is a growing trend in all over the world including developing country and perhaps in response to the private nature of online shopping, the public experience of shopping and for its convenience nature has made it very popular in developing countries. Here a questionnaire survey was conducted to identify the trend and growing popularity of Chaldal.com in national economy and also how it is influencing the current business environment.

Keywords: Online, inclination, offline, retailer, proliferation, e-commerce

1. INTRODUCTION

Chaldal.com is a growing online business in Bangladesh. Online shopping is a form of electronic commerce. It is the act of purchasing an item that one want or need from the internet. Online shopping or electronic retail or e-shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Alternative names are: e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online store, online storefront and virtual store. Mobile commerce (or m-commerce) describes purchasing from an online retailer's mobile optimized online site or app. online customers must have access to the Internet and a valid method of payment in order to complete a transaction. Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine . Day by day online shopping is also getting very popular in Bangladesh. Online shopping in Bangladesh is a new idea and since the e-commerce protocol by the government of Bangladesh it has become much easier and is now popular in Bangladesh. The main stuffs sold are clothing, electronics, toiletries and gifts. Chaldal.com, the Dhaka based online grocery store have raised seed fund from California based 500 Start-ups. They deliver groceries in the same day of the order with no extra

charge. The company announced its first round of investment led by 500 Start-ups. 500 Start-ups provides VC funds to early stage companies with potentials. They are funding Chaldal.com with seed funds with promises for more funds on reaching certain targets. Chaldal.com is the first startup venture to be funded by 500.co in Bangladesh and so far they are also the only Bangladesh based operational company on the process of raising funds from international venture capital firms. This milestone shows that online markets of Bangladesh have the attention of global investors and a boost to build e-commerce industry in Bangladesh. This study unveils how this expanding virtual grocery trade is growing and its resilient waves on the business environment of a emerging economy.

1.1 LITERATURE REVIEW

Economic globalization, increasing consumer demand for better quality products or services, explosions in technological advances and constant changes in the business environment have created the need for organizations to move towards online business to attract customers. According to Bangladesh Bank, around 1 million versatile clients accessed mobile banking, and over 100 crore transactions are made through mobile banking accounts by 2014. However, AKM FahimMasrur, former president of Bangladesh Association of Software and Information Services (BASIS), said that even other countries do not have any system of storing only buying and selling data centrally. And in Bangladesh, most of the shoppers pay in cash. He said that in Bangladesh, about one to two percent of the internet users buy and sell online. Buffam (2012) depicted that companies that build the better e-business solutions will outperform their competitors. Companies that build the very best e-business solutions will transform themselves into zero-latency enterprises. Companies that choose not to embrace e-business, or do so ineffectively, will underperform or be driven out of business. Turban et al. (2012) argued that following points of managerial issues are very important: Focus of Electronic commerce management; Sales promotion; Purchase process reengineering; Just-in –Time delivery; new electronic intermediary business; Provision of solutions; Business ethics Kamal and Chowdhury (2012) argued that a key reason why ecommerce, especially the business-to-business segment, is growing so quickly is its significant impact on costs associated with inventories, sales execution, procurement, intangibles like banking, and distribution costs. Uddin and Islam (2012) observed that the multifarious projections of ICT in human life plead a winning case for institutional integration of ICT related components in rural support programs taken by Governments and NGOs. Chaffey (2006) dealt with strategy and applications of E-Business and E-Commerce in a logical but robust manner. He stressed that e-business and e-commerce is very important for management implications as such a bridge to link leading edge research and professional practice is required. Online retail sales are set to rise 17%. This year to 204 billion dollars all over the world (Watershed Publishing, 2010, Paragraph 1). Many people are shopping online, “National experts say that this year’s Cyber Monday, up to 106 million people are expected to log on and shop...” (Vespa, 2010, paragraph 7). As seen in the picture to the left. Many consumers shop on Cyber Monday, because of the great deals. Since those early days, e-commerce has slowly but consistently taken a larger proportion of consumer time and spend. The state bank of India estimates that in the India, online shopping accounts for 6% or US\$100 billion, while in the UK online shopping is equivalent to 39% of retail industry growth. This surge in online spending has led to e-commerce encroaching on the doorstep of the traditional bricks and mortar shopping mall in developing countries. KM FahimMasrur, former president of Bangladesh Association of Software and Information Services (BASIS), said that even other countries do not have any system of storing only buying and selling data centrally. And in Bangladesh, most of the shoppers pay in cash. He said that in Bangladesh, about one to two per cent of the internet users buy and sell online. “We think the timing is right” said co-founder and CEO WaseemAlim, keeping in mind the above scenarios. “We studied other e-commerce models in the region and decided that a grocery was the right way to enter e-commerce.” Chaldal.com is banking on low user acquisition costs and sticky users. Chaldal’s closest comparison can be drawn from

bigbasket.com of India – which serves around 40,000 grocery orders monthly in Bangalore. Led by a team of veteran entrepreneurs, big basket raised \$ 10 million and is running operations in 3 major Indian cities. “The biggest challenge for us is to grow the infrastructure as quickly as our order volume grows” added Waseem. Before returning to Dhaka he have also worked in the financial startup SigFig, an asset and financial management app which now have crossed \$50 billion in asset managed over the platform. Chaldal.com has shown good traction over the short period of time and is very promising.

2.1 RESEARCH OBJECTIVES

General Objective

- To analysis the trend and impact of rising online business on the competitive business environment of Bangladesh.
- Specific Objective
- To identify the impact of online business on the customers.
- To investigate the relationship between demographic factors and attitude of online shopping.
- To investigate the impact of online business on local business.
- To identify the elements needed for a supportive online business environment in Bangladesh.

2.2 Research Methodology

Primary and secondary data

To carry out the objectives, both primary and secondary data IS used. The secondary data and information have been collected from various sources like business newspapers, journals, magazines, Reports and publications etc. Primary data has been collected through structured questionnaire from the online customers.

Procedure

Convenience sampling was used to select sample. Client’s were randomly interviewed to gather information about the online shopping. Unstructured questionnaire was used for the interview.

Data analysis and interpretation

Qualitative approach will be adopted for data analysis and interpretation taking the processed data as the base. So the report relies primarily on an analytical judgment and critical reasoning. The data will be arranged in normal distribution table and also make a SWOT analysis to generate the result.

Instruments Used in Analysis

There are some tools which will be used in analysis. Data analysis is done using descriptive statistics consisting of percentage and tables. There will be various figures, tables, charts, Analysis which are easier to understand. These instruments are used in the analysis with their sources. Most of the cases tables and charts to present the condition in an easier way.

3. RESULTS AND DISCUSSION

3.1 Marketing Goals and vision

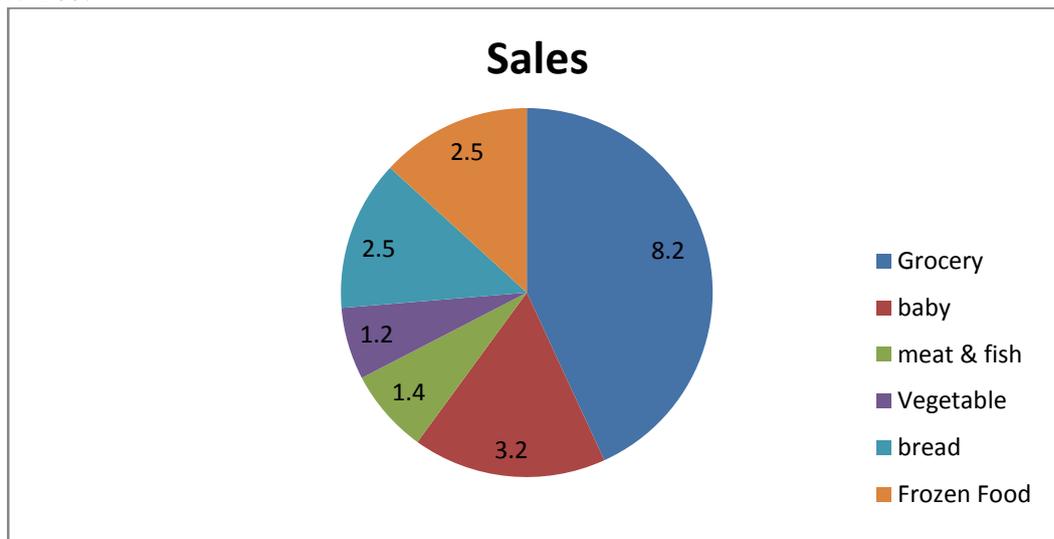
Chaldal.com was born from other collective hindrances with grocery shopping in Dhaka’s local markets and supermarket chains. Crowded aisles, limited selection, rapidly approaching expiry dates, and questionable origin and quality of food made it hard to for the owners to find fresh, interesting, and safe groceries. Nor was there a place food fanatic to share tips about cooking and eating in Dhaka. Chaldal. com’s mission is to provide Dhaka’s Foodies and their

families with access to the finest, freshest ingredients from Bangladesh and around the world, delivered to their homes within 24 hours. Through their Blog and pages on social media websites state that they will curate Dhaka's culinary landscape, bringing you stories, secrets, tips, and recipes from Bangladesh and abroad. Chaldal.com has some long term goals outlined below-

1. To influence people and provide complete grocery delivery solution.
2. To provide Dhaka's elite households and institutions with convenient access to premium goods and an pleasant shopping experience.
3. To provide good quality products to the customers.

3.2 PRODUCTS AND SERVICES

Chaldal.com is an innovator within the food retailing industry of Bangladesh. The company works with an extensive network of food producers and importers located both locally and from around the world and bring premium food ingredients within your reach. They have different categories like they have some premium range fruits and vegetables, meat and fish category. They are connected with local renowned vendor named German Butcher and Bengal meats from which they local fishes as well as meats. In rice, grain and cereal category they have Kelloggs Special K Hazelnut & Almond Cereal bars, Kelloggs Special - K Biscuit Moments Strawberry cereal, Kelloggs Variety Pack, Kelloggs Nutri Grain Blueberry Bars, Kellogg's Spl K Peach/Apricot Bar, Kelloggs Special K Red Berry Bar, Kelloggs Frosted Wheats, Kelloggs Cornflakes, Alpen Muesli Original, Alpen Muesli No Added Sugar, Alpen Fruit & Nut With Milk Chocolate, Nestle Cookie Crisp, Nestle Golden Grahams, Black & Gold Quick Cooking Oats, Lowan Original Harvest Natural Muesli, Lowan Apple & Cinnamon Natural Muesli, Hider Eoq Pinto Beans, Hider Eoq Risotto (Arborio), Hiders Eoq Black Eyed Beans, Aarong Miniket Rice and many more. Tea and Coffee, dairy products and Snacks and Confections are also included in it. Chaldal .com has the biggest online baby shop with a very reasonable price. According to ProthomAlo in 2014, about 1.5 to 2 million people shopped online every year, and the market was growing by 15% to 20%. According to MetrixLab, internet users in Bangladesh had 1 billion used goods in their stocks worth BDT 147 billion in 2014. According to the Bangladesh Telecom Regulatory Commission (BTRC), last November 43 million people used the internet in Bangladesh. Every year in the country about 1.5 to 2 million people shop online every year, it is reported. And every year online sales and purchase is increasing by 15% to 20%.



Source: Questionnaires survey 2016

3.3 Services

Chaldal .com actually maintains a good relationship with their customers. If any customer Order more than 200tk they deliver that product to the customers doors with free of

delivery cost. They also have an android application for ordering products. They can deliver the product within 24 hours. It also has a product return policy like if they provide a wrong or spoiled product to the customer and the customer lets them know about that product, they will replace or substitute that product with deepest heartfelt apologies. It maintains a good service system along with their quality products.

3.4 Evaluation of Service

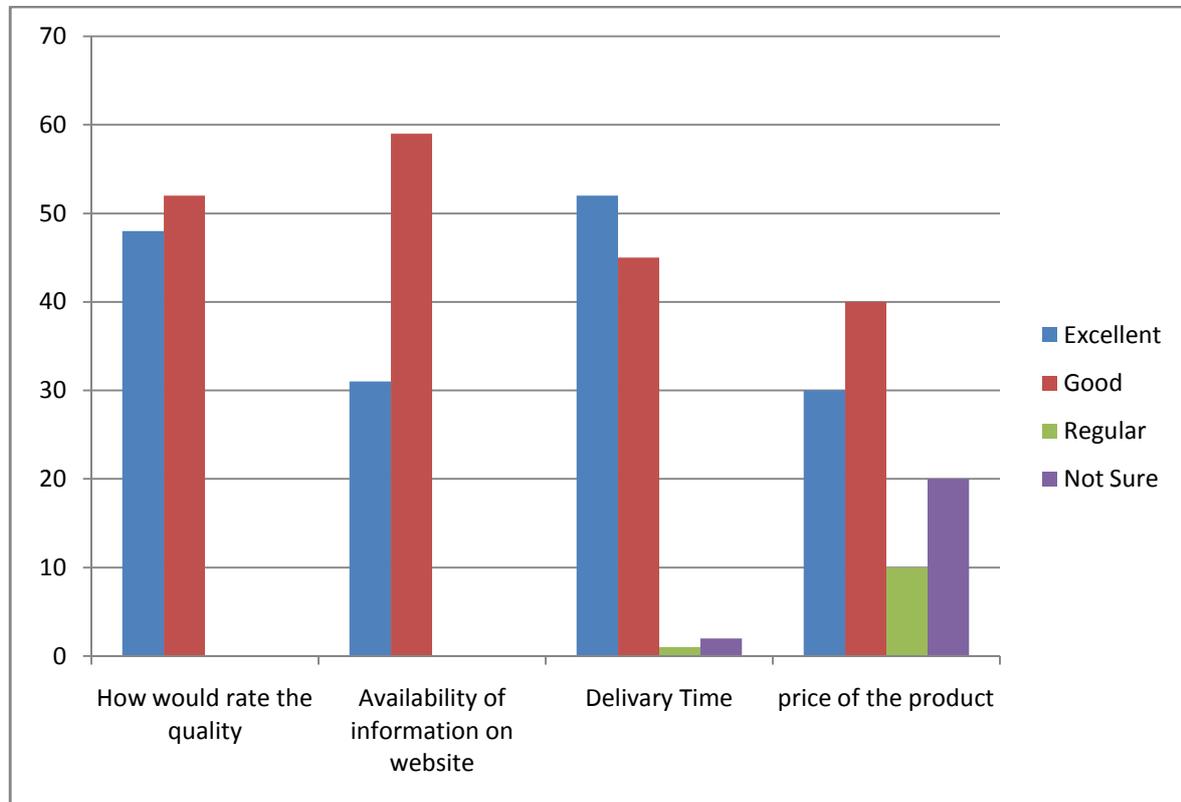
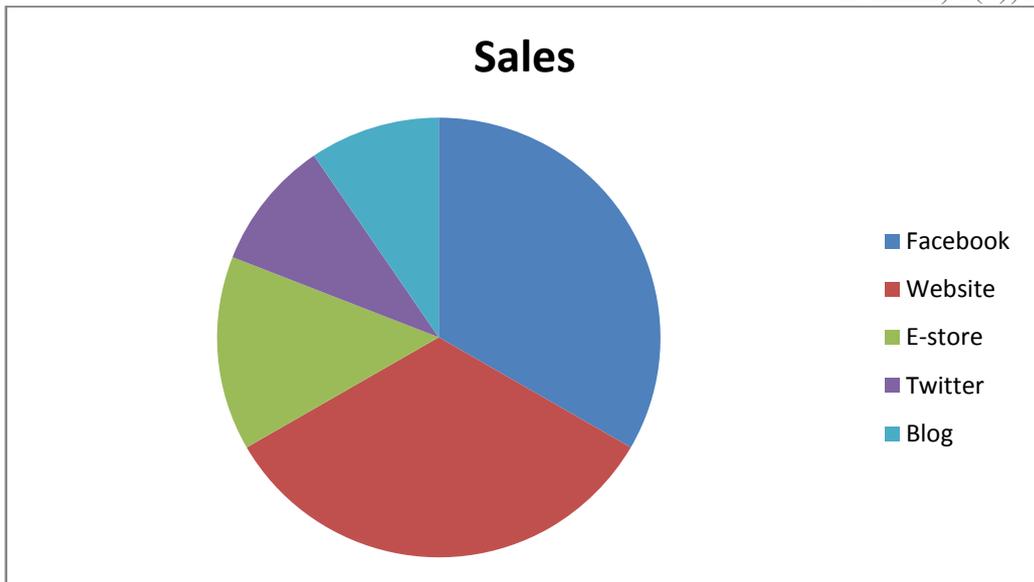


Figure: Evaluation of Chaldal.com

Feedback on the service and pricing of Chaldal.com was generally positive. When asked about the quality of the product, on a scale rating from excellent, good, regular, poor, very poor and not sure/no response, 52% of the participants said that it was good while 48% said that it was excellent. In terms of availability of information on the website 59% said that it was good and 31% said that it was excellent. The majority of the participants (52%) felt that the delivery times for the debates were excellent and 45% felt that it was good. In terms of price of the product on the website 40% said that it was good and 30% said that it was excellent and 20% were not so sure and 10% were regular.

3.5 Impact on local shopping

Questionnaire survey also found that the higher the volume of online purchasing a consumer does, the more likely it is that they purchase with local shops. Those whose online purchases make up less than 50% of their overall consumer spending are spending approximately equal amounts with local shops. However, those spending between 75-99% online shop with chains twice as often as with local shops. Now most of the shop including cloth to food or beverage product company are trying to do business through online by opening a website or Facebook

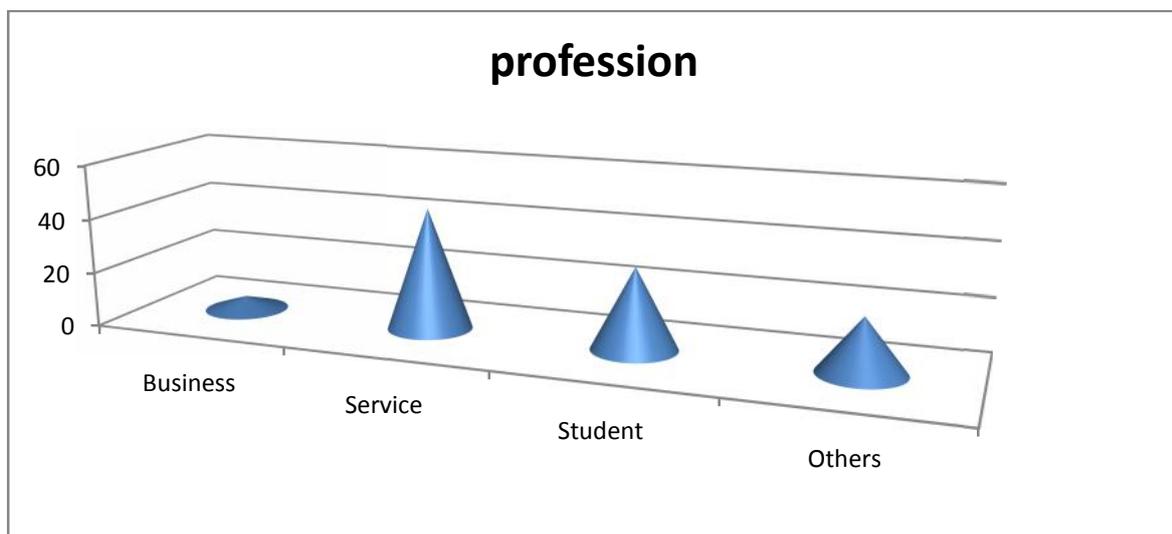


page.

Figure: online presence of local shop and retailers

3.6 Impact of profession on shopping from Chaldal.com

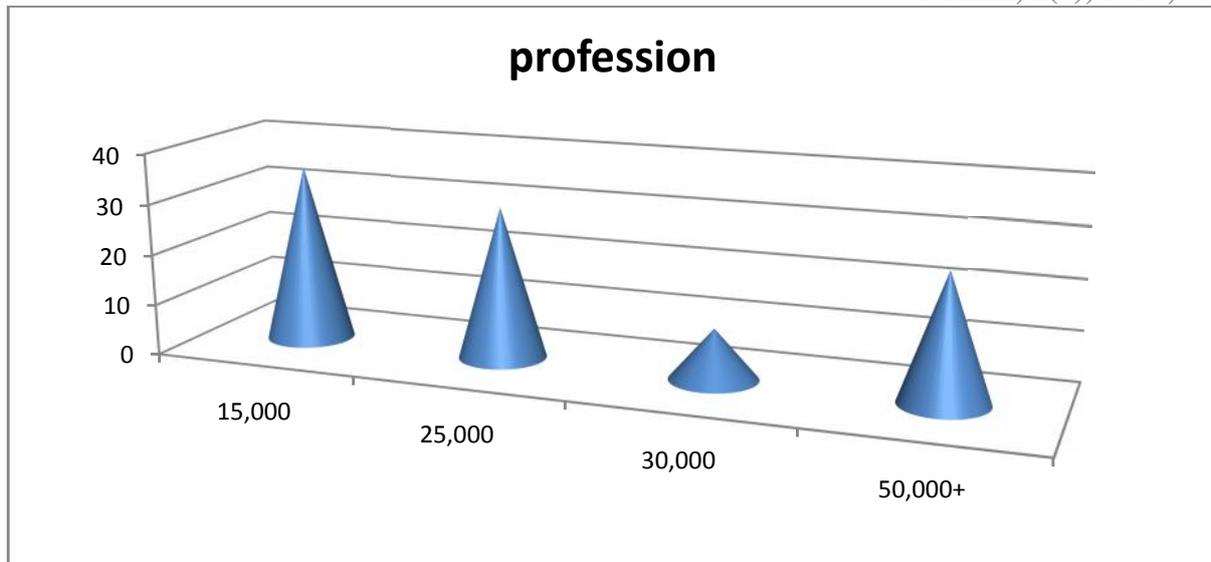
Profession is very important demographic factors for online shopping activities. From the table it is shown that, 5 percent are involved with business, 45 percent are involved with service, 20 percent are involved with others service and 30 percent are student.



Source: Questionnaires survey 2016

3.7 Impact of income on shopping from Chaldal.com

Income group is very important for online business. From the questionnaire table it is shown that 35 percent of 100 sample sizes are in 15,000 income group. 30 percent are in 25,000, 10 percent are in 30,000 and 25 percent are in 50,000+ income group.



Source: Questionnaires survey 2016

4. SWOT Analysis

To find out the viability of a particular impact we must perform a SWOT Analysis of the online business. This will analyze the Strengths, Weaknesses, Opportunities, and Threats of the Chaldal.com. For analyzing the impact of e-commerce in Bangladesh, the following SWOT Analysis is considered.

Strengths

- Online business is new in our market. Only a few organizations are now offering internet services. Most of the companies are offering only accounting information online. Actual payment and delivery procedure is not possible in all the organizations that are offering internet services.
- It is cheap both for the companies and the customers. The companies will be able to lower down the overhead costs and make more profit out of it.
- Again the customers will be able to save time as well as money for their transaction needs.
- It is convenient as the service is available all the time at just a click away.

Weaknesses

- Security breakdown: The system will have a problem with the identification of the individual who is initiating the transaction. In Bangladesh, the identification of an individual is not yet supported digitally. So there will be a problem in moving to the Internet era for business purposes just now
- Transaction can be cancelled via internet. The internet infrastructure of our country is not that much supportive to provide all time access to the web. So there will be a problem in executing the service with its full functionality.
- Internet is still beyond reach of many people and many people does not know how to access these products.
- It can be expensive.

Opportunities

- Non- branch business is becoming popular in our country. So moving to internet business will allow the companies to offer non-branch business facilities.
- The internet services are becoming very common to us. So a service offered through the internet will be widely accepted in the near future.

Threats

- People have concern about security and privacy.
- Lack of commitment by the online shop is also a potential threat .
- In the field of IT new technology is coming every day. The one which is very popular today might get obsolete tomorrow.
- The movement towards online business might downgrade the customers who do not have internet access or who are not technologically sound.
- Shopping online won't allow people to check the quality of the products however companies will always try to deliver products to a high standard.

5. CONCLUSION AND RECOMMENDATION

The focus of this paper was on the current impact of online entrepreneurship in Bangladesh. It is clear from the survey Chaldal.com have shown good traction over the short period of time and is very promising. Online shopping is now a popular means of trading goods and services in Bangladesh. Online platform is used by many companies to showcase an array of products ranging from kitchen items, home appliances to clothes, shoes, cosmetics to cars and flats even. The marketing techniques of Chaldal.com are nothing sort unique and innovative. While exploiting the perks internet provides the company somehow manages to apply traditional classic marketing mix to its advantage and secure a loyal customer base. To sum up the whole thing, it can be declared that this service is indeed a very nice one for the people who are unable to go to the market every day and especially for the ones who hardly get any time for shopping after doing office the whole day. The company also ensures that the products, especially the fruits and fishes are formalin free which is very much hazardous to health. Though the target customer is the upper class and the elegant ones but this is good for the business for the short run only. In order to increase the profits, the targeted group of people should be changed eventually. The types and number of products that are available is tremendous. Promotional activities are mainly done in the World Wide Web but it should be done in a lot of ways as possible. In order to do so, a market research should be done which will give almost the accurate results to take effective measurements for the betterment of the company as time passes by. City dwellers prefer online shopping as it saves time by saving the hassle of sitting for hours in traffic jam and also as it saves money at times. Necessary reforms in order to introduce e-commerce have also been suggested. Lack of awareness among the policymakers has been identified as the major deterrent to introducing e-commerce. Conventional understanding of payment mechanisms raises false alarms against the flight of capital if e-commerce is implemented.. Chaldal.com not only got the attention of the international investors but from the local firms as well. Inflection Ventures, a Dhaka based VC funding firm has also confirmed to be investing in Chaldal.com and several other investors, confirmed by Waseem Alim, to be in negotiation for investment.

Despite being a poor country, selected segments of the Bangladeshi business community has embraced technology with reasonable success. These positive indicators are favoring the prospects of online private entrepreneurship in Bangladesh.

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Appendix
Questionnaires

1. Please rate the following characteristics of the service representative on a scale from 1 to 5, where 1 means poor service and 5 means excellent service. If you did not deal with a service representative, please select 6.

	1 Poor	2 Fair	3 Good	4 Very Good
Knowledge of the product	-	-	-	-
Courteousness	-	-	-	-
Willingness to help	-	-	-	-
Efficiency/quickness	-	-	-	-
ability to complete transaction	-	-	-	-

2. What was the reason to purchase the product?

.....
.....

3. What do you think about the product quality?

1 Poor	2 Fair	3 Good	4 Very Good

4. How many times you have purchased?

1	2	3	4+

5. How was your overall purchasing experience?

.....
.....
.....

6. How would you rate the overall value of this product?

1 Poor	2 Fair	3 Good	4 Very Good

7. Compared to other online sites that are available, would you say that the site is:

.....

8. Would you recommend [PRODUCT] to others?

.....

9. After you contact customer service, were all problems resolved to your complete satisfaction?

10. Would you like to mention anything specific in your experience with the site which was not asked in the survey?

Thank you for your feedback.

Selection of sample respondents

Table I: distributions of samples

Area	Number	%
Top level	10	20
Mid Level	20	40
Lower Level	20	40
Total	50	100

It is observed from the above table that 20% of the respondents belong to Top level, 40% of the respondents belong to Middle level and the remaining 40% of the respondents belongs to Lowermiddleclass level.

Area	Number	%
Male	30	60
Female	20	40
Total	50	100

It is observed from the above table that 60% of the respondents are male and the remaining 40%are female