

Impact of COVID- 19 on E-commerce Industry of Bangladesh

Market Background

The E-commerce sector in Bangladesh has been growing rapidly for the 2-3 years with more and more consumers buying goods online. In 2009, Bangladesh Bank officially permitted the online payment system in the country and Wimax Internet was the first company to start the business.

The following year SSL COMMERZ launched their business in Bangladesh and within a decade the scenario for E-commerce has changed significantly as both local and international companies penetrated in this market.

Currently, there are approximately 2,500 e-commerce sites and 150,000 Facebook-based outlets operating in Bangladesh and 80% of the total online sales are taking place in Dhaka, Chattogram, and Gazipur.

According to the president of the e-commerce association of Bangladesh (e-cab), the current market size of E-commerce in Bangladesh is around USD1 billion (BDT 8,000 crore).



Impact of COVID-19 on the E-commerce

Not only Bangladesh but almost all of the countries in the world is facing a lockdown due to the outbreak of Corona virus. Economies are slowing down; people are losing their job and a large number of lower-income people are going into extreme poverty situations.

E-commerce businesses are also facing challenges due to restriction on transportation and fear among some consumers of getting infected by the delivery men.

E-commerce sites also failed to source products initially as all the shops were closed down abruptly. Especially, fashion, IT services, cosmetics, dairy products, household stationery, cleaning material, sanitizers, health products, etc.

But eventually, in small cases, all the products become available to the e-commerce sites but they still struggled as most of the delivery-men returned to their native places. All these were initial problems but as time passed, traffic on the

e-commerce sites started to increase.

New entrants in the industry amid the pandemic

Due to the pandemic, several new groups of people came forward and started selling health-protective gears like face masks, gloves, PPE, safety goggles, sanitizers, etc.



In the grocery retail e-commerce market, Chaldal.com, Direct Fresh, Khass food, Meena click, etc were thriving before the pandemic. In the initial stage of the lockdown, they received a large number of orders on their platform but they were falling short to deliver. In most cases, they had to restrict their daily orders and in some cases, they took more than one day to deliver the product.



At that stage in the grocery retail e-commerce market, new players entered. Pathao, Shohoz, Uber, Foodpanda four major food delivery service providers started to deliver grocery items.

They tagged along with super shops like Shwapno, Meena Bazar, and other local grocery shops. Their delivery time is also faster than traditional platforms. In most cases, they delivered within 30 to 40 minutes as they concentrated customer to customer basis.

Even priyoshop.com, othoba.com, daraz, ajkerdeal.com who were lifestyle e-commerce business platforms started to provide grocery items.

Aarong Dairy, Kazi Farms, Golden Harvest who are the leading processed food manufacturer of the country also started home delivery as people were unable to go outside. That is how the grocery retail e-commerce market system evolved during the ongoing coronavirus crisis.



Market Insights:

According to a market insider, the online grocery market place is experiencing double digits growth in the number of deliveries. Chaldal's daily number of orders is increasing at an exponential rate per day.

According to Khasfood officials, basket size per order has increased due to the lockdown. They said per order size has become almost double than the previous situation.

Due to the pandemic, the e-commerce market may experience heavy traffic but still, the market is very small. The Bangladeshi retail grocery market size is around BDT1,00,000 crore per year, and the overall online business is around BDT 8,000 core where retail is just a part.



Number of orders per day:
50,000



According to Statista a business data platform, by 2023 the e-commerce market size will become USD 3 billion in Bangladesh (BDT 25,200 cr.).