

Pakistan School on Internet Governance 2020

e-Commerce in Pakistan

Parvez Iftikhar

19-August, 2020

Quiz

Who does online shopping?

(say YES even if you have shopped
online only once!)

Yes or No

Sequence

- Definition
- Global view
- How eCommerce works
- eCommerce in Pakistan
- Payment Modes
- Impact of COVID-19

Definition

e-Commerce - *buying and selling of goods or services (including digital products) through electronic transactions, conducted via the internet or other computer-mediated (online communication) networks.*

History of eCommerce

- **1950s–1960s:** IBM pioneers online transaction processing OLTP - handling transactions in "real-time" using computers.
- **1970:** Company Docutel invents ATM machine, which works on online transactions thru Bank computers.
- **1980s:** CompuServe, Prodigy, & AOL let people shop from home using their computers and phone lines.
- **1989: Tim Berners-Lee** invents World Wide Web, laying foundations for explosive growth of e-commerce.
- **1994: Jeff Bezos** founds Amazon.com.
- **1994: Marc Andreessen** develops Netscape, with built-in encryption for secure credit card transactions
- **2000/2001:** dot.com bubble bursts, over 750 online businesses bankrupt. Amazon share less than 10 %.
- **2008:** eCommerce 3.4 % of total sales, **2012:** eCommerce 4.7 % of total sales
- **2019:** US eCommerce sales, 3rd Qtr of 2019 rise to \$154.5 billion (2.5x for the same period of 2012)

10 Largest e-Commerce Markets

(Billion USD in 2018)



Top eCommerce Performers

Global

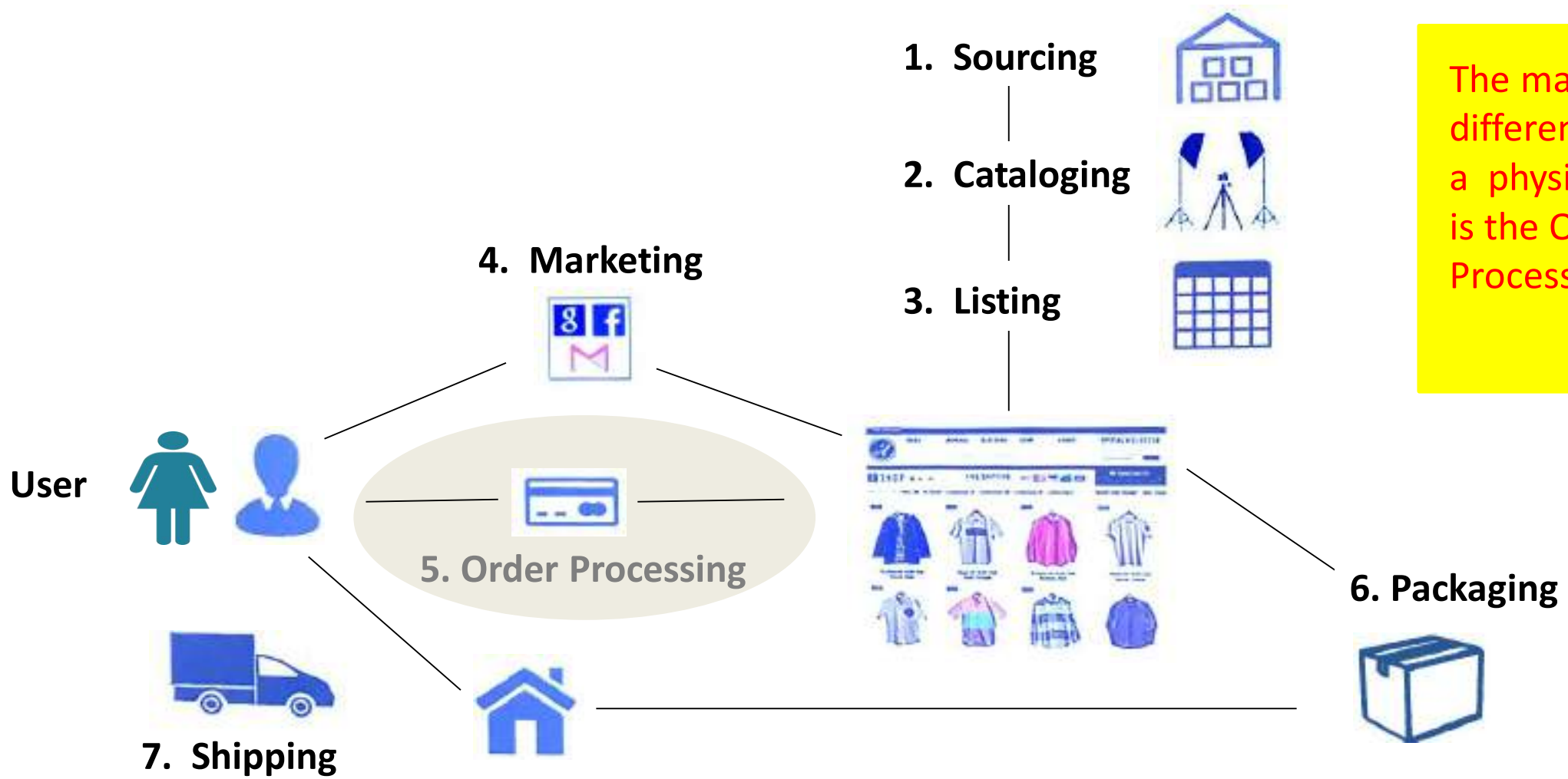
1. Electronics and Applications
2. Mobiles and Tablets
3. Fashion
 - Clothes
 - Cosmetics



Pakistan

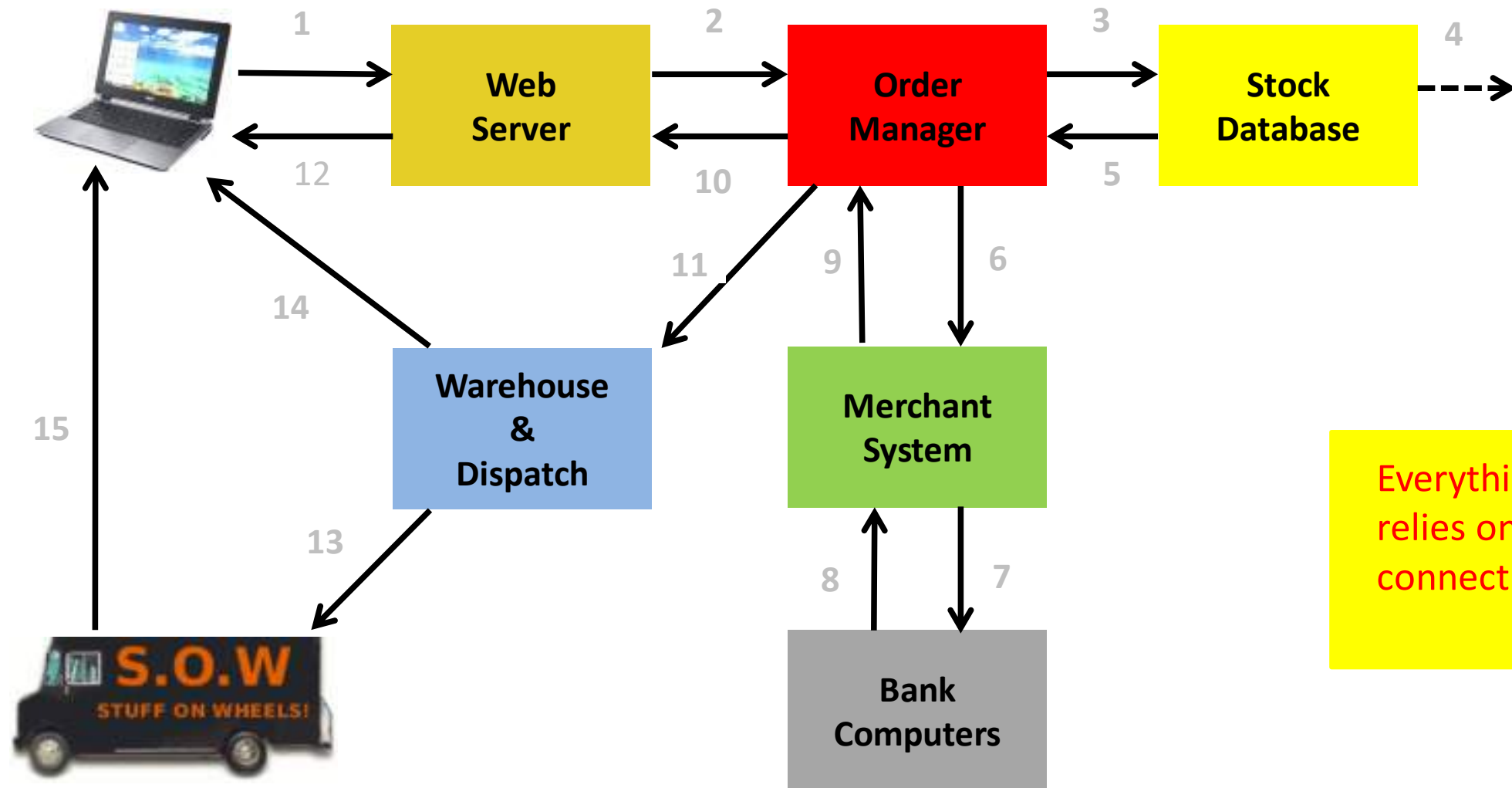
1. T-Shirts
2. Lawn Clothes
3. Mobiles
4. Electronic Devices

How eCommerce Store Works



The main difference with a physical store is the Order Processing!

How eCommerce Works



Everything
relies on data
connectivity!

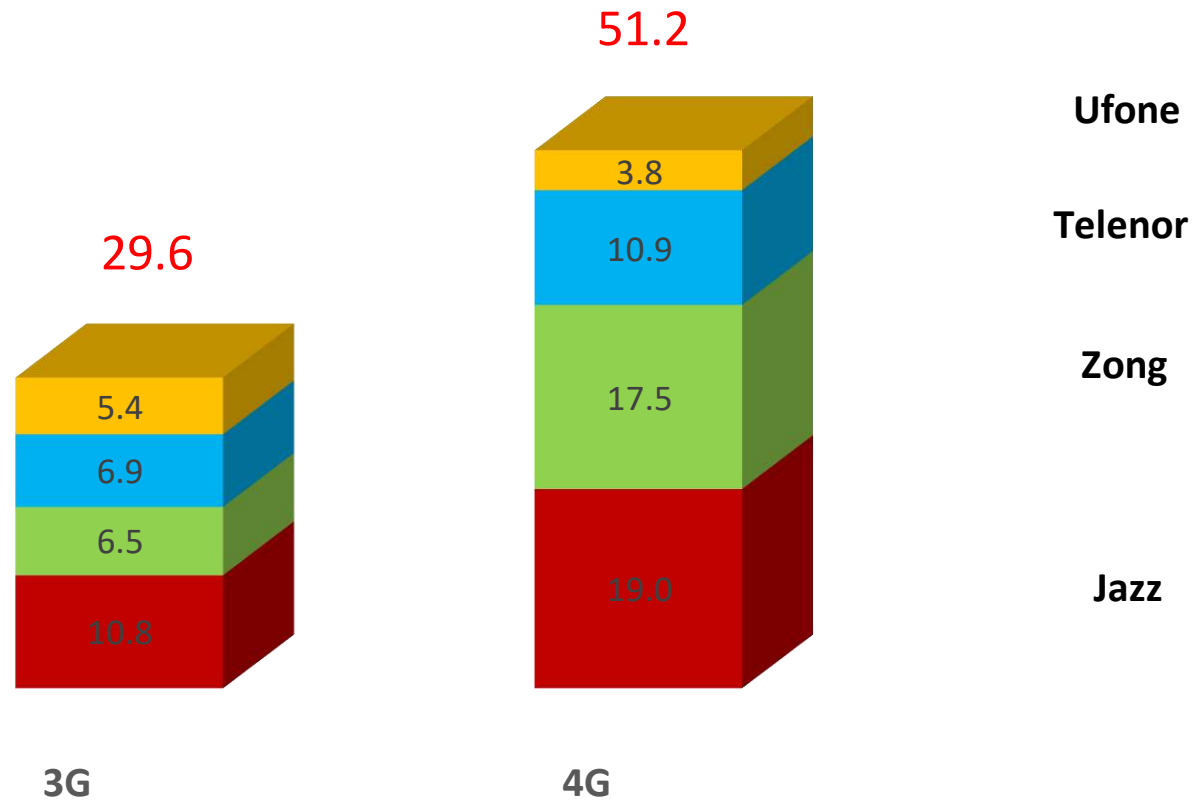
Connectivity - most Important for eCommerce



Source: PTA

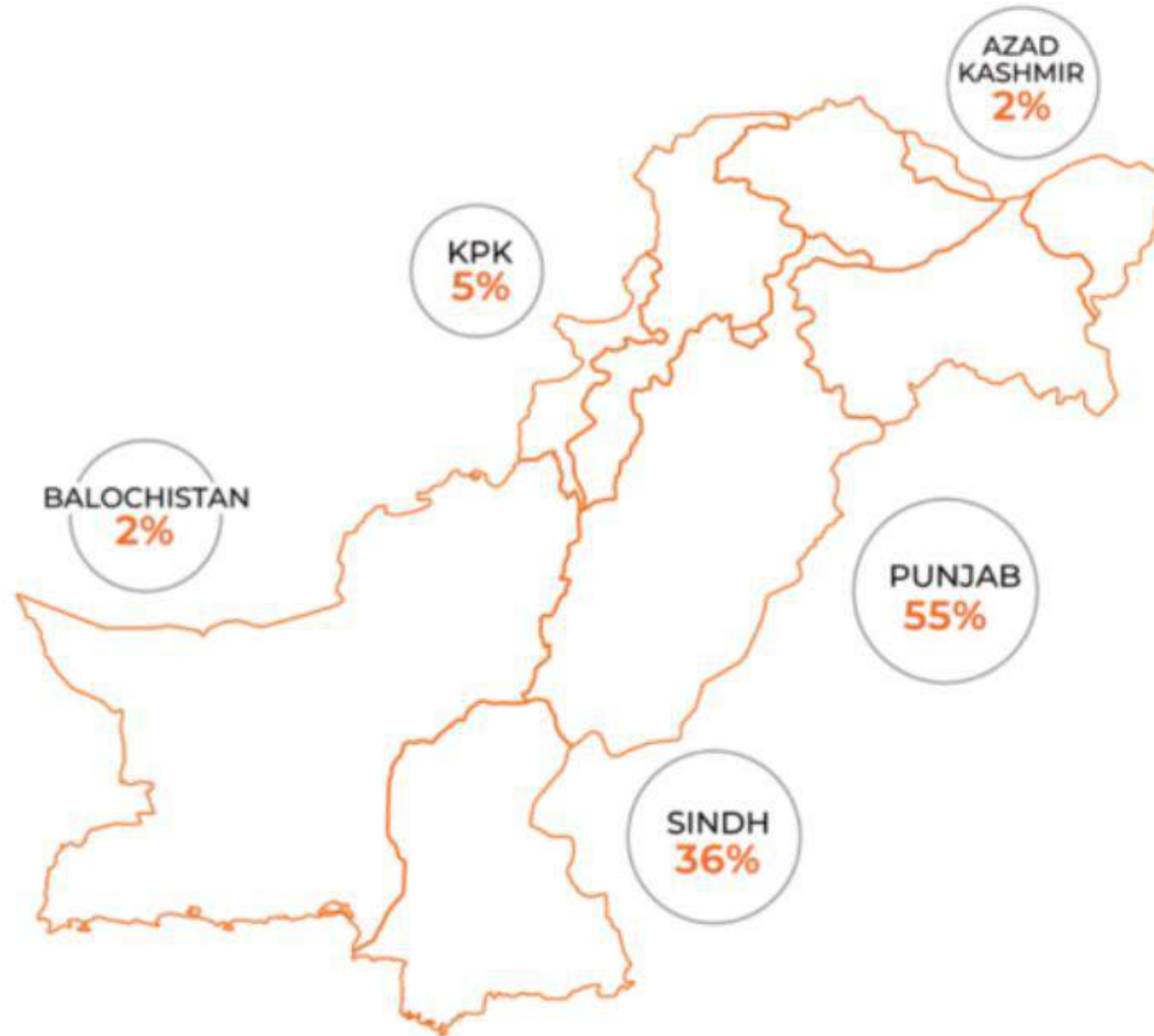
Main Connectivity Providers in Pakistan

In Millions – June 2020

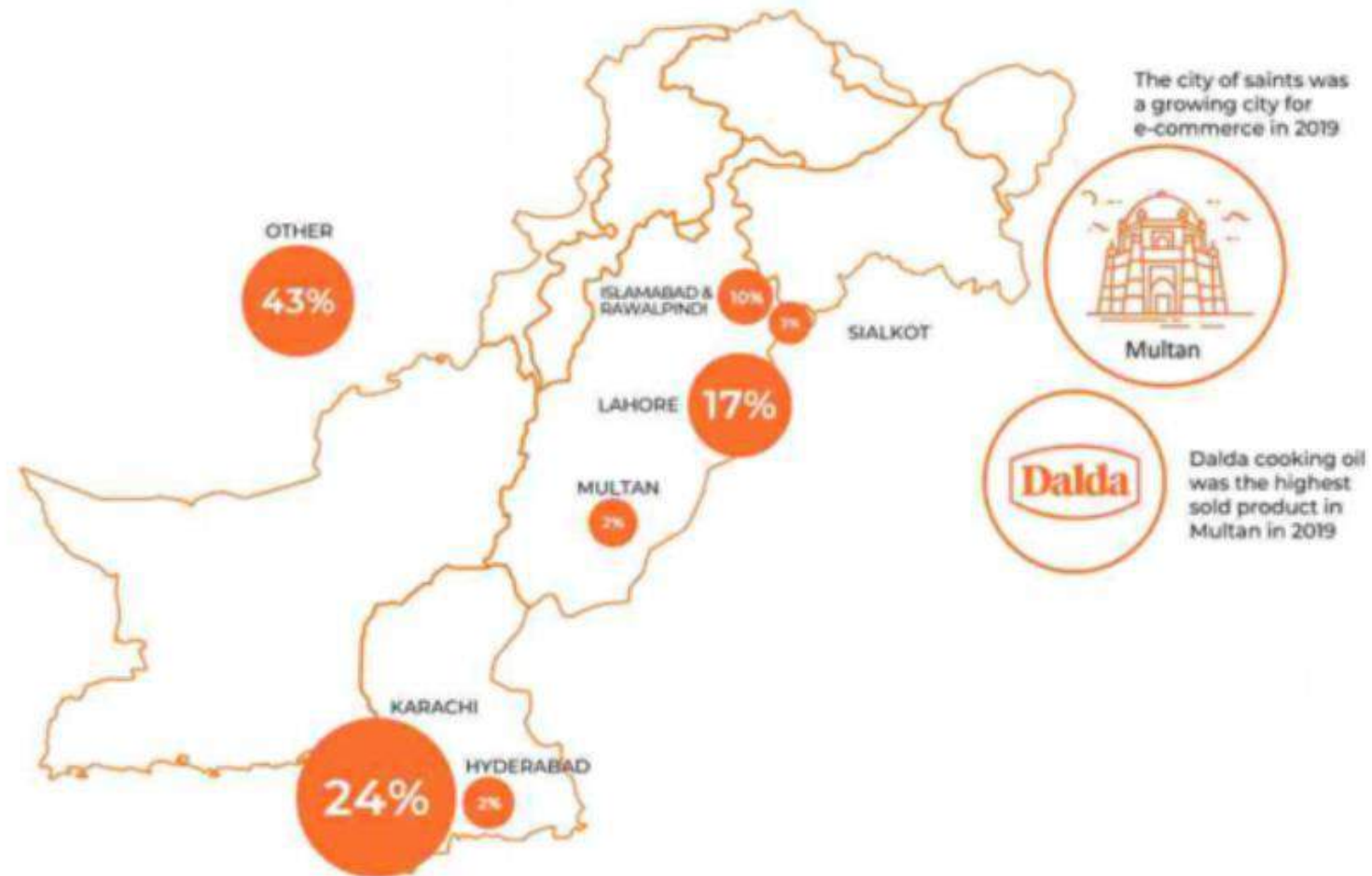


Source: PTA

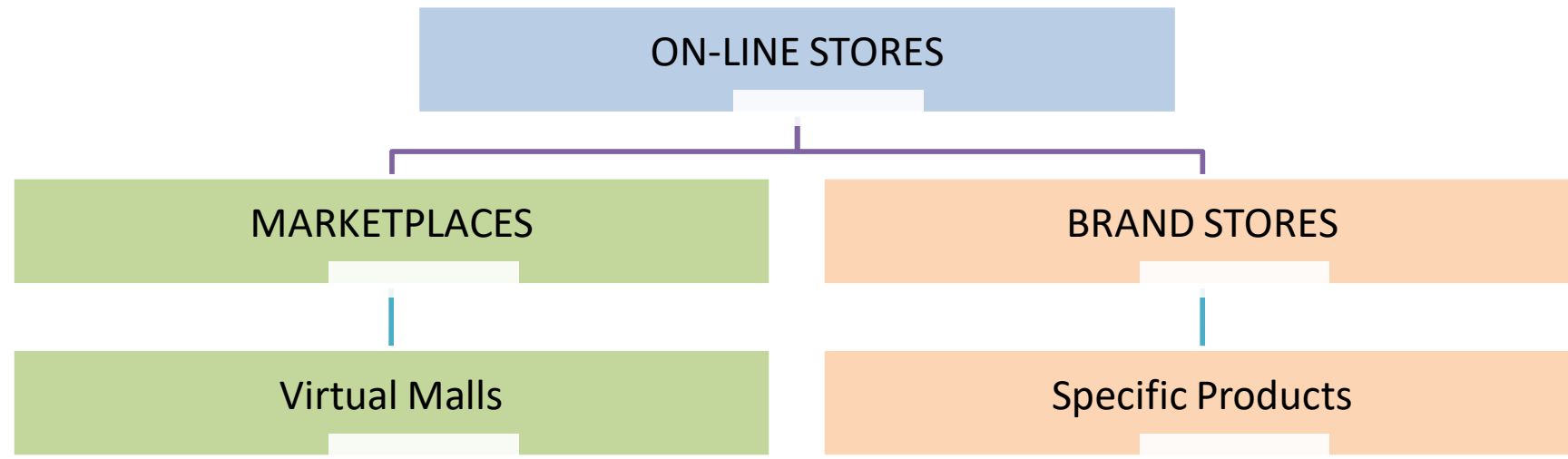
Province-wise Share of eCommerce



City-wise Share of eCommerce



On-line Shopping



General	Daraz, Shophive, Yayvo, Symbios, etc.	Khaadi, Ideas, etc.
eTicketing	Booking.com, Bookme.pk,	PIA, Daewoo, Pakistan Railways, AirBlue
Ride hailing		Uber, Careem, Bykea
Classifieds	OLX,	Zameen, PakWheels, Rozee
Food	FoodPanda, EatOye, Eat Mubarak	Dominos,

Unique Visitors/Month in Pak On-line Marketplaces



Daraz.pk

9.30



Kaymu.pk

1.10



HomeShopping.pk

0.90



Symbios.pk

0.57



Shophive

0.48



Yayvo

0.47



iShopping.pk

0.43



Mega.pk

0.40



Telemart.pk

0.28

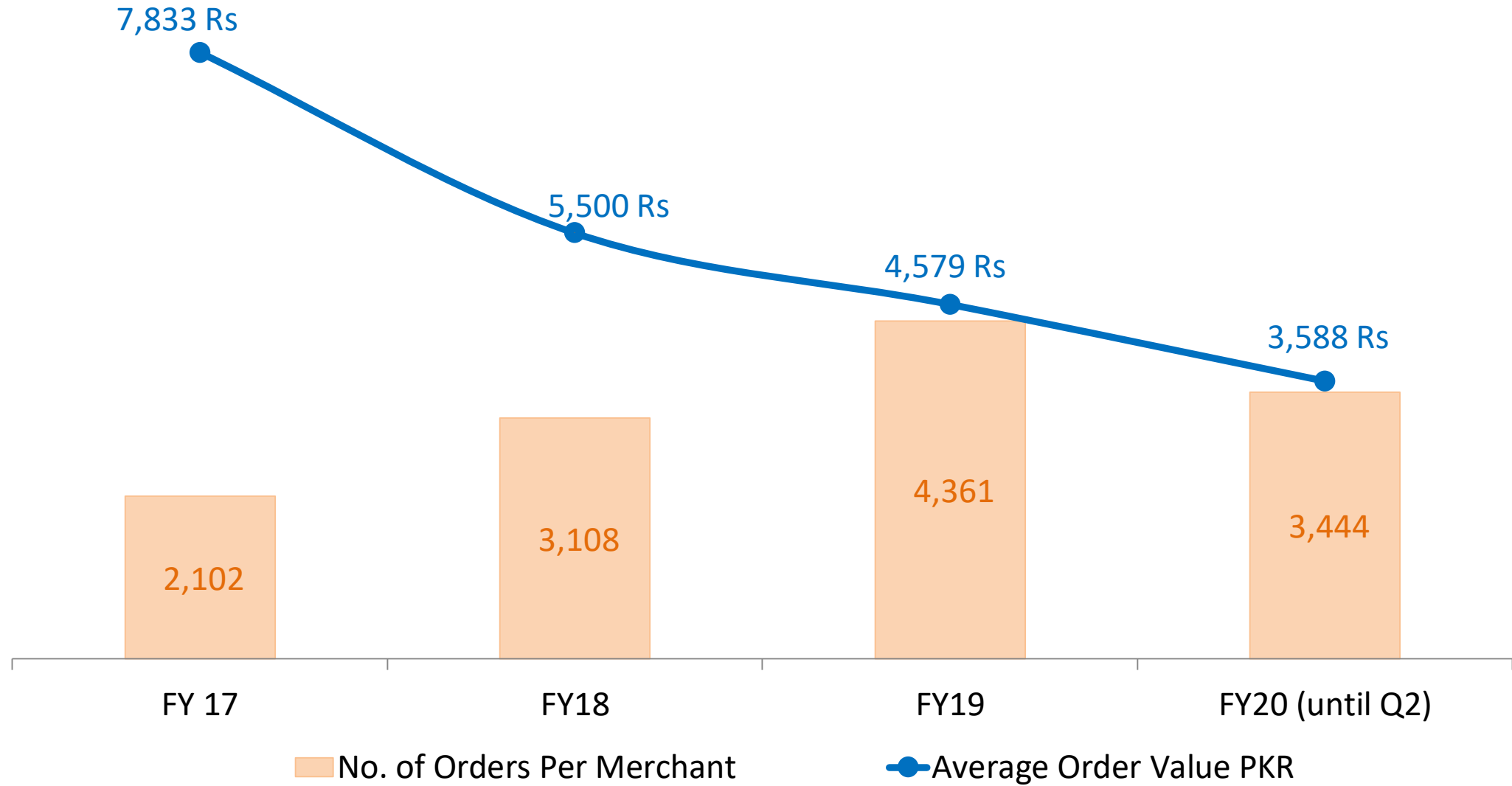


24hours.pk

0.22

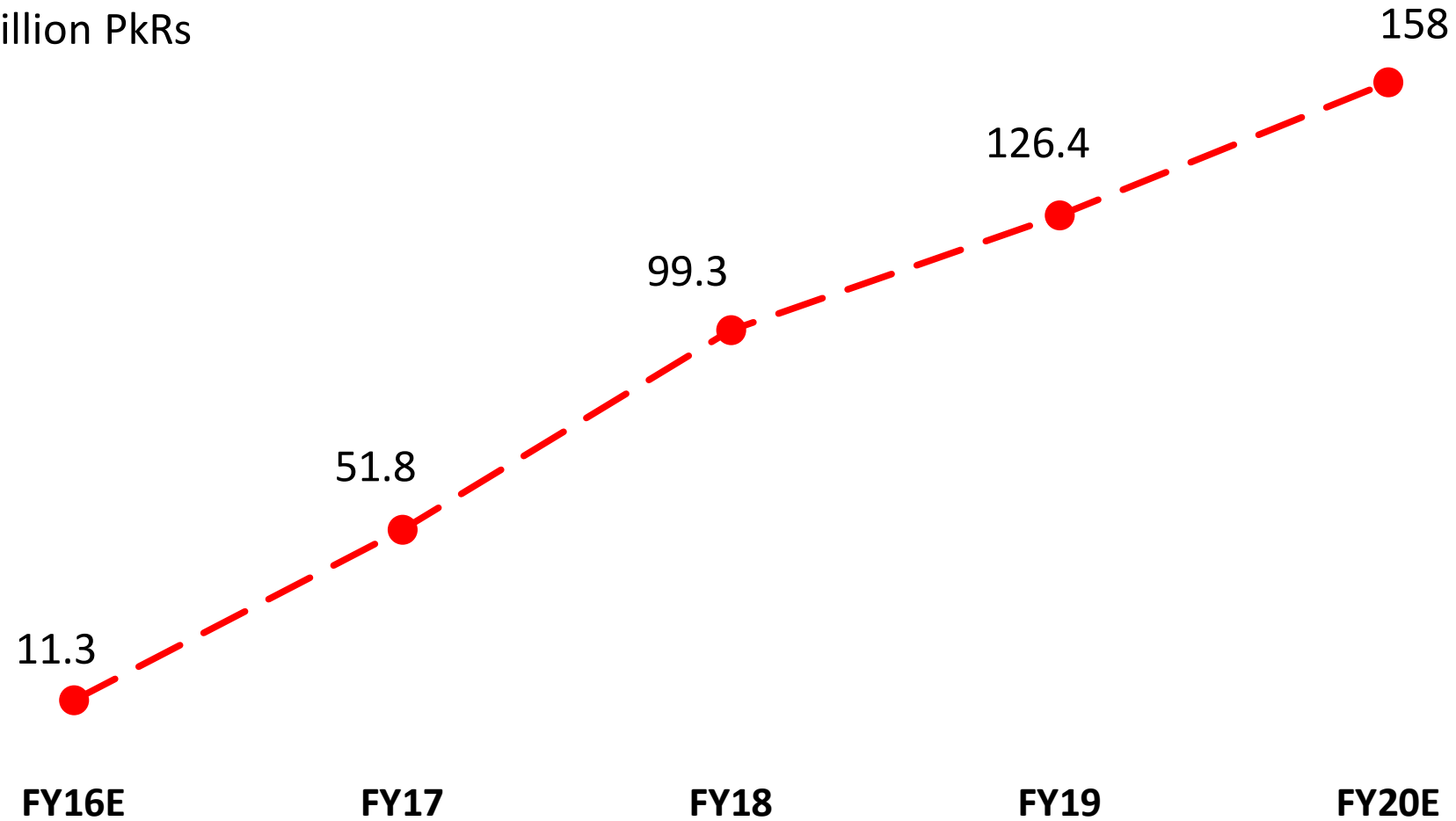
2018-19

eCommerce Merchants in Pakistan



eCommerce Sales in Pakistan

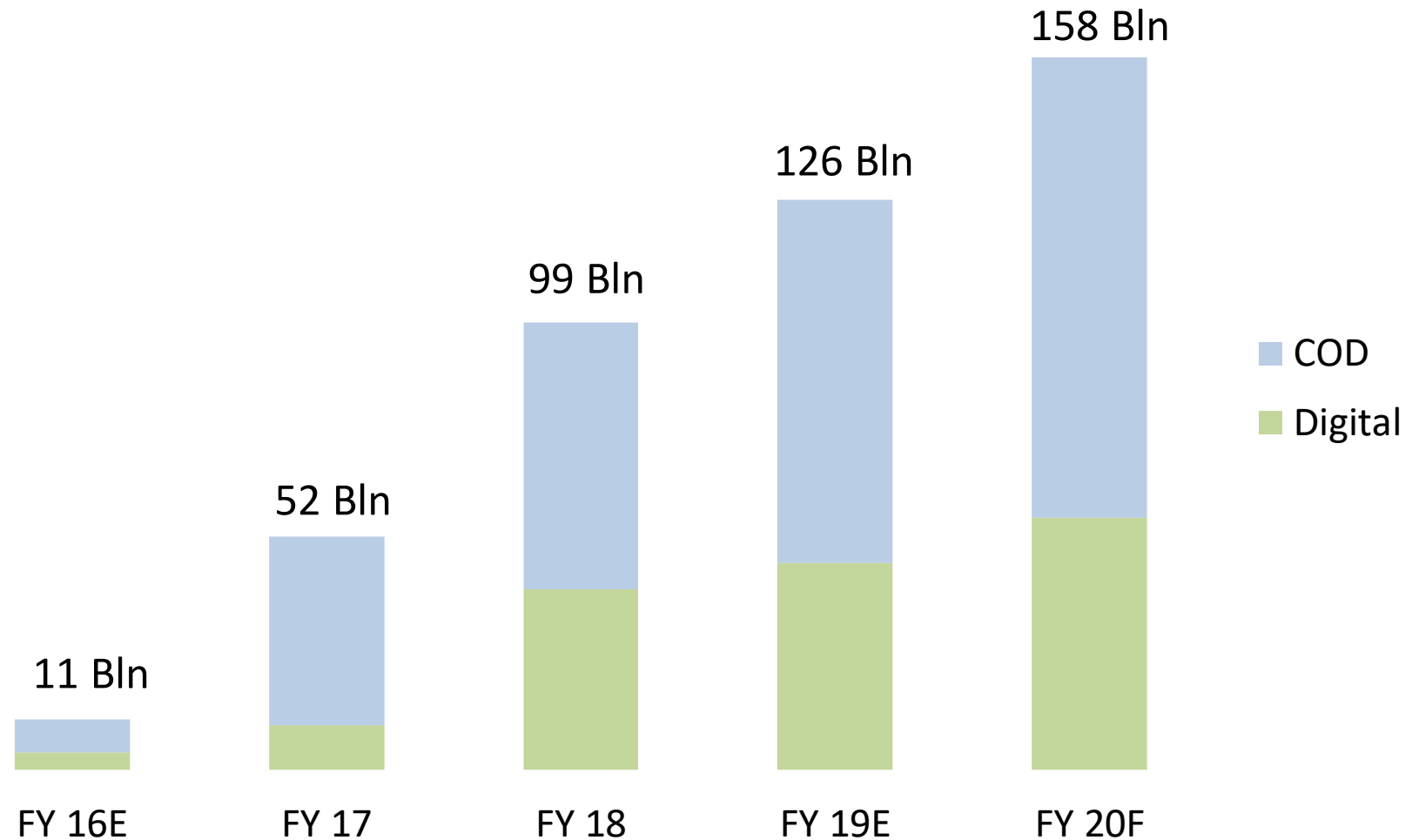
In Billion PkRs



Data source: SBP E: estimated

Payment Methods of e-Commerce in Pakistan

Share of digital payments is less than 40% of the total eCommerce transactions by value.

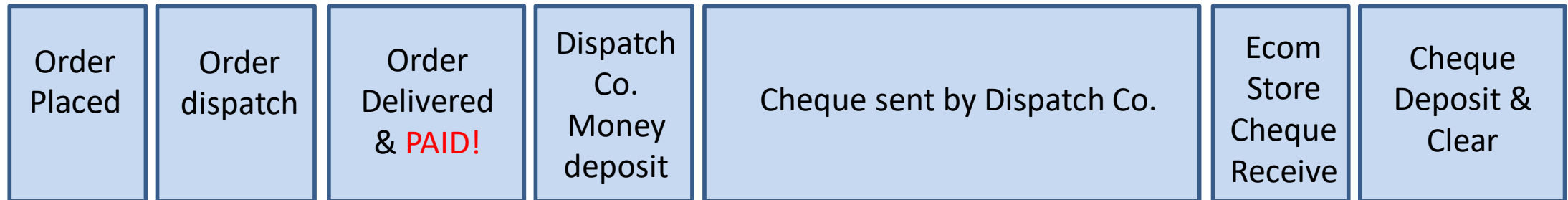


Source: SBP for actual digital transactions; for forecasts market estimates

Quiz

Who uses Digital Payment method
(not Cash-on-Delivery) to pay for
online shopping?

Cash on Delivery (COD) is challenging!



Days:	0	2	2	2	13	1	3
-------	---	---	---	---	----	---	---

Also: Cash handling by dispatch company.
Documentation issues.
Additional challenges if goods returned

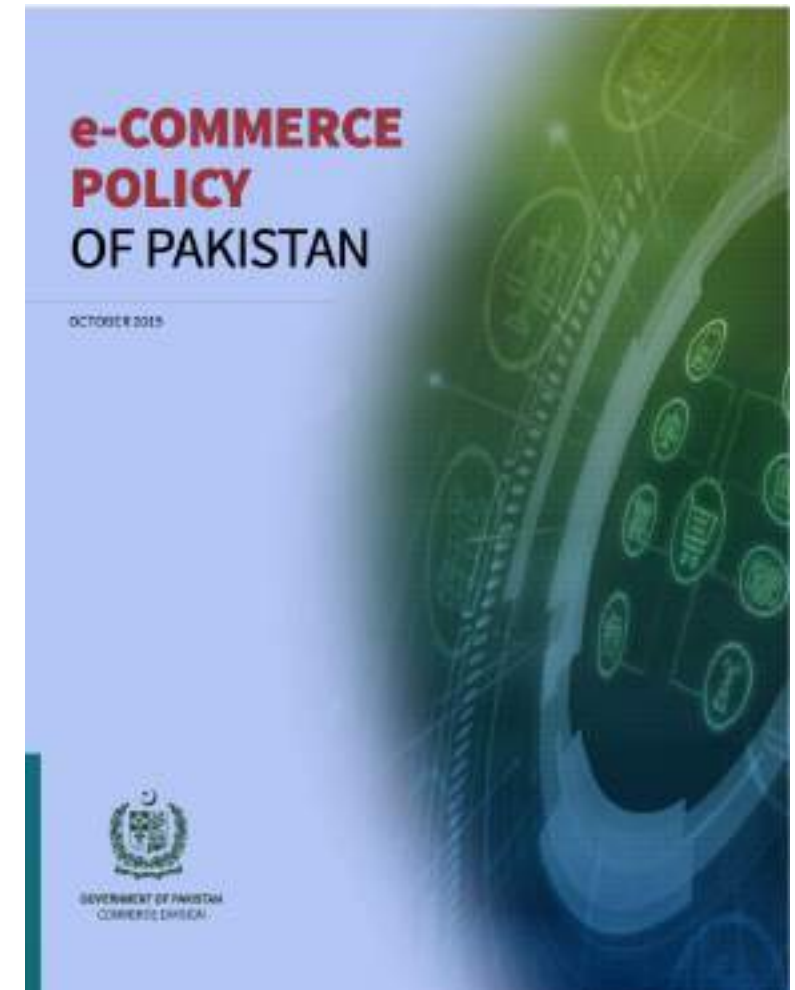
Pakistan eCommerce Policy Discourages COD

eCommerce Policy, Section II, Recommendation I

“To promote financial inclusion and digitization, COD mode of e-Commerce will be gradually discouraged through special incentives for consumers and merchants with an objective to use digital devices for payments. (Within 3 years of the launch of this policy, maximum COD transaction amount will be PKR 10,000. Efforts will be made to convert all COD payments into e-Payment preferably within 10 years (2029).”

Main Objectives of e-Commerce Policy

- Drive youth empowerment, and generate employment
- Be the Key driver of Pakistan's Economy
- Export enhancement through e-Commerce platforms



COVID-19 Impact on eCommerce



DFresh: the fruits and vegetables channel on Daraz, has witnessed an order uplift of

9X



Orders for hand sanitizers and liquid hand washes has increased by

18X



Contribution of FMCG category has doubled in March and is expected to go up from 20% to

70%

Questions?