

PANEL DISCUSSION

THE NEW NORMAL IN E-COMMERCE

Event Date: 18th April 2020



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Founder, **Bykea**



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Ahmed Khan
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E-Commerce in Pakistan is at a nascent stage, with limited internet retail sales, despite 38 million Internet Mobile users in the country. **Globally, E-Commerce accounts for 15% of total retail**, while this number goes down to 0.35% in the case of Pakistan.

Nevertheless, recent data shows positive trends in the E-commerce space of Pakistan. Four sectors, namely Fashion and Beauty, Electronics and Physical Media, Food and Personal Care, Furniture and Appliances, have witnessed at least 100 percent growth in E-Commerce Sales. Additionally, the **State Bank of Pakistan reports a 90 percent year-on-year growth in E-Commerce**, indicating huge potential for this sector to flourish in the years to come.

Amid the COVID-19 Lockdown, E-Commerce accessibility has proved to be a haven for customers and is quite likely to grow, provided the right policies are put place. To discuss the opportunities and challenges being faced by the E-Commerce Industry in Pakistan, the National Incubation Center hosted a webinar with some of the leading players in the E-Commerce space in Pakistan. Badar Khushnood, Co-founder Fishry.com, Ehsan Saya, Managing Director Daraz, Muneeb Maayr, Founder Bykea, Nadiya Patel Gangjee, Founder Sheops and Fempro, and Ahmed Khan, Founder Cheetay Logistics, provided key insights into the dynamics of the industry. Summary of the key discussion of the webinar are presented below:

KEY CHALLENGES IN THE PAKISTAN E-COMMERCE SPACE

Payments: With a lack of trust rampant in the country, prepaid payments are unlikely to grow. This coupled with the lack of payment gateway integrations means E-Commerce sales in Pakistan rely heavily on Cash on Delivery options. Prepaid orders provide a sense of security to sellers, making it easy for them to transition from traditional channels to digital.

Buying Power Down Amid The COVID-19 Crisis: Although the COVID-19 crisis presents a great opportunity for E-Commerce to flourish, yet it is important to understand that the

buying power of the consumer is going down. Hence online purchasing currently is more often for commodity products. The average basket size of a consumer is increasing, which indicates a state of panic prevalent amongst consumers, which is likely to die out, as we move out of lockdown.

Logistical Challenges: Logistics are a key challenge to the growth of E-Commerce in the country. However, with players such as Fowrry, Cheetay and Bykea emerging, the likelihood of demand and supply being matched is increasing. Amid the health emergency of now, the logistics service providers need to define SOPs to ensure riders safety, which would develop customer trust.

OPPORTUNITIES FOR E-COMMERCE TO GROW

Web 3.0 makes the transition easy: E-Commerce provides opportunity for traditional businesses to convert, and measure ROI. With Web 3.0 being transactional and measurable, opportunity is immense.

Existing platforms make integrations easy: Availability of platforms like fishry.com and shopify make the transition easy for traditional businesses and startups, shorten their time to market, provide a seamless technology experience and allow them to focus on brand building.

Real Estate as an Industry: As the Government of Pakistan elevates the Real Estate and Construction Sector to the status of an Industry, this presents a great opportunity for businesses in the domain to leverage E-Commerce for growth and expansion.

Traditional Businesses forced to opt into E-Commerce: The COVID-19 situation has forced many traditional businesses, previously reluctant to sell online, to quickly move to online selling. This has promising prospects for the future, indicating that more players will now be entering the E-Commerce space.

HOW BUSINESSES CAN BENEFIT FROM THE CHANGING TRENDS

Women Entrepreneurs: Many women, previously selling through offline channels (exhibitions, traditional shops) now need to develop strategies for selling online.

Microenterprises to develop a three-pronged approach: The focus should be on building social media presence, listing on popular online marketplaces like Daraz, and building your own website. Businesses essentially need to build expertise and technology to enable selling online.

Focus on Entire Value Chain: Businesses need to focus on all elements of the value chain that are essential for E-Commerce to work. This includes logistics, customer care,

payments, inventory and order fulfillment.

Create balance Between Box and Brand: Companies need to find the right balance between Box and Brand; moving a lot of boxes requires partnering with relevant players (e.g. Foodpanda) to push the product out. Brand building entails increasing brand equity through own-domain commerce.

Cope with Changing Consumer Patterns: As the world is seeing unprecedented change, we see radical shifts in consumer buying behavior. Now is the time for businesses to build technologies like Augmented Reality to enhance the online buying experience for customers.

Build Customer Trust: Logistics Service providers need to build customer trust. Strict SOPs need to be defined in this regard. Many companies like Bykea, are deploying tactics like providing access to rider's temperature to customer, in order to build trust. More strategies need to be defined to make customer comfortable with the home delivery experience in current times.

WATCH THE VIDEO HERE

The video player interface displays the following information:

- Event Title:** LEADERSHIP TALKS - PANEL DISCUSSION
- Main Title:** THE NEW NORMAL IN E-COMMERCE
- Date and Time:** 18th / 9:00 PM (GMT+5) APRIL, 2020
- Format:** ONLINE ZOOM SESSION
- Speakers:**
 - Muneeb Maayr, Founder, Bykea
 - Ehsan Saya, Managing Director, Daraz
 - Badar Khushnood, Co-Founder, Fishry.com
 - Nadia Patel Gangjee, Founder, Sheeps & Fempro
 - Ahmed Khan, Founder, Cheetay Logistics
- Logos:** National Incubation Center, NUTSHELL, Ministry of Information Technology & Telecom, Ignite, Jazz, xlr8, Teamup.

Q & A SESSION

The panel discussion was followed by a Q and A session. Some of the most relevant questions and corresponding answers by the panelists, are presented below:

Question: For marketplaces like Daraz, with multiple vendors on board, damage control of reputation can be a daunting task. How can this be dealt with, and what measures and controls can be deployed to keep quality checks on vendors?

Answer: In a marketplace it's very important to have controls to ensure quality customer experience is provided. In addition to having peer-to-peer capabilities like image reviews and written reviews, we also have tight SLAs and SOPs for vendors to follow (including fulfilling the advertised product, doing so on time) - if they do not follow our SOPs and SLAs, they risk temporary delisting, permanent delisting, or even financial penalties.

Question: How can we increase Ecommerce fashion sales in this situation, when people are reluctant to spend money other than on necessity products?

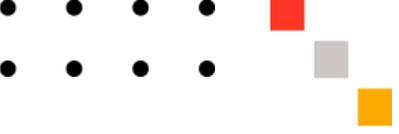
Answer: You must keep cost low and give people value for money. Everything will come back. Delight customers. Give them unique products.

Question: Is there any Govt regulation for startups and if not, then are the market leaders in the e-commerce reaching out to the govt for support and facilitation in these hard times?

Answer: As part of the E-Commerce policy framework, the government has suggested specific SOPs that ALL ecommerce companies need to follow (i.e. seller on Facebook, Instagram, or any other channel). - BUT - the responsibility falls on the company at the end of the day to ensure the customer is ALWAYS protected (ensuring return policy, fast refunds etc.)

Question: We are seeing a lot of ration distribution during the COVID lockdown. How can logistics companies/ startups partner with the government for this initiative?

Answer: Ehsaas program is working with Daraz, Bykea, Rizq, etc for disbursement. The challenge is reaching out to the rural areas.



KEY TAKEAWAY

Despite numerous challenges, there is immense potential for E-Commerce in Pakistan to grow. As the policy framework comes into play, positive changes will come to the fore-front. Companies need to proactively prepare themselves to build the right tools and technology to sell online and enhance shopping experience for their customers. Indeed, the future of retail would see more online sales, as customers become more comfortable with getting what they need virtually.

