

FACEBOOK PAGES VS WEBSITES: A DILEMMA FOR E-COMMERCE INDUSTRY OF BANGLADESH

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Abstract

This paper investigates the nature of dilemma which occurs for E-commerce merchants and consumers between Facebook page and responsive website. The authors have applied empirical evidences and analyzed qualitatively to find out how many merchants are operating their business with Facebook or websites or both, and how they are doing over the years. Then they have conducted qualitative approach such as interviews, observations and literature reviews to explore KPI of E-commerce industries and the reasons for this dilemma and how it affects the business followed by some recommendations to overcome those predicaments. The authors conducted an online survey involving a sample of 258 e-commerce merchants' and 130 e-commerce consumers' responses were used to gather data. This study aims to determine industry variables, analyze best industry practices, proposed a module designed by meticulous studies and fieldwork survey. Current research is a comparative study between expected and accurate results. It includes the investigation of E-commerce merchants on their investment attitudes toward the use of Facebook and website as their primary tool for sales and business operations. This paper also includes shopping experience of e-commerce consumers on Facebook and online stores. Random sampling was used for surveys, and MS Excel software was used to analyze data, including SPSS. The study shows that fundamental reason of this dilemma is not having some basic complementary and contemporary technical and business knowledge. They mostly didn't know how to create a responsive landing page within their budget and how to manage it by themselves. The authors have included a porter's 5 force model to identify the critical forces causing disruption in the business. The results suggest merchants to start their business with launching an operational shopping website to add more value to the business.

Keywords: e-commerce, content management system, key performance indicator, consumers, website, Facebook page

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Introduction

The definition of e-commerce traditionally indicates online shopping activities carried out mainly through a website. Social media tools like Facebook promotion is considered to be an add-on or e-commerce enabler. However, in the case of Bangladesh it is the other way around. It is estimated that there are around 1000

websites and 10,000 Facebook pages through which online selling is carried out in this country (Ahmed, 2017). Since the birth of internet, responsive website facilitates business to reach only niche customer and delivering services with ubiquity and speed until the social media giant Facebook created a huge market place to accommodate billions of customers in a single platform. Both of these constantly evolving technologies are not only adding more value in businesses' marketing, procurement and supply chain over the traditional way of providing the same service, but also creating dilemma in the minds of customers and merchants.

E-commerce websites are virtual storefronts for online merchants where their list and display their current inventory categorically and consumers buy products or services of their choosing through shopping cart applications (BigCommerce, 2017). Since 2015, Facebook started offering many applications to help small and medium businesses to reach their prospective customers and connect with them to sell their products or services. Over the years Facebook has learned individual consumers' interests and now offering responsive visual engagement advertisement tools such as banner ads, sponsored links for the merchants to precisely target their niche. Reason behind the popularity of Facebook pages to the entrepreneurs is that there are more 22 million Facebook accounts in the country and for many people Facebook means their whole online activities. However, Facebooks' e-commerce tools are good for generating new business leads and unable to integrate business applications to merges with merchants' customer relationship management software or any other back-office applications merchants may have (Moisiadis et al., 2015).

Our current study demonstrated and highlighted dilemma factors, applicable for both Facebook and web applications' based e-commerce for different stages within merchants and consumers to understand their current and future needs and expectations. Besides the industry itself is growing faster and maintaining update with international standards. This is a key strategic asset to these start-ups, so that factor being compromised is detrimental to the start-ups financial valuation. Nevertheless, in this paper we have identified few KPI, success factors and best practices that helped the young startups to survive the first year and to grow their business eventually.

Literature Review

Facebook Management

In Bangladesh, e-Commerce is more reliant on Facebook than on website. Many e-Commerce entrepreneurs do not have websites but have Facebook pages. Facebook paid ad is their most preferred method of marketing and many even promote their pages just to increase the number of "Likes." They use these pages for branding. Their businesses get affected when Facebook is shutdown. Till date, no major research work has been conducted on Bangladesh e-Commerce sector and on Facebook Commerce. Which is why, we have to depend on news reports, website articles, and interviews. However, it is clear that Facebook is very popular to the consumers. As per news reports, there are eight thousand Facebook pages in Bangladesh (Ahmed, 2016) that are selling products at present. Majority of the operators of these pages do not have trade license or TIN and they do not get any facilities from the government (LankaBangla, 2014). Trade license is required for getting into any kind of agreement. At present, twenty thousand orders are placed online per day, a significant portion of which comes from F-Commerce (LankaBangla, 2014). Fashion and clothing, especially female

fashion and clothing, are the most popular product category on Facebook. Gadget is the second most popular item. In 2015, Government shut down Facebook for 21 days which seriously affected the e-Commerce business. Sales via Facebooks dropped by 100%. It even affected website sales. Many businesses were at the verge of closure causing huge job losses (Jannat, 2016). Female entrepreneurs prefer doing business through Facebook pages. A significant portion of the Facebook pages are run by women (Islam, 2015).

At present, there are more than 20 million Facebook users in Bangladesh and Dhaka has the second highest active Facebook users followed by Bangkok. Many "Click Firms" have been set up in the city whose business is solely dependent on Facebook (Webable, 2017). Use of Facebook in e-Commerce is nothing new but it has immense effect on the e-Commerce sector of Bangladesh. To ensure long term growth of the e-Commerce industry, it is time to conduct serious research on Facebook. In a matter of few years, e-Commerce would become a billion dollar industry. India-based HSBC did a research which revealed that e-Commerce will create twenty million jobs in the next decade. Now, e-Commerce is a nascent industry in Bangladesh but we can expect that at least 1 million jobs will be created in this sector. So, it is very important that we conduct a research (Bhandari, 2016). No survey or research has been conducted on the challenges of F-Commerce in Bangladesh. As a result, it has become difficult to develop strategies for this industry. Many courier service providers are dependent on Facebook. Facebook is not a good medium for online payment.

Website Management

Cost of a website is different to different people because everyone values the concept of "cost" in different ways (Wong, 2017). Cost of design, develop and maintenance may vary with the time, scopes of the website and cost of manpower and hardware support. There are many cost efficient new generation Content Management System (CMS) package such as wix, bigcommerce, shopify, prestashops, Storrea are available in the market that included all the necessary features such as data models, business logics, integrated frameworks and best practices to run an E-commerce business. They also provide on-demand or cloud hosting service where business can set up their platform at a low price point and any system maintenance or upgrades are left to the vendor to take care of. Compared to on-premises hosting, this option doesn't include total control over merchant's online retail platform and greater visibility of their own data and business can be free from hardware maintenance (Ahmed, 2017). Page loading time is another big issue for any website's user experience that affects shopping behavior. Sean Work, Minister of Propaganda at Kissmetrics, conducted a research on website user experience. His study shows that 25% consumer abandon the pages if the page takes 4 seconds to load (Kissmetrics Blog, 2011). In addition to this to overcome websites' isolated nature, merchants requires further investments and commitments in web marketing application such as search engine optimization, banner ads, spreading annoying re-marketing adware, malware, 3rd party cookies and many other controversial tools to draw potential leads.

Despite of all the issues, few locally operated CMS company Storrea offers hosted e-commerce platform for the small and medium businesses that helps them to set up their own online store within minutes to showcase products, faster website loading, all kinds of sales and order reports, inventory management, customer

management, shipping and tax management, order management, customer review, discount management tools, SEO, web master tools, sms-email notification integrate google analytics, several e-payment methods and social media integration features (Storrea, 2017a) within 399tk to 1500tk per month (Storrea, 2017b). Nevertheless, for Bangladesh merchants popular CMS providers such as Bigcommerce, Shopify, Wix neither provide affordable price nor flexible customer support and payment options.

Methods and Procedures

We have conducted study in online environment to measure perceived impact of the dilemma caused by Facebook and web applications. Through literature review we have identified few critical success factors (CSF) such as maturity of the business, quantity and frequency of sales, number of service delivery or customer served, user experience of customers and investment on technology random sampling is more convenient with lower cost and constraint. This method is useful for generalizing research outcomes and determines behavioral diversity among respondents who are e-commerce stakeholder as a merchant or consumer (Shabbir, 2015). Our survey questionnaires are made in Microsoft form platform and link distribution were conducted for the study in the E-Cab's (E-commerce association of Bangladesh) Facebook among 100,000+ group members. We have also applied some quota sampling and apply some data mining method to get more precious results. We have collected 65 responses from frequent E-commerce consumers used online services to buy product or services minimum 10 times in last one year and another 65 responses from irregular consumers used online services to buy product or services from 1 to 9 times in last one year. This approach was applied because it assumed homogenous population where referenced participants are informative for the study. Finally, we have conducted 10 interviews with merchants who were in E-commerce business for 6 months or more but failed to continue for various reasons. We have followed an exploratory sequential approach where qualitative analysis were conducted and interpreted with our observations and industry experiences.

Results and Discussion

Online questionnaires were distributed, and Facebook users were invited to complete. In response, 258 E-commerce merchant's responses are recorders who are either running a Facebook shop or E-store and Facebook both. In addition to this, 130 responses from e-commerce consumers were recorded who has at least 1 online shopping experience. All the questions in the survey has mandatory multiple-choice questions and relevant for our study.

At first we have generated Figure 1 from a pivot table for merchants who are selling goods or services online for more than 1 year and only 159 merchants' responses qualified. In this chart, we can see that Facebook is still popular among merchants who are delivering less than 100 products per month. And Facebook is gradually getting popular for businesses managed by websites.

Altogether 80 merchants rely on only Facebook applications and deliver less than 100 products per months. 80 merchants among them are not well known about the CMS applications and 39% among them only expressed interest to spend right amount of money from 500-5000 tk per month and outsource the website in a local webhosting and CMS provider company such as Storrea, where 61% are still in dilemma.

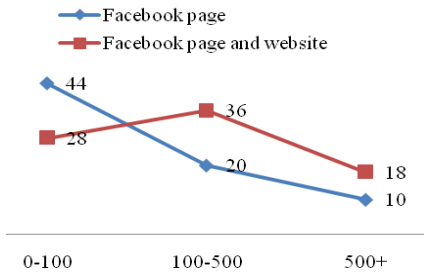


Figure 1. Line Chart-Number of service delivery per day for Facebook and website based business

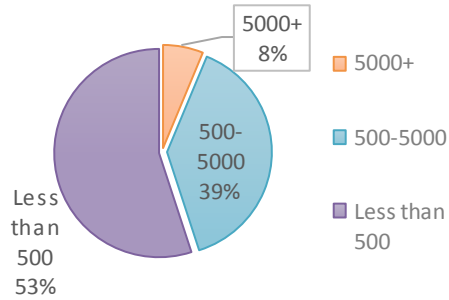


Figure 2. Pie Chart- Merchants' (Unaware about CMS) investment assumptions (in Tk) for website

In Figure 3, to compose the aforementioned statistical analysis, two factors have been used as dependent variables and one factor was considered as the independent variable. “Number of customers served”- has been used as the independent variable due to its nature of evaluating the best outcome and it can also affect the expected correlation of the medium in use to serve the digital commerce market. This factor is one of the dependent variable that changes with the experience of the vendor in e-commerce industry, which is another dependent variable that moves from the standard with changes that arises from the other two variables, associated.

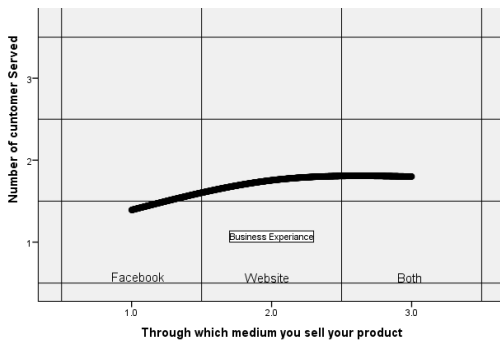


Figure 3. Statistical analysis of business experience over the years for using different tools

Note: Y-axis represents number of Customer served per day, X-axis represents number of year for the business

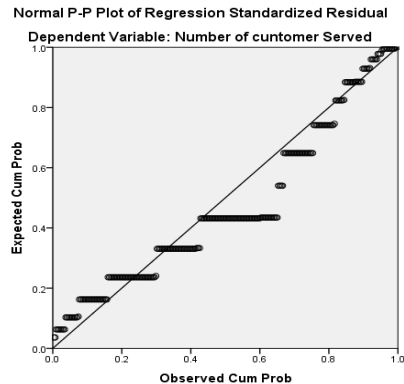


Figure 4. Nominal P-P plot of regression standardized residual

A multiple linear regression analysis was used to observe the movement of the industry service line associated with the movement of the other dependent variables. Multiple linear regression attempts to model the relationship between two or more explanatory variables and a response variable by fitting a linear equation to observed data. Every value of the independent variable x is associated with a value of the

dependent variable y . $E(Y|X) = \alpha + \beta_1 X_1 + \dots + \beta_p X_p$, is multi linear regression model for populous variables. In the aforementioned scenario, the number of customer served has gradually increased with the business operation age maturity which effects the medium of providing such services to the customers and it also suggests that in long run with the increasing operational maturity of the vendors the medium of service give away tends to move to the use of both website and Facebook with coordination. To penetrate the industry and to get into the market, Facebook can be a very ideal medium for newbie but with maturity of the market and the vendor, shifting to website or running a website simultaneously is the way to go. Number of customers served will increase when using both of the mediums in a mature market.

In Figure 4, the number of customer served is been used as an dependent variable to judge the fact that with significant changes in the operating experience of the vendor and the change in medium of service give away, if the number of customers is decreased over time if Facebook is used over the time. But the result has deviated as observed, and explains the fact that with Facebook in the long run will have a deviated result when using both website and Facebook can help the expected result not to deviate.

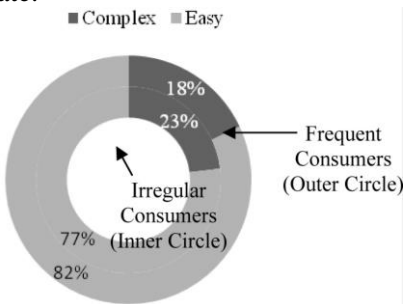


Figure 5. Consumers' user experience for Facebook shop

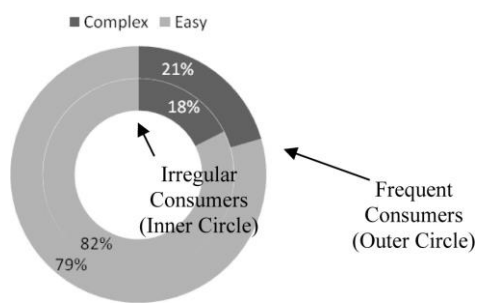


Figure 6. Consumers' user experience for E-store

User Experience

User experience in terms of difficulty level is a very important KPI for both website and web application. In both Figure 5 and 6 doughnut charts shows that most of frequents users find Facebook shops relatively easy to use compare to different web stores. 82% frequent users find Facebook shops easy to use, whereas 82% less frequent users find web stores are easy to use. 21% frequent shoppers and 18% less frequent users found some website shopping experience as complex and time consuming.

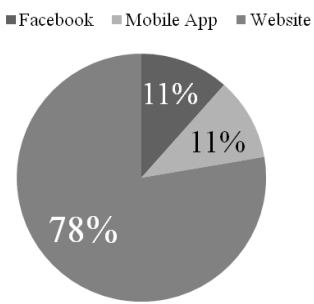


Figure 7. Payment Experience (Sample Size 130)

In Figure 7, Pie chart shows that 89% consumers prefers website or mobile applications as tool for more comfortable, transparent and secure for online payments whereas only 11% prefers preferable payment options for Facebook shop. Website offers flexible payment option for all such as Cash on delivery, Credit cards, E-wallets, Bkash etc. On the other hand Facebook only can offer COD and mobile banking system.

Porter's 5 Force Model E-Store Applications

Through our observation, expert opinion and qualitative data analysis, we have presented an analytical framework developed by Michael Porter. He identified 5 individual forces that shape the overall extent of competition in the industry for the local E-store application developers as a strategic management tool (Shabbir, 2015).

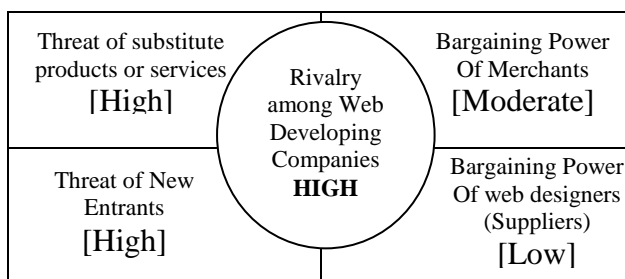


Figure 8. Porter's 5 force model E-store application

In our opinion according to Porter’s Five Forces Model, threat of both direct and indirect substitute service for Web stores packages are very high. Anyone can open a page in Facebook for an online shop and starts generating leads and operations. New web applications are entering into the market every day and many freelancers are either developing e-stores with basic PHP-Javascript knowledge or adopting a popular CMS template of Wordpress, Drupal, Joomla etc with very little operational capabilities. In addition to this, giant CMS developers such as Wordpress are introducing open source, experimental and easy to install products and services to re-capture the market.

Bargaining power of merchants is not very high due to their lack of technical and business expertise. Merchants have developed some knowledge to distinguish the quality of a web stores by the skill development campaigns through their massive Facebook group discussions and by conducting training, workshops and seminars. In Bangladesh web designers and content generators get little opportunity to learn on e-commerce operations from their educational institutions. No university in Bangladesh offers any business program or degree majoring e-commerce and only handful universities dedicate a chapter or a one semester course on E-commerce. Most of the merchants and developers have no idea on fair evolution of their work in terms of scope, cost and time. As a consequence, they hold a very little bargaining power in this small, isolated and competitive market. However, many hosting providers and digital marketing farms are offering a fully designed website with Wordpress or Opencart's premium templates. Because of low startup costs; new startups are joining in the market. Competition has increased overall as a result of the e-commerce development in Bangladesh. Mobile phone friendly responsive website templates and mobile applications are also a value added services that developers can offer as operation,

sales and customer service tool for business. Nevertheless, every force are creating dilemma because of price discriminations and lack of an industry standards.

Limitations

We have observed that significant number of people joins in the business with Facebook page or a simple landing page but doesn't operate in the long run. Due to the lack of time and resources study didn't investigate how this dilemma causes their failure along with other factors. We also had limitations comparing user experiences between Facebook shop and websites. Facebook has universal standards but websites don't. Consumers from a particular demography may find a particular website more usable than others. In this study we didn't set any KPI to measure website's user experiences.

Recommendations and conclusion

Our study includes both customer and business perspectives to connect Digital Business Management concepts and ideas to the issues of Internet Marketing. As this form of expenses are operational loss, due to the fact a proper knowledge of business is important for this sort of start-ups. Furthermore, this predicament leads to investment disarray and finally ends up in marketing and operational failure. Finally we have presented a chart that suggest when a Facebook based merchant should consider launching website, outsource e-marketing or further skill development to survive in the industry.

E-Commerce has been in existence for the last 18 years in Bangladesh but it has really taken off in the last 2-3 years. So, this is the right time to try to shape up the industry. In almost all the countries on Earth, there are some major players or large companies dominating the market share. In USA, Amazon is the top performer; China is Alibaba's playground while Flipkart, Amazon and Snapdeal are the big names in Indian e-commerce industry. The scenario is quite the opposite in Bangladesh thanks to Facebook. So, it is impossible to ignore Facebook while talking about Bangladeshi e-commerce industry.

Thus, we have to take an accommodating approach towards F-commerce, but, at the same time, we should remember that an entrepreneur has to move on to a website based platform sooner or later. We strongly recommend the concerned authorities (government ministries) to conduct a large-scale survey and research for the e-commerce industry as soon as possible. There is no list of companies or entrepreneurs involved in this field. This has to be done without any delay. Many of F-commerce entrepreneurs are not aware of the limitations of Facebook based initiative or the potential benefit of switching to a website. Proper training should be arranged for them. In conclusion, it can be stated the foundation for e-commerce industry of Bangladesh has been built. The future is in e-commerce. Facebook is playing an important role in spreading it. It is the right time to address the issues to ensure a bright future.

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