

A study on social media transformation for Online Delivery Systems in Pakistan



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I **Ahmad Malik** hereby state that my EMBA Project titled “**A study on social media transformation for Online Delivery Systems in Pakistan**” is my own work and has not been submitted previously by me for taking any degree from National University of Sciences and Technology, Islamabad or anywhere else in the country/ world.

At any time if my statement is found to be incorrect even after I graduate, the university has the right to withdraw my EMBA degree.

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Abstract

Social media is the most used platform in the world in which we share information with people about products and services and the promotion of a new business. This project focuses on the purpose of social media and its uses in the online delivery system. Marketers should focus on promoting their products on Instagram because it is the most used platform all over. The problems that customers face with online products are that they do not have the authority to check the quality, size, and actual product which has been shown in the picture. As time is passing many marketers have started their businesses through online marketing.

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Chapeter 1

Introduction

In Pakistan, there are large numbers of online shopping markets but low market penetration.

The trend of online buying arises from the internet. The change has gone up to the highest reach with the successful performance of digital marketing. There are different types of digital marketing like Social Media Marketing, Email marketing, Search Engine, market analysis, viral marketing and so more.

It utilizes the tools which empower people to improve their skills, increase productivity and improve governance at all levels. For today's any kind of business social media is one of the most successful platforms. ICT offers E-commerce as one of the techniques. The fastest sales and growth were shown in many developing countries which were using e-commerce in 2005. World Trade Organization also show enterprises, which adopted e-commerce not only raised their business performance but also helped to improve livelihood in some of the world's poorest regions and communities. WTO defined e-commerce quite comprehensive as "the sale or purchase of goods or services conducted over computer networks by methods specifically designed to receive or place orders. Goods and services are ordered through electronic devices, but the payments and the delivery of goods and services are not necessary to be conducted online. Over the recent few years, e-commerce has grown enormously and is an upward trend. E-commerce is becoming a driving force of the global economy and has changed the way business is conducted. The old ways of doing business are being replaced with more easy and accessible ways. E-commerce not only provides the easiest ways of doing shopping but also allows enterprises to generate efficiency at all the stages of production, processes and resolving problems. The adoption of e-commerce is challenging for many developing countries. There are many barriers which include economic, sociopolitical, and cognitive aspects. These barriers can be further described as the unavailability of credit cards, complex legal procedures for e-commerce, and lack of knowledge and awareness. Security concern is that before any purchase of the product there is no possibility of checking the product physically, geographical barriers,

and language. Usability problems, Confusing electronic interfaces, and bad user technological experience. (Brown, 2020)

The rapid development of internet technology has increased retail e-commerce, which has made a big change in people's lifestyles and society on a broad spectrum. It is estimated that in 2040 e-commerce will facilitate 95% of purchases. The rapid growth and development of retail e-commerce have even outpaced the business model. Products and services i.e clothes, food, hotel room booking, or car buying/rentals are more frequently bought through online shopping. The restaurant industry is highly competitive and already has reached its saturation level. Restaurateurs need to introduce new additional services (i.e., online food delivery ordering services) to remain competitive in the market. Economic growth in the Asian region has made a change in economic power. More than 30% of the world's GDP is contributed by the Asian region. In Pakistan, 63 % of the population is in under the age of 25 and the country has a population of 212 million people. Pakistan lies in the 4th most populated country in the Asian region and is the 10th most populous country in the world of internet users. In Pakistan, 76.38 million people are internet users, and 44.10 million are online shoppers, which tells that the Pakistan population is self-assured in e-commerce. The demographic and appetite of the young generation have grown for OFOD service in Pakistan, with just 15% of Pakistani's online channels for ordering food. This evidence on food delivery services shows that the consumption of OFOD remains unclear in Pakistan.

E-commerce has strong potential to expand in Pakistan and to help accelerate national economic growth. Following intensive investment in ICT infrastructure since the late-1990s, Pakistan in the past two decades has developed a strong ICT sector by liberalizing the telecommunications sector, creating an environment conducive to an expansion of its information technology (IT)-enabled services industry, and cultivating an information society with wider diffusion of ICTs and the Internet. Pakistan, which has about 60% of its 200 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. Pakistan has more than 2000 IT companies & call centers and the number is growing every year. Pakistan has more than 300,000 English-speaking IT professionals with expertise in current and emerging IT products and

technologies, 13 Software technology parks, More than 20,000 IT graduates and engineers are being produced each year coupled with a rising startup culture.

In Pakistan, the overall share of services sector in real GDP is around 60% at end FY 2018, and around 56% in nominal GDP, the latter is higher than South Asia average. Service sector has been witnessing a shift towards the digitization. Growing internet penetration is revolutionizing the way consumers and businesses gain and share information, executes transactions, and manages their day-to-day operations. Improving digital connectivity is reshaping consumer behavior, which is increasingly tilted in favor of convenience, cost savings, and customized retail experiences. Businesses are also capitalizing on opportunities enraging from the digitization, such as supply chain efficiency, lower transaction cost, and enhanced flexibility in addressing consumer needs. Pakistan is among the economies where digitization is triggering changes in some components of the service sector. The shift is most prominent in areas like e-commerce, fintech, and e-government, where new ventures and approaches to deliver services are picking. Specifically, the market size of e-commerce has grown significantly in Pakistan over the last few years, transforming the way consumers interact with and especially pay businesses.

As per UNCTAD's B2C E-Commerce Index, in 2017 Pakistan ranked 120 (out of 144 countries) on e-commerce readiness index with a score of 24. However, a noticeable surge has been witnessed in recent past in the number of online vendors, local e-commerce platforms, online payment facilities introduced by banks and large cellular service providers. Improved internet accessibility and significant efforts of the government for financial inclusion in most parts of the country can be rightly credited for this. PTA's data reveals that as of March 2019, there were 159 million cellular subscribers, 66 million 3G/4G subscribers and 68 million broadband subscribers. From 2017-2018 the number of local e-commerce merchants increased 2.6 times and e-commerce payments increased by 2.3 times in just 12 months. SBP's Annual Report on the State of Economy 2017-18 shows that sales of local and international e-commerce merchants were Rs. 20.7 billion in 2017 growing by 93.7% in 2018 to reach Rs. 40.1 billion. These figures do not include all the post-paid cash-on-delivery transactions which account for 60% of the total value of e-commerce in Pakistan. (THE UNCTAD B2C E-COMMERCE INDEX, 2020)

Around 64% of Pakistan's Population is under the age of 29 and the country will continue to enjoy the youth bulge for another 30 years or so, according to a report from United Nations Human Development, 2017. As young population is more open to embrace technology as

compared to old generation, the promotion and regulation of e-commerce becomes more significant in providing employment to around 130 million Pakistan's youth in the next 30 years. Although the pace of increase in e-commerce adoption in Pakistan has been encouraging over the past few years, the country still lags behind the regional and comparable economies in terms of e-commerce. Therefore, there is a need to formulate a comprehensive policy to not only provide impetus to e-commerce but also to regulate the businesses.

Electronic commerce (e-commerce) is firmly defined as the use of electronic communication and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals. E-commerce vendors trade products and services to the customers directly through the websites' portal, social media platforms, or messaging apps. Many of the customers use internet as a source of information to compare the prices of products and services or to look for the offers before purchasing the products online. Usually, the vendors' website portal provides a digital shopping cart for selected products and allows payment through credit card, debit card, or electronic funds transfer.

This study was conducted to dissect unique factors that influence e-customers' behavior to opt for COD while shopping online. The research also aimed to evaluate the nature of Pakistani e-customers and relate it to major elements urging them toward COD. Hence, this research provides some interesting insights into Pakistan's phenomenal e-market of 70 million broadband internet users. Exploring the motives for the most widely chosen payment option for e-shopping in this exceptionally emerging market carries significant importance. To the researchers' best knowledge, this is first report in this context as no empirical studies have earlier been conducted relevant to the factors which dictate the use of COD for e-commerce in Pakistan. The investigated factors were selected from previous studies conducted in other backgrounds. (Chai, 2020)

Chapter 2

Literature review

PR Perceived risk:

An instance of risk-taking and risk-reducing behavior can be considered consumer behavior. Researchers have established that the consumers' perception of risk is central to their evaluation and purchase behaviors. Upon a study on the impact of shopper trust on purchase and patronage intentions in Pakistan, the risk was taken into account as the positive expectation was not being met and the shopper was facing economic loss. Purchase through the internet is considered riskier than traditional brick-and-mortar purchases. In consumer behavior PR arises from using a product or service, however, in information systems research PR arises when a potential system adopter perceives possible losses from the usage of an information system. (THE UNCTAD B2C E-COMMERCE INDEX, 2020)

The PR related to internet transactions is an important factor that must be understood and addressed for e-commerce to succeed as PR has a significant influence on the behavioral intentions to use electronic tax filing, online banking, electronic learning, and online retailing.

It is noticed by the researchers that different types of perceived shopping risks act as barriers to performing internet-based transactions hence this gives customers more options to choose from all the various types of shopping channels.

Performance risk:

Performance risk is concerned with the product performance expectations which shows how well will it perform. The major limitation of e-retailing is that customers cannot try the product for free before buying it. In some products, buying it is essential to have a look at the product that the customer has ordered before buying it. The performance risk of Consumer's evaluation is based on their knowledge and cognitive abilities in a certain domain. It is difficult for the customer to trust the online retailers when purchasing a product as the customer cannot view the product beforehand hence some customers have hesitation regarding online purchases. Some worry that they may have a difficult time exchanging a product bought online or getting a refund if the product fails to meet their expectations.

Time risk:

A lot of information provided by the internet regarding the product and its services offered as well as a variety of websites where the web user can carry out transactions takes a lot of time. Internet does lower the cost of acquiring information, however, the time of learning how to carry out a certain operation on an e-retailing website can take a lot of time. Moreover, the time to wait for the website to respond and the consumers also incur time costs from using online portals. In the case of internet shopping, the time risk that would occur may be related to dealing with incorrect transactions. The download speed is another factor influencing online shopping adoption.

Web pages sometimes may be very heavy and an inefficient host server can make the data transmission speed worse hence this also increases the risk factor of time waste for current and future users of the online channel. The webpage context downloads and customers decide to dismiss their purchase due to the waiting cost Shoppers have perceived that online shopping is a major waste of their time due to these above factors.

Social risk:

Perceived social risk is “the potential loss of status in one’s social group as a result of adopting a product or service, looking foolish or untrendy”. The social risk may include issues like if online shopping is acceptable or not and the usage decision may be affected by the negative or the positive decision. Shopping is very common in Pakistan for online shopping social risk may be very silent. most of the shopping is done by people in groups in Pakistan who share their experiences with friends. Therefore, shopping at the right channel with the right social reputation may be vital for a lot of consumers.

Security risk: In online shopping, there is a great risk to security, the payment method, and the information storing mechanism. Security is a key dimension in studying user approach toward online services. In customers' minds security risk is the loss of money or the extra money that they are paying in cash or through a card. The adoption of different levels of e-commerce shows that the perceived security risk is an important analyst of internet banking adoption. The customer purchases increase only if he feels that the sensitive information is safe. There is a fear

in customers' minds of hackers that will gain access to their accounts and their financial information.

Privacy risk: People are more concerned about private information disclosure or its misuse by the company collecting information. Perceived privacy risk is defined as the possibility that online businesses might use personal information inappropriately hence getting into consumers' privacy. This captures the information about the habits of the customers.

Personal innovativeness: Innovations in the new information system are to target the customers. Innovation resistance can be determined as "a preference for existing, familiar products and behaviors over novel ones". Resistance to change can also be considered innovation resistance. (Sutisna, 2022)

There are four types of there are four e-commerce types, B2B (Business to business),(Business to consumer) B2C, (Consumer to consumer) C2C, (Consumer to Business) C2B.

1. Business to business

Business-to-business e-commerce transactions happen between two companies, and this b2b activity is not new, But Internet has now changed how everything is transacted. In business-to-business company outsources its bookkeeping activities to another company. Example B2B includes business that buys its product from wholesalers. Business-to-business transactions are held with lines of credit and companies times have long-lasting relationships with one another. The seller has the responsibility of mining the buyer's Creditworthiness.

2. Business to consumer

Business to consumer deals with customers purchasing products and services from a company through the Internet. In recent years online shopping has increased. To protect Sensitive financial information from consumers many companies take extreme safety measures. The business-to-consumer transaction is not strictly bound to retail shopping. Many consumer purchases similar product, auto insurance, and Health insurance online. The consumer enjoys the convenience of purchasing products and services online.

3. Consumer to consumer

Consumer-to-consumer C2C, Ecommerce actively is more recent, and usually requires a business to play the middleman role. Companies like eBay and Amazon have made consumer-to-consumer more popular. The companies that have products to sell list them through a third-party website. Consumers visit and search the sites to purchase the available product. The consumer who is willing to purchase the product and sell is responsible for delivering the product. Either the seller or buyer that plays the middlemen rule is required the transaction fee.

4. Consumer to business

Consumer-to-business e-commerce transaction occurs when a company places a job online and businesses bid on the projects. For example, a consumer that needs a website design will place the details of the job on a site along with his budget. The consumer chooses the company, submits the agreement upon the payment to the business, and waits for the delivery of the website building companies act as a middleman which verifies the payments and services that are being delivered. (Smith, 2020)

In the last few years, social media marketing has taken the most trending position and is ruling online communication. Social media marketing is the form of Internet marketing that uses different platforms of social media to attain advertising objectives and marketing. Social media marketing is providing content for advertising i.e sharing offline videos and images. Different businesses adopt various techniques to target the right audience. They use consumer online activities related to brand and electronic word of mouth. There are many benefits of social media marketing such as social media posts that can be used to drive targeted traffic to a specific audience.

Social media can also act as a useful tool for many businesses to boost their business website. The traffic building on the pages of social media businesses will help their website to get better search engine results.

Many users prefer Twitter and Facebook as simple social media networks instead of other advertising and marketing platforms which makes them respond to one business idea in a more open way.

The recognition of the brand is a very important advantage of using social media, as the media itself becomes the brand's content and voice.

Chapter 3

Objective

- 1) To analyze social media transformation for the online delivery system in Pakistan post-COVID-19.
- 2) To identify the most frequently used social media platforms in post-COVID-19
- 3) To examine how social media helps buy online products and services.
- 4) To study the actual performance and expectations of customers from social media in actual life.
- 5) To suggest strategies and to improve effectiveness by filling the gap between performance and expectations.

Due to the recent events or due to more e-commerce trade people want to buy things online, as they don't want to visit stores or shops. The changing trends in the market of the e-commerce trade have developed a need for businesses to have an online presence for the customer to have an idea of their products and services rather than visiting every place or to have a better market understanding.

Chapter 4

Daraz.Pk

Introduction

Daraz.Pk is a leading e-commerce portal in Pakistan that sells fashion, home appliances, accessories, and cosmetics. Rocket Internet Pakistan's first e-commerce portal entered service in 2012 with only five employees.

Muneeb Maayr is one of the founders of Daraz.PK. Daraz.Pk was founded as a fashion retailer on July 1st, 2012 but in 2015 it moved towards a global market strategy and business model when it launched in Bangladesh and Myanmar. (Jat, 2019)

The headquarters of Daraz.PK is located in Karachi, Sindh, KP. Although having more than one million products, Daraz.PK offers a wide range of products from consumer electronics to consumables. Home, beauty, sport, fashion, and food.

Providing a great shopping experience to the customer is their main purpose. Daraz also offers many ways of payments to their customers including bank transfers, money transfers, full customer service, and easy returns.

In May 2018, Daraz Group announced that they have been purchased by Alibaba Group for an undisclosed amount. The move comes two years after Alibaba bought Lazada Group, which founded Rocket Internet Group in Southeast Asia Market. Daraz has built its own logistics company to improve delivery standards and digitize the logistics ecosystem.



How Daraz.pk operates

Most of the products on daraz.pk which are listed and sold belong to third parties or sellers who might have their brand or operate locally.

It is easier for the sellers to grow their small businesses by selling on Daraz.pk as they can get orders from all over the world.

The people who are willing to sell their products online simply create their accounts or visit nearby Daraz help centers.

Once the information has been provided by the seller, Daraz.pk will verify the information and will allow the applicant to start selling on Daraz.pk. it is easy to start a business on Daraz.pk. (Jat, 2019)

Payment methods

Daraz.Pk uses the following payment methods which make it easier for the customers to pay.

- Credit/Debit Card (VISA/MasterCard)
- Cash on delivery
- Internet Banking
- UnionPay Card
- Daraz.pk Wallet
- Easypaisa Mobile Account
- JazzCash Mobile Account
- Easy Monthly Installments

The payment method used by daraz is COD cash on delivery, online payments through debit & credit cards, payment through Easypaisa, payment through ATM, and online bank transfer. Payment through any method after detection of Commission by Daraz wash passed onto the seller within 30 days. Daraz takes a 30-day credit from the sellers. This policy only worked

because of the trust that Daraz could Generate significant sales. (daraz.pk, 2021) (www.xstak.com, n.d.)

Debit and credit card is only owned by 7% of the population and with the low level of online fraud protection and transaction flexibility, around 97% of payments were done through cash on the delivery matter. Cash on delivery results in a higher supply chain complexity, safety risk, and result in higher cost, the riders had an extra duty of collecting the cash, depositing the amount, and keeping the change. The amount of transfer was not direct, and the revenue time was longer, unlike electronic payments.

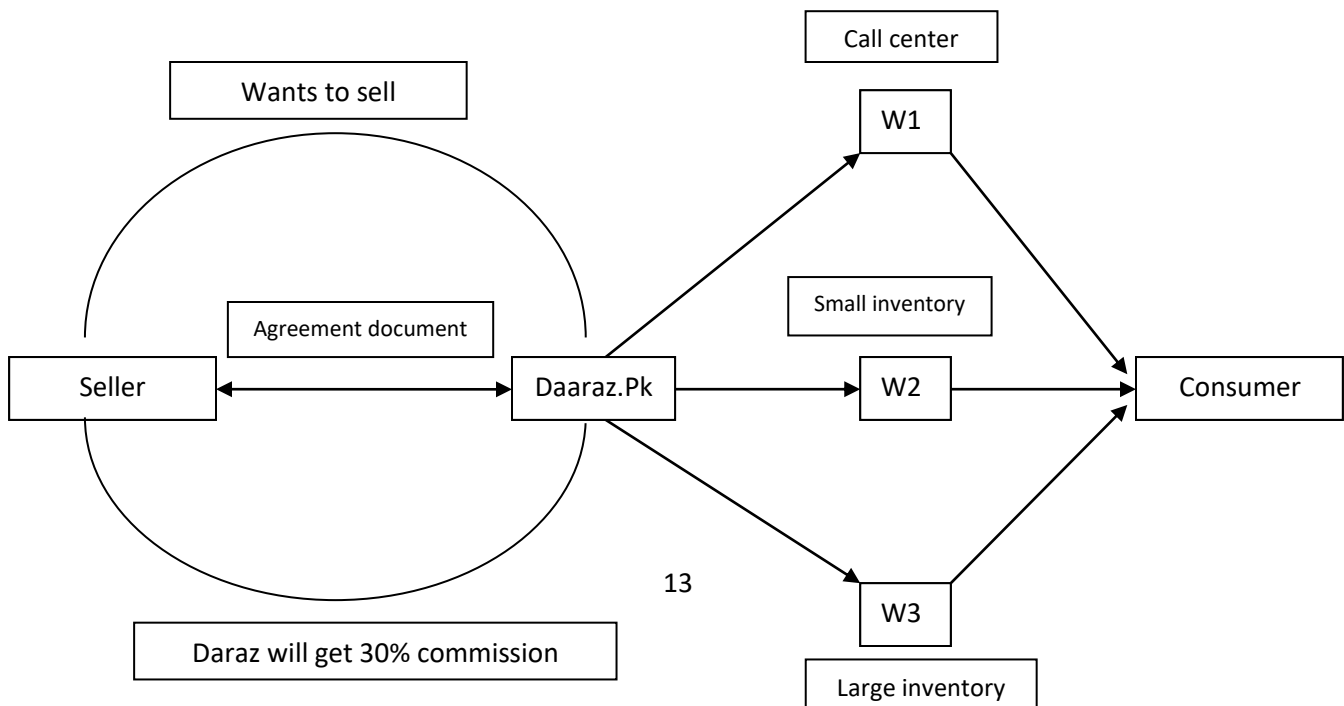
Systems used by daraz.pk to manage orders:

Dealing with inventory

Many sellers prefer daraz to deliver products to the customers. Focusing on “core” activities might be one of the main reasons.

The products are packed by the sellers and delivered to Daraz.pk warehouse. The laborers who are working use **RFID and Barcodes** to store products. As per the alphabetical order Products at the warehouse are stored, not according to product categories.

Business model



VENDOR MANAGEMENT

1. The beginning stage is the acquisition stage in which there is interaction with the seller where they measure products and brands for inclusion in the online listing, acquisition team brings new sellers to Daraz.

Daraz focuses to bring well-established brands in all categories, with all the policies the acquisition team visits them, the structure of business which includes payments and return policies, information on the logistic models, the sales data, and highlight business potential. The reason to approach well-establishing brands is that the brands will follow the two.

2. Once daraz acquisition team finalizes the sellers and signs the contract, the next job is of the incubation team. The incubation team is responsible to handle the seller's training and finalizing them with the Daraz policies and operations. The incubation team gives 4-8 weeks of training to sellers and teaches them about the seller center of Daraz. Seller Center is a web-based enterprise resource planning (ERP) system, it is a virtual shop for sellers to manage and handle their business. This provides the seller to control all their products, pricing, listing, selling, track records, account statements, descriptions, and updated stocks.
3. After the incubation process, the Sellers are classified into two categories, strategic and non-strategic based on the revenue contribution. Daraz sellers are 80% non-strategic whose 20% of revenue is contributed, daraz supports non-strategic sellers by providing a call center setup for any issue. Strategic sellers are self-capable of processing orders within the appropriate speed, the vendor management team gets in contact with sellers, and each vendor manager handles ten strategic accounts. The responsibility of the vendor team is to create opportunities and build relationships and strength for mutual benefit i.e., getting the right promotions, products, online marketing, and logistic services.

SELLER CENTER			
PRODUCTS	ORDERS	PROMOTIONS	REPORTS
<ul style="list-style-type: none"> • manage products • add products • import products • manage image 	<ul style="list-style-type: none"> • view pending • view ready to ship • view shipped • view completed 	<ul style="list-style-type: none"> • proposed product discount/ deal for marketing pushes 	<ul style="list-style-type: none"> • sales report • account statements • pricing report • stock accounting

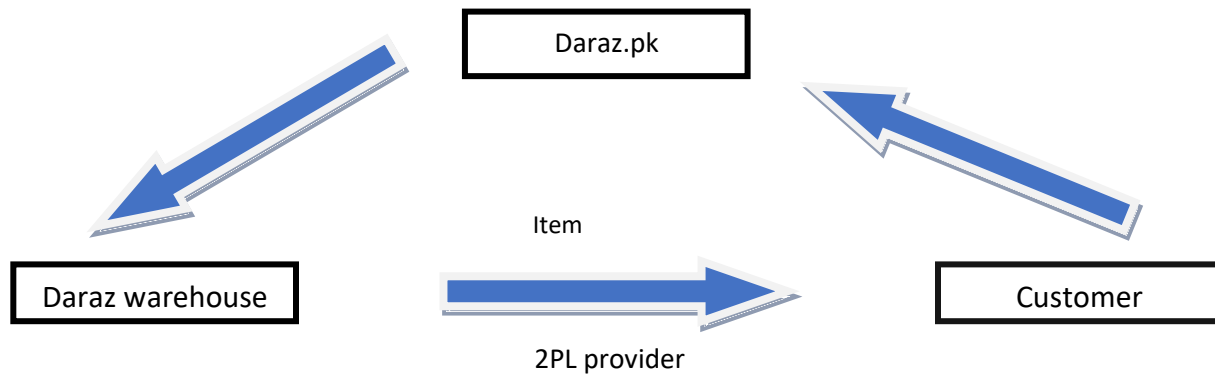
4. The fourth team is the vendor operator team who looks after this whole process from order generation to order processing chain. The team picks up the order from the seller for timely delivery and also provides reverse logistics in case the customer returns the order to the seller. If in any case there is a problem within this process the vendor operation team is responsible to resolve the problem either occurred from the end of the seller or the warehouse. Their focus is to timely deliver the product and avoid any cancellations. (Jat, 2019)

Due to the cancellation of the order continuing 5 times non-strategic sellers can be delisted. In case there is a 2-day delay in order dispatch, Daraz automatically cancels the order and provides a discount or any other offer to their customers to compensate them. There are almost 4 to 5 delisting of sellers.

LOGISTIC MODELS

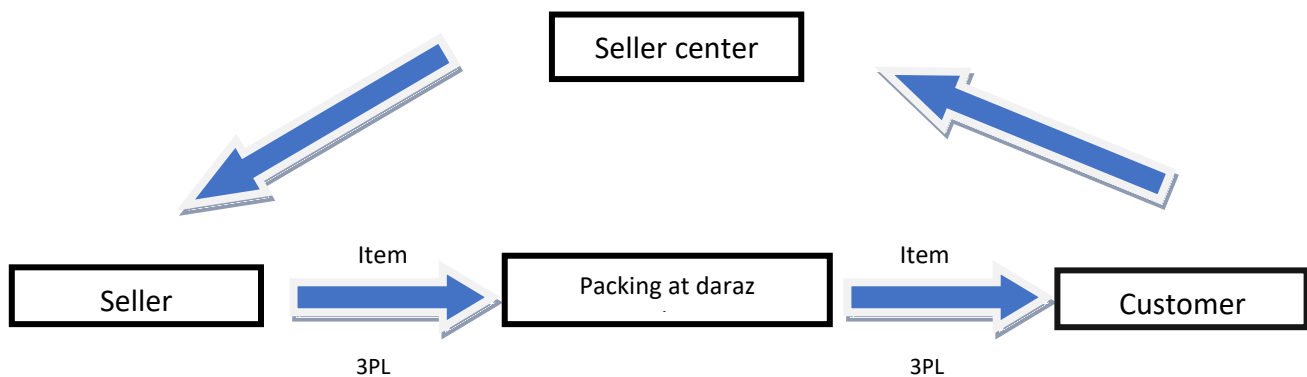
Once the order is placed at daraz it has to get ready from the warehouse or the seller's facility, there are three types of logistic models used.

CONSIGNMENT MODEL



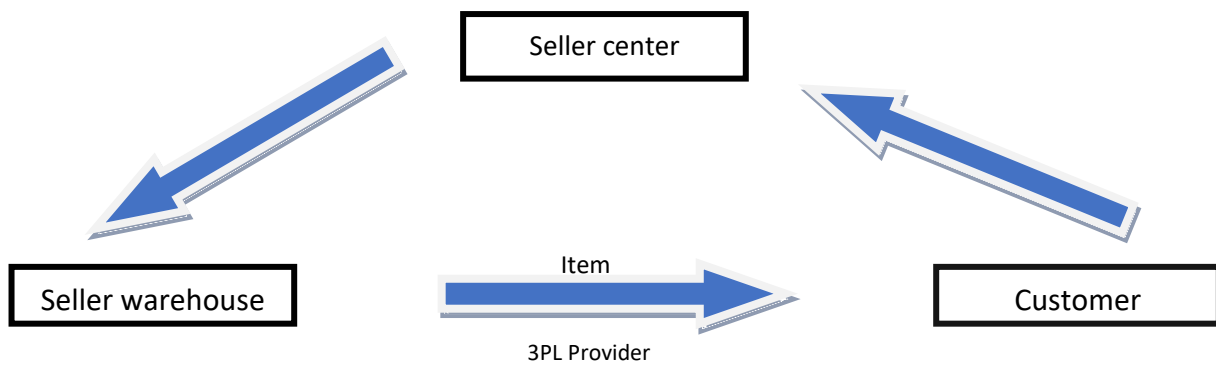
When the order is placed in the consignment model at Daraz, the request is made on the same day at the warehouse to get the order ready, the order is processed on the same day and handed over to 2PL or the company rider.

CROSS-DOCK MODEL



Cross-dock model is used for non-trusted sellers or the negative reviewers or if they are new at daraz. Once the order is placed and picked up from the seller’s warehouse afterward it is sent to the Daraz warehouse for further inspection of the product, packaging, and the sealing by Daraz team at the warehouse.

DROP SHIPPING MODEL



Drop-ship model is used for trusted or long-term sellers as per the good previous records when the order is placed the 3PL and the vendor team coordinate with the seller to pick up the order from the seller’s warehouse and deliver it directly to the customer.

CROSS-DOCK MODEL FLOW



DROP-SHIP MODEL FLOW



Currently, daraz operates all three models, but further Daraz is planning to shift the heavy traffic to the Drop Ship model, and to fulfill the chain they want to divert their 90% efforts towards online monitoring.

Currently, Daraz is operating 35% of orders through Consignment Model 50% through Cross Dock Model, and 15% through the Drop ship model. (Jat, 2019)

Shopify

Shopify was first founded in 2004. It is an e-commerce platform that helps sellers build a website and sell their products online. With all the ups and downs, by the course of a decade, the sales of Shopify skyrocketed. Shopify had about 12,000 merchants by then and earned a huge revenue of \$105 million. It is especially known for its flexibility of payments. Its adaptability in business helped it to flourish.

Features of Shopify

The e-commerce platform is easy to operate, it is designed for the easy understanding and accessibility of the retailer. The retailer gets numerous features useful in selling products like reporting, email marketing, SEO, analytics, or branding.

Blogging

Shopify also provides the blogging feature that allows developing the site; one can choose themes, write articles, and initiate discussions. Moreover, it provides hosting, which means that Shopify will handle all technical issues related to your shop.

Dropshipping

For someone who is interested in Dropshipping, he/she can start with this platform. According to reports, Shopify has over 800,000 stores. The stores are built using this application. It is a comparatively safer platform. Apparently, Shopify and the online store are going to survive more than anyone can imagine as merchants are widely reliable.

Online Store

Shopify gives merchants their sole identity, they have their own digitally controlled store to brand and market. It even helps in the branding of products and accepts a wide range of payment methods from the customers of the merchants. Interested Retailers can build and create an online store with plans starting from \$9/month. It also provides 14 days of free trial use.

Customer service

Unlike other platforms, Shopify gives quite satisfying customer service which is the primary reason why they love Shopify. Shopify has a huge database of FAQs, email & chat support, most importantly with an informative and helping agent on the other side of the call. (Hitchcock, 2020)

How Does Shopify Work

Shopify, in simpler terms, helps one build their own website for their business. Shopify acts as a provider of online stores. It helps you to directly create a professional trade website by registering and logging into your account.

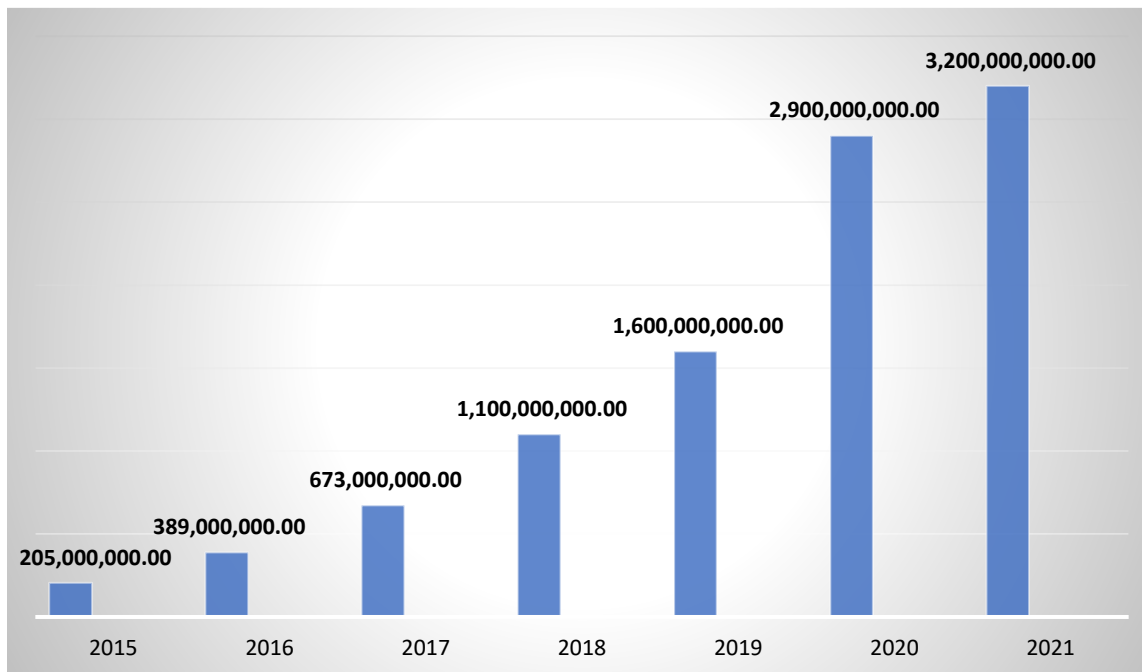
Setting up other simple things and then the users are ready to upload and sell the products at their convenience. It helps them to start a business journey, without requiring to have any knowledge about website building.

Now let's look at How one can start selling on Shopify. It is pretty simple to understand how to set up the business on Shopify.

- First of all, you have to create an account on Shopify to enrol yourself as the seller on the platform.
- Add products or services from the account, add and customize the theme for the product and finally add a domain.
- Add text as the description of the selling product and add a suitable image for it.

- Enable payments from settings. It has got its own payment gateway called ‘Shopify Payments’, it's a free service. If the retailer uses other gateways.
- Add the shipping settings. One can buy shipping labels and decide at what rate the seller wants to charge the customers.
- Users can add some apps from the Shopify App Store to market and sell the products on that platform too.
- Select a Price plan. The user has to upgrade after the free trial by selecting the ‘Select a plan’ button at the end of every page to keep going.
- When the process is done, the store can then be published.

Revenue of Shopify

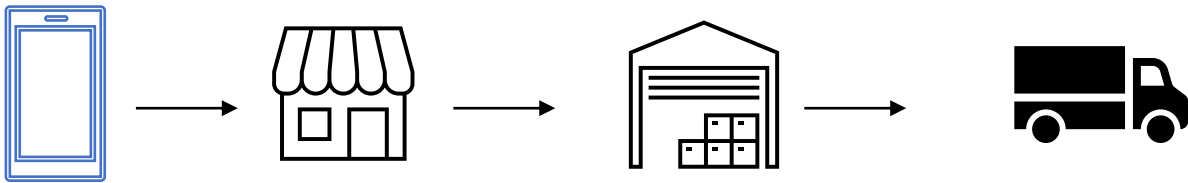


The above table shows the revenue of shopify from 2015 to 2021. This table shows a significant growth in their revenue. After covid the online shopping was increasing and now this has given a opportunity to people start their own business.

New Drop-shipping business model

The dropshipping business model is, in short words, a store that doesn't have a stock. It purchases the products from a third-party supplier, commonly a wholesaler or a manufacturer, who ships them directly to the end consumer. So, there is no need for inventory and the seller doesn't have to handle the product. It is usually a good option for entrepreneurs, especially beginners, because there is no need to open a brick-and-mortar store, and that normally means smaller investments. So, the drop-shipper is essentially a middleman. It's possible to build a sustainable business from a simple laptop.

How dropshipping works



Step 1: Your customer places an order from online store.

Step 2: Your supplier automatically sends the order to your dropshipping supplier.

Step 3: Your dropshipping supplier prepares your customers order.

Step 4: your dropshipping supplier ships the order directly to your customers.

There is a partnership between an online retailer and a supplier. The retailer passes the orders to the supplier, which will package and ship the items directly to the end customer, but in the retailer's name. Virtually any product can be dropshipped. Some of the most successful are beauty and health, drones, jewelry, pet products, tech supplies and accessories, and more. In order for the dropshipping business to be profitable, it is important to find good suppliers and market to the right audience. This way, the profit margins range from 15% to 45%, and, for some luxury items, it can reach up to 100%.

Benefits of dropshipping business model

Smaller investment

As mentioned above, the biggest advantage of starting a dropshipping business is precisely the low investment, since there is no need to create an inventory upfront. The products will only be purchased as long as the sale is already made and paid for by the customer. Thus, you are able to build your business from your laptop. And, even when it grows, the costs will probably keep low.

Easy to start

As you won't need to handle physical products, you don't have to manage a warehouse, pack and ship the orders, track inventory, deal with returns, etc. So, you don't need to have any prior experience, you may get a start and learn the rest as you go on.

Flexibility

As said above, you can run your store from a laptop – all you need is an internet connection, in order to communicate with both suppliers and customers. Moreover, you'll be the boss and you can set your own rules, and work at the most convenient hours and frequency for yourself. Also, you may easily test new products and marketing strategies, whenever you want. And, when you take a vacation, for example, you might automate the whole process.

A wide selection of products

You don't have to purchase (and stock) the products you sell unless they are already sold. Then, you can offer a wide range of products, because you can list any new item with no additional cost.

Easy to scale

In a traditional store, when you have more orders, you have more work. But, when it comes to dropshipping, the orders are almost totally processed by the suppliers, that's why you are allowed to expand your business, with less incremental work. And the costs won't change a lot as well. (sell.amazon.com, 2019)

PEOPLE HESITATION ABOUT ONLINE PURCHASES

Lots of issues that concern timely deliveries are faced by the people of the country. Many customers hesitate on online shopping platforms due to delays in their ordered product deliveries. To finish this Daraz launched its own E-logistic company, DEX. Due to this 65% of the total deliveries have taken hold and ensure that the customers get most of the most efficient services possible. Locating and keeping track of riders is also easier for daraz, which has also helped in case of late deliveries. (Altaf, 2012)

Facebook marketplace

Facebook is the largest social networking website, it has approximately active users of 1.8 billion and connects people with your business across the world. Facebook has become a multi-dimensional networking website that evolved from a basic website into a mobile platform where everyone can connect across the world.

Facebook Marketplace is a fundamentally social selling platform, users can enlist from furniture, clothing and accessories, cars, electronics, and housing. Facebook does not facilitate any financial transactions, but instead, they provide an avenue for sellers to connect with the nearest buyers and advertise their products.

Many people have their profiles instead of the Facebook marketplace for selling products on Facebook. Due to changes in market dynamics, people have started to buy things from Facebook and many sellers are deceiving the customer by sending them different products from what they have ordered. Many people have been a victims of this online selling platform and now people don't prefer to buy things online instead of again going to the usual shops to buy things these are usually due to fake accounts.

YouTube

Youtube is the most known platform for video sharing and has over a billion users who can view the content, rate them share them, and can also comment on the posted videos by other users. There is no better platform to attract the audience by the advertisement of their business.

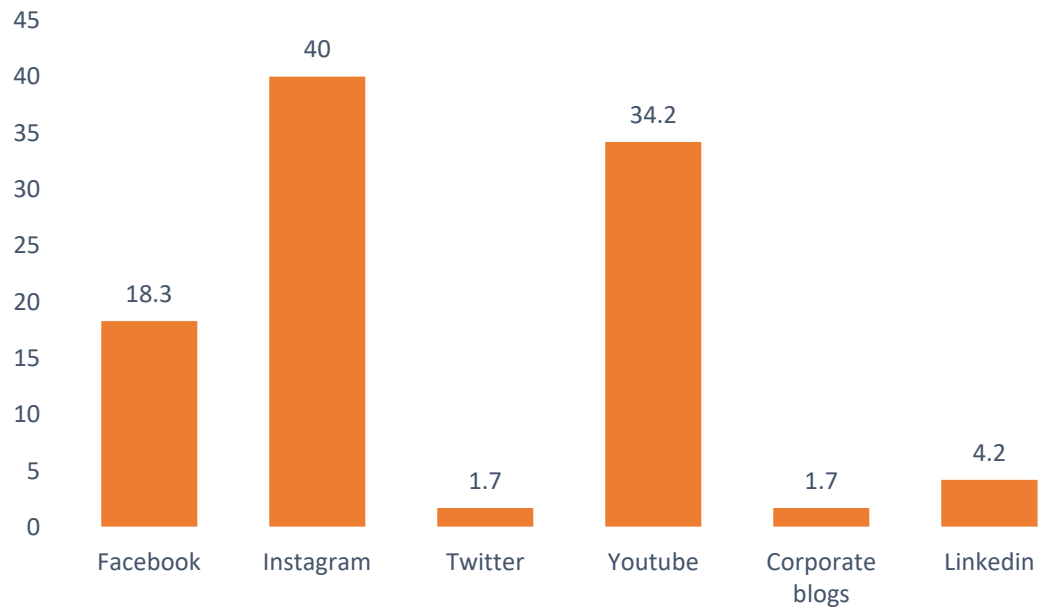
People share videos about their businesses and products. People can have a clear market analysis of the pros and cons of the product. As all the information is widely available on the internet, people have evident knowledge about the products and want to have the best for themselves. People share their contact information and location for potential customers and can visit or they can make the order directly and the shop owner can also ship them.

Instagram

Instagram is a visual platform that is based on photos and short videos, also owned by Facebook. It also has over 1 billion users, with 500 million active users. Many people post pictures and videos of their products with a description for the customer of their offering.

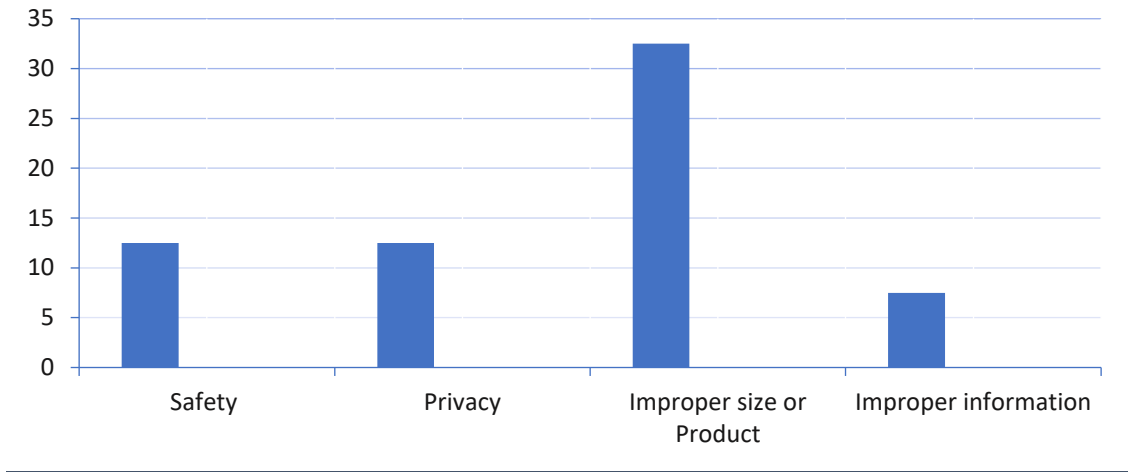


Social Media Platforms



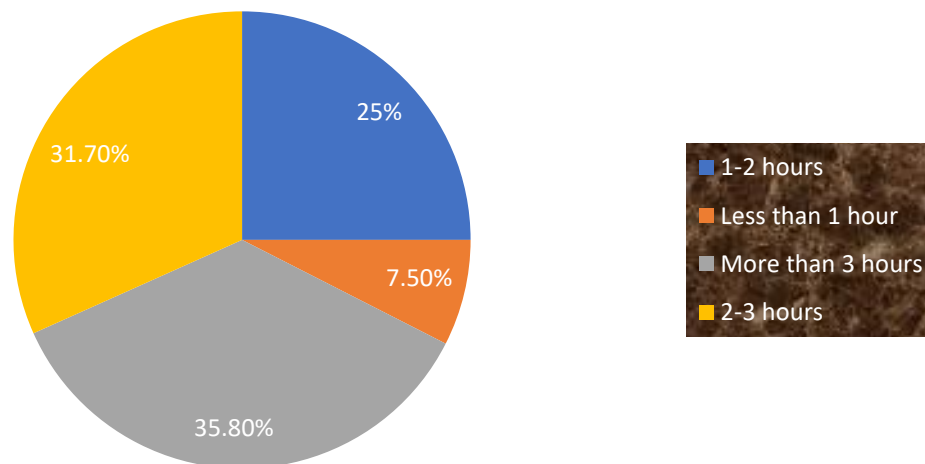
The above table shows that among the respondents most popular social media platform is Instagram with around 40% and followed by Youtube with 34.2%. The market should focus on these platforms to boost their businesses.

Reasons of non-preferences



Around 35 % of respondents stated that they purchase their products and services online. Due to improper sizing or product, 32.5% of people have a non-preference to buy online. The marketers should focus on the product sizing and improper product and make sure to provide the right size to the customers so that they could do further purchases.

TIME SPENT ON SOCIAL MEDIA



In the above chart, it is clearly shown that 67.5% of the population is more active on social media so it can be used as a promotional platform for marketers to promote their products and services.

PROBLEMS IN ONLINE SHOPPING IN PAKISTAN

Online shopping came into existence in Pakistan a few years ago. If we look back in 2010 there was no online shopping trend. After a few years, online shopping became very common, and more people are willing to buy products online instead of going to the market. But few problems and some hurdles are faced by many customers nationwide. There is no prediction of the total number of online shopping sites in Pakistan as there are increasing numbers of new brands that have started their online stores. With the increase in the size of the market and having more prospective to drive the business rough estimate about 8 to 10 major websites have stuck on the ground however to build loyal customers challenges exist like free delivery service for customers, efficient customer services, and feedback of customers.

1. PRODUCT QUALITY

One of the main problems faced by customers through online shopping is product quality. Most of the product quality is not up to mark, either its quality is low or indifferent. These reasons create trust issues in customers and disappointment in them. The most recurring problem faced by the customers is that they receive defective products or replicas Instead of getting the original that has been shown in the display picture. Luxury items, jewelry, wristwatches gift items are charged for the original amount but instead, cheap replicas are sent to the customers.

Product quality matters a lot and is concerned most common problem in shopping online. Quality checks of the product should be implemented in shopping displays online so that customers won't get the wrong quality product. At regular intervals, quality checks should be done.

2. DELIVERY ISSUES

Most of the online shopping problems faced by the customer are that the website does not meet their deadline of delivering their product. The main problem for the customers is that the delivery guys are often found to be aggressive in collecting the money first and not allowing the customers to open the package to inspect their order before. According to the company orders, the delivery guy is not supposed to allow the customer to inspect the product before the payment.

This happens because the online shopping website the management of and the third-party shipping company do not focus on mentioned time to deliver the product to the customer. Some products may take time when it is delivered from another country because of the shipment but the time of arrival of the product should be mentioned on the website so that customer is attentive to the time of the arrival of the product.

3. FEWER PAYMENT METHODS

While doing online shopping most people in Pakistan are concerned about the payment methods used on the website. Most websites do not provide more payment methods to customers.

The most common product payment is COD cash on delivery method, but more options should be given by the website to the customers like through VISA cards or Master cards, etc. This will make online shopping easier for customers.

4. PHOTOS ARE NOT OF THE ACTUAL PRODUCT

In Pakistan, this is a very common issue for customers in online shopping and regarding this issue, there are so many scams. The most common issue faced by customers is that photo of the product which is received is comparatively different from the product shown on the website.

Images should be focused on online websites that they post it should be genuine and the same as the delivered product or at least post the picture they are delivering to their customers so that the customer could trust online shopping.

5. HIDDEN COST

All of the costs should be mentioned online, extra costs are not mentioned on most of the websites like delivery charges, shipment costs, or any other taxes. Online shopping websites should mention the total price or the actual price that the customer has to pay.

Apart from delivery charges, there are many other costs or extra charges that are added to the overall price of the product. It can be considered one of the most common problems in online shopping websites. People get offended by paying extra costs on the actual price mentioned on the web.

6. AFTER-SALES SERVICES AND POOR RETURN

It is a very common problem in shopping online in Pakistan, return policies are not focused on them i.e the size of the product or the product color is dissimilar there should be an option on the website to claim the defaulted product.

Customer care must be very important and should be the priority on online shopping websites. The better you're dealing with the customer, the better will be the outcome of your website or sale.

7. FAKE REVIEWS

Reviews within the website I suppose to be an authentic way of knowing the product service but are often plagued by positive reviews that are fabricated. Negative reviews were not even Published on many of the store's websites. Users should leave feedback and buyers must review their purchases in that section whether they're good or bad. (Qureshi, 2014)

The Need for E-commerce Policy

The role of e-commerce is gradually rising, to make it beneficial for their people, to standardize the growth of the digital economy many developing, and less developed countries have taken measures. Serious concerns are raised through e-commerce concerning data localization, data ownership, and access to emerging technology which is necessary for the policy framework that will ensure and enables sustainability in the economic growth by allowing economic benefit while protecting personal data.

For the benefit of the customers, international corporations are entering the Pakistani market. As there are new entrants of International Corporation in the Pakistani market, the framework facilitates the local businesses, and the entry of other entities, to raise the standard of local industries by creating a competitive environment and also benefits the consumer. On the other hand, it is important to focus on the concerns which are bound to increase the value of e-commerce activity. (E-COMMERCE POLICY FRAMEWORK OF PAKISTAN, 2020)

Protection of the Consumer

The existing state of protection for the consumer

The E-commerce, world is to allow easy interaction of customers, reduction of costs, and fewer prices for merchants. Due to the absence of physical contact, there is a great risk for consumers. E-commerce success depends on the consumer's behavior or confidence. Consumer protection is one of the main issues that challenge its growth, it must be improved effectively and efficiently to increase the size of the e-commerce market.

Under their respective laws in Pakistan, consumer protection is in place at provincial and federal levels which were circulated many years ago. The establishment of Consumer Courts and the Consumer Protection Councils, liabilities of goods and services, formulation of policies for the protection of consumer's rights, redress of grievances, standardization of products, etc are provided by these laws.

Taxation structure

The Existing State of taxation structure

All types of businesses are pacified to taxation, whether it is online or not. As Taxation has always been a problem all over the world in online businesses, between the revenue authorities and e-commerce players. The demand for tax in the online marketplace is increasing for the growth of the economy and to strengthen them, but on the other hand, it is a great concern about the country's revenue base. Like if there are innovative technologies in industries there is no space to grow, and will not be able to bring the benefits to Pakistan's economy as promised.

In Pakistan, taxation related to e-commerce businesses requires certain improvements in the form of management of sales tax rates, procedures in the filing of tax returns, and avoidance of double taxation. For the collection of sales and services provinces are responsible. They use different criteria for collecting the sales tax and apply a different sale tax rate on services. (E-COMMERCE POLICY FRAMEWORK OF PAKISTAN, 2020)

The Code of Conduct for Online Marketplaces

E-Commerce: it is defined as buying and selling goods or services including digital products through electronic transactions conducted via the internet or other computer-mediated (online communication) networks.

I. Disclosure requirements or Consumer Protection

a) The prices shall be displayed on the website or the application of the goods and services offered. For physical goods, the price should also be displayed on the packaging and invoice. If they have failed to provide the action against that marketplace can be taken if a complaint is sent to the consumer protection council.

b) A full revelation on their websites or the Apps regarding data collection shall be made by the marketplaces. This disclosure will also include the purpose and where this data shall be stored.

c) The platform will provide the seller's information, which will enable the contact of the consumer with the seller. This will contain a name, address, telephone contact, and email address.

d) Phone numbers and email addresses shall be displayed on the marketplaces and auction places for redressing consumers' complaints on the complaint form. Adding a manual or automatic system, that will be installed for issuing acknowledgment, the timelines, and the process for the declaration of the complaint.

II. The Compliance with Applicable Laws

a) Customs shall process the goods shipped from across the border.

b) Payments to unauthorized and unregistered sites/applications shall be barred from Pakistani banks and payment gateways.

c) Websites/Apps shall ensure compliance with applicable laws.

- A notice will be sent to take corrective actions within 15 days.

- If not, then the marketplace will be taken down and other measures will be taken for the marketplace.

III. Conduct of business

a) It is mandatory to have a registered business entity and a physical address in Pakistan for all the marketplaces, to guard the consumers for privacy protection and safety and against business malpractices.

b) Marketplaces will cover the losses for the consumers in case of any loss due to the non-existence of such contracts. Marketplaces will have enforceable contracts with the seller.

c) All auction places and marketplaces will take an undertaking/warranty from the seller for the genuineness of the goods and condition at the time of selling. These undertakings will readily be forwarded upon request of the consumer.

d) Adequate measures will be taken against counterfeit and pirated goods by all the auction places and marketplaces. The marketplaces will return the price paid without any deductions by the consumers upon genuine complaint and shall immediately stop the seller and put a notice for the products

e) A seller may be blacklisted for some time if the seller continues to place counterfeited goods.

f) Rating system and customer reviews published online will be done with utmost transparency.

g) Goods that are prohibited or banned will not be offered for sale on the marketplaces and auction places and shall be removed within 24 hours of a complaint.

h) Sellers selling Prohibited or banned goods shall be blacklisted from the marketplaces and will be reported to the concerned authorities. (SUKHERA, 2019)

Chapter 5

Conclusion

In this study, we get to know that Social media marketing plays a great role in the buying behavior of customers. It is to accomplish the buying behavior of the consumer to online shopping in Pakistan. Online shopping is getting trendier in Pakistan and all over the world it makes the lives of people easier than before but is more complicated due to the risk of receiving fake products. In Pakistan, online shopping is slower compared to the rest of the world. The young and professionals are more interested in online shopping it is getting trendier among the young generation. Usually, students prefer to buy their products or goods from their primary source and mostly prefer online shopping.

When consumers purchase online, he/she is affected by assorted factors. Factors that have been identified are price, security time, confidence, convenience, discounted deals, and after-sales. In online shopping price factor exist because it often lowers online shopping as compared to physical purchase in the market. Online buying can be a great benefit to the consumer in terms of saving, convenience, time, and money. Customer services should be provided by the vendors 24/7. If there is a return of the product by the customer to the seller due to any defaulted product the seller should pay a bonus or extra cost to the customer so that the customer will not bare the extra cost that he has to pay for the delivery. The law is in place but it needs to be followed properly, and the marketplaces need to revise their return/exchange policies to have a long-lasting relationship with their customers.

One of the obstacles to online shopping is that people get conscious about sharing their account details with other computers or systems. Due to this consumer gets conscious about their details provided that their personal information may be disclosed, and their precious money and account details may get damaged through some other system. Social media has transformed the relationship among consumers, businesses, and employees. Companies should understand and accept that today's business model is developing a strong relationship among customers using social media platforms and can make the business grow eventually. Social media has a great impact on customer-facing activities. For today's organizations, it is necessary to engage more

employees, customers, and external partners through social media to achieve benefits and systematically measure them. Social media has created new business models not only ways of communication and distribution.

Due to the lockdown, digitalized marketing had a greater flow in the economy through which the businesses gain a greater position in the market, attracting the marketers to show their products so that the customer can be aware of their business all over the world. This made a great change in the mode of buying products online and ensured that the product is delivered to the customer safely and at the appropriate time.

People spend there most of their time on social media 2 to 3 hours on an average day, the marketers must focus on how to present their product to the customer and focus on the advertisements more. Marketers should also focus on the reviews and the recommendations provided by the customers to improve their products and services. To increase the faith of the customers in the brand or company the advertisements and commitments must be followed by the marketers that they provide. Instagram must be used by marketers as it is the most used platform on social media they should promote their products more and more so that customers get attracted.

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