**INTRODUCTION**

Electronic commerce or e-commerce or even online commerce means buying and selling of products or services on web. With the widespread internet usage the amount of trade carried electronically has grown extraordinarily. Trading throughout website also helps to cut down costs and reach a large number of audiences. Like many other areas of the internet, online shops and product catalogs have quickly become one of the best uses of the Internet. E-commerce has evolved to a more sophisticated and intuitive level and has made the whole online shopping experience secure and interactive. E-commerce, thus consists of the buying and selling of products or services over electronic systems such as the internet and other computer network. For eg. Selling physical goods using websites can be the one of the example of Ecommerce or E-business. E-commerce is first started in 2000 A.D by “brick and mortar” company in USA.

While explaining E- business three question needs to be answered:

**WHY ?**: better customer relationship in todays busy world

**WHAT ?**: Redesign business process

**HOW ?**: Applying technology

Thus, Online business or e-business has increasingly overtaken traditional business in several parts of the world and in several industries. Industries, such as the online retail and services have seen phenomenal growth due to e-commerce. There are more e-Retailer brands, online stores and online marketing platforms along with mobile e-commerce than ever before. Online shopping & online banking are replacing the traditional ones. Your business could only be left out if you are not using e-commerce yet.

E-commerce is not just a distribution channel, but also a way for business and brands to reach the targeted customers. The possibility to integrate e-commerce with social media marketing results into greater customer reach, more targeted market segmentation and deeper relationships with customers.

**How does it work?**

**Seller**: Post the good, allow user to buy and pay, deliver the goods.

**Buyer**: Search for the goods register, give order, pay online and get the goods deliver.
Or, Login to website add product/ search product- contact seller- fix the price – pay and get the product.

Or, Owners display their products on social media websites and deliver the products as per the order. Payment is mostly cash on delivery.

**Why or Why not E-COMMERCE?**

E-commerce has transformed how business is done locally & globally through internet. E-commerce has made buying and selling stuffs online easy and possible within clicks. The world now relies in internet. E-commerce is now major part of the internet. Major countries and companies have started selling online. Home delivery, online payment, satisfaction guaranteed, and money back returns are provided for trusted and quality products over the internet. Everyone relies over internet. However it has its own pros and cons that can be minutely analyzed through SWOT Analysis as under:

**Strength**

• Engages Consumers with “Instant Buy” capabilities

• Creates a strong link between marketing and sales statistics

• Enables pricing, availability etc to responding directly and instantly to market pressure

• Reduces the cost of rolling out new products

• Increases customer engagements

• Creates strong drive add-on sales

*FACTS FOR PREFERENCE OF E BUSINESS AROUND THE WORLD: THE RESEARCH FINDINGS*

• Time savings

• Easy to compare prices

• More variety availability

• Lessen prices

• No crowd

**Weaknesses**

• Entering the online market requires you to be competitive and have the highest level of customers service in place

• Reviews and negative comment’s can spread quickly and damage customer brand – Must stay on top
• Cost of entry can be high
• Doing it poorly can be worse than not doing it at all
• Online market makes it easy for customers to comparison shop
• Real-time nature requires constant attention
• Web change (new browser, technologies, capabilities, competitive advantages etc) require web development to be ongoing not one time expenses

**Opportunities**

• First to market ecommerce sites can capture market share swiftly
• New customer information can be used to identify and exploit new markets
• Responsive marketing and sales can drive new sales opportunities
• Integration with back end system can improve transaction turn around and increase productivity
• Automated processing and systems can keep customer well informed

**Threats**

• Being 2nd or later to market requires significant difference or improvement from existing sites to overcome first-to-market
• Learning web technologies and how to leverage them can be daunting – not knowing them can be disastrous
• Big Players can be almost impossible to complete with (Even by other Big players) - you are unlikely to be the next e-bay, the next amazon
• Copy and renew is a normal development strategy
• Your backend system must be able to handle the front end and be integrated

**Type of ecommerce**

• **B2B:** Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers
• **B2C:** Business selling the general public typically through catalogs utilizing shopping cart software.
• **C2B**: A consumer posts his projects with a set budget online and within hours companies review the consumers' requirements and did on the projects. The consumer reviews the bids and selects the company that will complete the project.

• **C2C**: There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. Example: hamrobazar.com for Nepal

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**E-commerce in Nepal**

E-commerce is still immature in Nepal. Even though the website like Kaymu.com.np, Meroshopping.com etc are doing well, they still lack the public exposure. Buying something from Internet is myth in Nepal. People still afraid to do it. Before a decade eCommerce was setup as sending gifts and money online and other websites promoting “Send Gifts to Nepal” which had merely a concept of eCommerce. It was target to Nepali residing in USA, UK, Australia and Europe. There was no effect of that business to support the eCommerce concept in Nepal. Gradually the business was promoted by other companies who saw there was a marginal profit. Along with the rise of IT, and business concept many online stores were launched but they didn’t have the actual process of buying and selling online. They were the virtual stores with the best example which gave a concept of selling and buying online but not paying.

Many companies have started the trend of eCommerce in Nepal decade ago, but the challenges are still the same. The actual sales have not been able to start due to lack of knowledge, awareness and online payment systems. Selling globally and inside the country is the same in years. Payment Gateways are being developed but they have their limitation due to legal and security issues. The lack of proper knowledge and awareness among the generation is the major hurdle in eCommerce. In past recent years due to education and reach to internet among the many people in Nepal has brightened the future of eCommerce. The interest of students in the field of IT, the growth of IT companies has helped a lot in the awareness and interest in young generation for internet and IT, has directly created more opportunities for the growth of eCommerce in Nepal.

Many online portals and shopping portals are launched now. Leaving the measurement of success behind, they are now on the top list. Peeping into the future of eCommerce, launch of few large online shopping portals was thought as milestone, everyone thought there will be a turnaround in the eCommerce industry in Nepal. Now having dozens of virtual Nepali stores in the web, they still have the same problem of payment and a belief of people, they still have a level of trust to build among the visitors.
Here are the list of some ecommerce websites of Nepal.

1. Kaymu.com.np
2. Nepbay.com.np
3. Meroshopping.com
4. Harilo.com
5. Foodmandu.com
6. Yeskantipur.com
7. Muncha.com
8. Metrotarkari.com
9. Rojeko.com
10. Estornepal.com
11. esewa.com
12. ticketsewa.com
13. hamrobazar.com
14. ipay.com.np
15. sabaikomart.com
16. metrotarkari.com
17. foodmandu.com
18. paybill.com
19. hellopaisa.com
20. karobarmart.com
21. sastodeal.com and many more

Growth of Commerce in Nepal

Now there are multiple eCommerce web portals and social platforms who are directly involved in online shopping. If you want to buy a new cloth, a book, a mobile phone or even order your lunch online from your home. Yes, it is possible in Nepal and there are a lot of companies offering these services. Before a decade eCommerce was setup as sending gifts and money online and other websites promoting “Send Gifts to Nepal” which had merely a concept of eCommerce. It was target to Nepali residing in USA, UK, Australia and Europe. There was no effect of that business to support the eCommerce concept in Nepal. Gradually the business was promoted by other companies who saw there was a marginal profit. Though problems like lack of proper payment gateway, transportation and internet reliability are existent in Nepal, many innovators have developed some innovative e-commerce services in Nepal. There are a list of some e-commerce sites in Nepal as presented above. Some of the popular e-commerce business in Nepal are:

Traditional e-commerce sites:

**Muncha.com:** Muncha is probably the most popular e-commerce site in Nepal. It is popular among non-residential Nepalis to send gifts to any part of Nepal. The site is popular for buying
birthday cakes, flowers, gifts, toys as well as electronic items. You can pay via. E-banking, credit card or even cash-on delivery.

**YesKantipur.com:** Launched by Kantipur Publications, Yeskantipur aims to provide everything to your doorstep. A wide variety of items including books, electronic items, home appliances, food and beverages are available from different vendors. The services are available only inside Kathmandu valley with cash-on-delivery or e-banking. There is no delivery charge for items inside ring road. Special discounts are announced on the site in regular interval.

**Rojeko.com:** Rojeko has a wide variety of items for those willing to buy products inside Nepal or those willing to send gifts to Nepal. Rojeko is mostly focused on electronic items. Payment can be done via. Paypal, credit cards, e-sewa or cash-on-delivery. There is always a crazy offer with heavy discount for a product.

**Bhatbhatenionline.com:** The popular departmental store, Bhatbhateni has its own e-commerce site. Different types of items available on departmental store are also available on its online portal. Payment can be done via. Paypal, e-banking or credit card.

**Some innovative e-commerce products:**

Apart from traditional e-commerce sites, some entrepreneurs have implemented revolutionary ideas in Nepali market. With features of viewing and ordering products online, these services have their specialties which make them different from other sites. Here are a few innovative ideas implement in Nepal:

**Harilo.com:** Harilo allows people in Nepal to buy good from US retails and pay from Nepal. You can simply order products from any US-based websites like Amazon and get them delivered to you in Nepal via. Harilo. In other words, you get the same services as US citizen. You can pay via. E-banking, Paypal and a lot of other options which also includes writing a check to Harilo.

**MetroTarkari.com:** Recently launched by a group of young entrepreneurs, Metrotarkari is a unique product in Nepal which delivers vegetables at your doorstep. With an ambition of reducing the gap between farmers and customers, the site allows users to select vegetables, fruits or meat online and get them delivered at the doorstep with cash-on-delivery facility.

**Foodmandu.com:** Foodmandu is another unique service, which delivers food from different restaurants in Kathmandu and Lalitpur to your doorstep. It has a list of 75 different restaurants in valley and their menus from which you order any items of your choice. The items get delivered within an hour and payment can be cash-on-delivery.

Here are some categorized eCommerce Business Practices and Trend in Nepal.

1. **Practice of Send gifts:** Send Gifts to Nepal is most oldest and successful online shopping business practice in Nepal till date. Many websites were started to promote the local sales
via online, with the concept of send gifts to Nepal. Their target was Nepali people living in USA, Europe Australia and Canada and other countries abroad. These websites promoted the trend of sending gifts to Nepal and even included money transfer facilities. It was easy for those to send gifts to their family and loved ones. The price tag is little high but the service is worth paying. Website owners are more interested in send gifts trend and practice rather than local sales. We suggest this to be the best online shopping practice, but not locally.

2. **Free Classified and online Market web portals:** Free classified websites have been started and to give buyers a real experience in Online Shopping. In this trend sellers could promote their products and services. They enabled direct sellers and buyers interaction. This concept lacked the medium of online payment. In Nepal online payment system is an issue to discuss. In the classified practice of eCommerce business both used and New Products are allowed to sell. It’s just a platform to showcase your products and services. Its more popular for second hand market over the Internet.

3. **Showcasing over Internet/Online Shopping:** This concept was easy for everyone to display their products in the website. If anyone orders the product they can choose to pay via bank transfer or pay cash on delivery. You can also pay via bank and credit cards. National local payment gateways are also used. Some of food portal have also a good concept of giving individuals to deliver their food online.

4. **Get latest products from international shopping portals:** There are few web portal, marking as a online shopping portal. They buy the product you choose and pay for them. In this trend of eCommerce, buyers can easily buy latest and desired goods from international market. Just you need to provide the product detail and pay them, They will deliver them at your doorstep. When you don’t have a medium to pay online with credit card, then this is a best option for you. The website owners have a real shopping experience but buyers just get their goods delivered.

5. **Social Media Selling Platforms:** It’s the latest and popular, online shopping and eCommerce experience in Nepal. Sellers just create page and promote their products. In some cases they don’t have stocks and a shop, they are the actual online store, who deliver your products after you order with them. If you are interested you can order online and pay them at the time of delivery. Here you don’t have the actual experience buying over the internet, but you can use social media to get your goods home. Here sellers are making advantage of Facebook generation.

Over the past decade, e-commerce has transformed the way the business is being done in the developed world. It instantly became a successful model in regions like USA and Europe, and now the developing economies are also using this tool to grow their business. Nepal is a developing economy and according to The Economic Times, the country will experience a dip in economic growth in the year 2015 due to political turmoil and deadly earthquakes that disrupted the business activity in the country. However, the statistics compiled by the World Bank also suggest that there will be improvement in the year 2016 as the growth rate will climb up from 3.4 percent to 3.7 percent. This economic growth can be attributed to the flourishing e-commerce sector in the country.

With the influx of latest technology from neighboring countries, such as India, Nepal is on its way to success through e-commerce. Online shopping is taking the Nepalese market by storm
and it is facilitated by fast speed inexpensive 3G and 4G internet technology. The convenient modes of payments and user friendly shopping apps are further paving a pathway to unprecedented growth in the e-commerce sector. According to a report compiled by Kaymu, a leading online marketplace in Nepal, the e-commerce sector is growing at a rapid pace, people are showing more trust in these marketplaces that offer a range of products from electronic items to home appliances to apparels. People are more inclined towards purchasing mobile phones, used motor vehicles, motorcycles, computer accessories and laptops through online platforms and this is evident from the pie chart below:

These e-commerce ventures are giving the traditional brick and mortar stores a run for their money. Some of the leading enterprises are now digitizing their operations and offer online shopping options via their official websites. The businesses now realize the significance of e-commerce and are now reserving a good chunk of their revenue to be spent on digital marketing. The advantage they aim to achieve is that not only they will have increased online presence, but can also get feedback from their consumers instantly via social media sites and other digital modes.
Compared to developed economies where the e-commerce industry has faced a boom and matured, developing economies such as Nepal have a lot of room for expansion and development. All the trends and signs point toward a positive direction. The graph below demonstrates that the majority of people in Nepal visit various e-commerce websites between 11:00 am to 04:00 pm and most of the transactions also take place during these hours.

The developing economies may have joined the bandwagon a little late, but they are also slowly realizing the potential and benefits that e-commerce sector offers. The e-commerce sector is still in its initial phase in Nepal, however many successful ventures, such as Kaymu and Hamrobazar.com are important actors playing a very crucial role in the growth of this industry.

**SWOT ANALYSIS OF E-BUSINESS FOR NEPAL**

**Strengths:**

- With the influx of latest technology from neighboring countries, such as India, Nepal is on its way to success through e-commerce
- Many online portals and shopping portals above 20 are launched now.
Also getting feedback from consumers instantly via social media sites and other digital modes has been easier to improve the service and product. People are showing more trust in these marketplaces that offer a range of products from electronic items to home appliances to apparels. The businesses now realize the significance of e-commerce and are now reserving a good chunk of their revenue to be spent on digital marketing. The advantage they aim to achieve is that not only they will have increased online presence, but can also get feedback from their consumers instantly via social media sites and other digital modes.

**Weaknesses:**

- Government tax policies and cross-border customs regulations,
- Unavailability of adequate and secure payment solutions,
- Shipping and handling standards and Internet access costs.
- Most people don’t own credit cards, these companies have found a way to not only find a niche but also entice more people to opt for shopping online.
- Cash on delivery becomes the other problem with a lot of cases of goods being returned.
- The average age of customers buying online is 21 years and the business is mainly Kathmandu centric.
- There is no department to take responsibility for damage or theft in the process of delivery.
- Online business like thamel.com is seasonal in Nepal and is not being able to scale up as it should due to the lack of local supply chain.
- Very few banks in Nepal have a proper system of online payment. Less than five per cent of Nepali buyers as of today use online payments. “A lot of work has been going on to connect all the banks so that interbank transfer across the border will be easier.

**Opportunities:**

- The market size of e-commerce in Nepal is USD 75.4 million and is multiplying three times every year.
- Improvement in the Internet infrastructure and government regulations, which would create cheaper and more reliable online services and better payment gateways.
- Smartphones have penetrated the market in Nepal, giving rise to changing market trends and customer expectations. This wireless technology has enhanced ecommerce capabilities and changed the way how people do business today.
- Compared to developed economies where the e-commerce industry has faced a boom and matured, developing economies such as Nepal have a lot of room for expansion and development.

**Threats:**

- Offline purchasing in Nepal still dominating the market.
- The market is fragmented and involves a lot of small players.
• Challenges of service providers is the longer payment cycle where small sellers suffer the most
• Online markets in Nepal are not competing with each other but trying to make a secured place for themselves
• Considering Nepal to be a high risk zone, Nepali cards were not allowed to be used in e-commerce in other countries until a couple of years ago

**Problems of e-commerce in Nepal**

Online Shopping, clearly states that you must be able to buy online and pay, get the goods delivered. If not, we cannot call it a online shopping platform. To give a complete online shopping experience every shopping portals and business must provide a minimum of online payment and delivery system. Every consumer must be able to get their products delivered in a complete shopping solution

In-context to Nepal, online payment limitation is the major hurdle in eCommerce business. Now having dozens of virtual Nepali stores in the web, they still have the same problem of payment and a belief of people, they still have a level of trust to build among the visitors. Nepali government doesn’t allow us to sell anything that’s digital. And there are restrictions on mobile phones and wireless routers or small things like camouflage prints or multi-vitamin tablets. This not only restricts our customer base but the government also misses out on the tax payments they could have received. Hope we will get the solution soon.

**Future of E-commerce in Nepal**

It’s a practice which no one can escape and avoid. It will be either today or tomorrow we must adapt to it. Both the development of payment system, legalizing and securing the payments, creating reliability from the portals is a major issue. With the growing generation every business will have to adapt and think about their online existence in future depending on the nature of business. It will not be too long; there will be further boom in the trend of eCommerce business soon in Nepal.

**Recommendation for development of E-commerce business in Nepal**

Following recommendation can be given for the problem stated above:

- Well developed infrastructure, investment from various players and logistic providers should be there in order to increase the number of buyers and the business on the whole. “With the increase in the number of the customers and the purchase, the cost of delivery will automatically minimize.

- The offline business chain, the online business should also build their own network which helps in the growth of sales
• Interbank transfer should be made easier and that customers should be encouraged to make online payments. Likewise building up the easy ways to return the goods could help both buyers and sellers. As far as trust issue is concerned, he believed that it can be solved together by increasing awareness and ensuring quality of products.

• Public awareness must be created regarding the pros and cons of ebusiness

• Government flexible and helpful policies must be introduced

• Online payment through banking must be increased

• The ebusiness should focus every nook and corner of the country

• Availability of adequate and secure payment solutions should be made

**Conclusion**

We must create history not become a history. If business persons are always active on the development, process and the business policy and strategy on eCommerce business for their clients surely E-business will Boom. However, E-business should offer different online payment system verification. Payments should be easy and safer. Every individual’s trust must be built by business owners. Time has come to take ones business online compulsorily in this IT era, so if you are thinking of being a successful businessperson start your online shop today!!! But you must be aware of the problems and prospect of it and be aware of threats and weaknesses and you should be able to fully take advantages of your strengths.