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Development of E-commerce Companies in Nepal: Analysis
of Market Development & Operational Challenges – A case
study of Daraz Nepal

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Thesis abstract

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The aim of this thesis was to explore the development of e-commerce companies in Nepal. It had the aim of identifying growth drivers, operational challenges, and consumer behaviors impacting the industry.

The growth and challenges of e-commerce in Nepal were studied in this study using a mixed-methods approach. A convergent design was used to acquire qualitative insights through in-depth interviews with e-commerce stakeholders and quantitative data through surveys to identify broad trends. The study was guided by an inductive approach, which lets themes spontaneously emerge from the data to discover important concerns including market competition, customer behavior, technological adoption, and regulatory barriers. This approach offers a thorough grasp of the challenges and tactics for growing e-commerce in Nepal.

The findings show that Nepal's e-commerce is mostly driven by young, tech-savvy consumers. Although there are still issues such as a small range of products, delayed deliveries, and payment security concerns, convenience and time savings are the main drivers. Interviews show how smartphones and AI might enhance user experience. However, there are still problems with logistics, money, and regulations. Expanding product offers, increasing delivery efficiency, protecting digital payments, optimizing mobile platforms, fostering customer trust, and using social media for brand involvement are some of the key recommendations for success in e-commerce. By addressing these issues, Nepal's e-commerce industry may grow sustainably and improve customer satisfaction.

¹ Keywords: E-commerce, M-commerce, Daraz-Nepal

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1 INTRODUCTION

1.1 Background of the study

Nepal is a small and beautiful landlocked country between China and India, the two superpowers. Approximately 30 million people call it home (Rose et al., 2024). It has 77 districts and 7 provinces, Kathmandu is the capital city of the country. It is the world's 93rd-largest nation. The majority of people are Hindus, with Buddhists, Muslims, Christians, and other groups following. Nepal is a great place to go because of its stunning landscape, snow-capped mountains, hills, rivers, lakes, glaciers, wonderful temperature, rich cultural heritage, and many more characteristics.

The Internet is an essential instrument for international communication in this linked world. It has developed into an invaluable tool that fits the entire world onto a little screen. In 1983, the US Department of Defense began developing the Internet as a communication medium with the primary goal of using it for military applications (Bhandari, 2024). Because of its enormous influence, it quickly grew into a more extensive communication network, which paved the way for its 1990 worldwide launch. Four years after it was introduced globally, in 1994, the Internet arrived in Nepal. It was astonishing how quickly this new technology was adopted, especially considering the large infrastructural expenditure that was necessary. While its launch was a historic success, it was available to a small number of people and organizations only. The general population didn't start using it until after 1995, mostly because of World Link Communication, a private business that was instrumental in bringing the Internet to Nepal.

Since then, individuals using the Internet has increased dramatically, especially in the time of the COVID-19 pandemic and the launch of 4G technology. According to a September 2023 report from the Nepal Telecommunications Authority (NTA), 12,722,311 people in Nepal were using fixed broadband Internet as of that time, both through wired and wireless connections (NTA, 2023).

Cashless transactions, education, online banking and trading, research, mail, job searching, social networking, collaboration, entertainment, advertising, real-time updates, e-commerce, and many other things have all become possible as internet connectivity and user numbers have increased.

For the e-commerce part, The internet can be used to market products in addition to being helpful for placing orders. Businesses and individuals can sell goods on a variety of e-commerce platforms (*Uses of Internet*, n.d.). Products are acquired by these e-commerce companies, held in their warehouses, wrapped in their brand packaging, and distributed by themselves. Commissions are collected by e-commerce companies when they send goods to customers. They also provide their consumers with fantastic deals and discounts. The fact that consumers don't need to visit actual stores is the finest thing. Vendors can also choose to create a website and list their goods on it. They can answer customer questions, review all product details, and provide online payment options. All of these things are possible with the Internet.

Online purchasing and selling of products and services is known as electronic commerce, or e-commerce. E-commerce can be conducted on computers, cellphones, tablets, and other smart devices. E-commerce now offers almost every product and service imaginable, which completely changes the way many businesses and whole industries conduct business (Bloomenthal, 2003). Since the first goods was sold online in the 1990s, e-commerce has altered the way companies carry out cross-border transactions and altered the global economy (Hayes & Downie, 2024). The expectation that businesses carry out at least some of their operations online, such as bidding on government websites or taking payments through mobile payment processors, has formed the modern economy. Since the COVID-19 pandemic, the global e-commerce industry has grown at an exponential rate. As of 2021, the e-commerce industry is valued at USD 26.7 trillion.

Gift sites made up the majority of the initial Nepali e-commerce websites. With the launch of thamel.com in 2000, e-commerce in Nepal got underway (Timilsina, 2023). Then, in 2005, there was Hamrobazaar. 2011 saw the arrival of Sastodeal later. Leading e-commerce site Daraz (2016) was rebranded by Kaymu, which entered Nepal in 2014. While there are many e-commerce websites now operating in Nepal, only a select handful are well-known.

Although e-commerce is still a new thing in Nepal, it is expanding swiftly. Transfers using digital wallets, credit/debit cards, and e-banking websites are growing more common, particularly in cities. However, Nepalese without a dollar account are unable to use foreign currency to make cross-border purchases (*Nepal - eCommerce*, n.d.). Consumer-facing e-commerce websites are rapidly expanding in metropolitan areas, especially in the Kathmandu Valley. Both locals and foreigners enjoy using Foodmandu and its competitor, Pathaofood, which offers a

comparable service. Daraz and Sastodeal are two new online marketplaces for shopping. Many online retailers have expanded their offerings to include groceries and meal delivery services during the pandemic, including Pathao, a ride-hailing service.

The infrastructure and technical landscape have grown, and this has changed the corporate climate (Shakya, 2018). Both consumers and businesses have greatly profited from this new business environment. While businesses have expanded their ability to attract clients worldwide, clients now have the freedom to purchase the goods they need from anywhere they choose.

The possibilities and challenges that Nepali e-commerce businesses encounter as they grow will be explored in this study. In addition, this thesis will focus on a number of topics, including customer behavior, market competition, regulatory issues, and technology adoption. It will also help to identify the barriers e-commerce companies face in Nepal and suggest strategies to improve e-commerce status in Nepal.

1.2 Objectives of the study

The objectives of this study are as follows:

1. To explore and understand the growth of e-commerce companies in Nepal.
2. To find out the technological adoption, consumer behavior, regulatory challenges, and market competition in the e-commerce sector in Nepal.
3. To identify the challenges e-commerce companies face in Nepal.
4. To recommend strategies to improve the e-commerce business in Nepal.

This research explores the growth and challenges of Nepal's e-commerce sector through multiple objectives. It examines the expansion of e-commerce in Nepal, focusing on factors such as income, revenue, profits, and other performance indicators using a literature review and a case study of a local e-commerce company. Additionally, it investigates technological adoption, consumer behavior, regulatory challenges, and market competition within Nepal's e-commerce industry through online surveys and in-depth interviews with key stakeholders. The study also identifies challenges faced by e-commerce companies in Nepal. Based on insights from these analyses, the research aims to propose strategies to support e-commerce businesses in enhancing growth and operational efficiency within the country.

1.3 Research problems and questions

The following are the research questions of this thesis:

- 1) What is the situation of growth of e-commerce in Nepal?
- 2) How is the technological adoption, consumer behavior, regulatory challenges and market competition in e-commerce sector in Nepal?
- 3) What are the challenges e-commerce companies face in Nepal?
- 4) What recommendations can be adopted by the e-commerce companies to improve their status in Nepal?

1.4 Definition of the terms

E-commerce: Electronic commerce, or e-commerce, is the exchange of money or information for the selling and buying of goods and services using an electronic network, usually the internet (Hashemi-Pour & Lutkevich, 2023). E-commerce transactions fall into four major categories: Business-to-business, business-to-consumer, consumer-to-consumer, and consumer-to-business.

M-commerce: According to Yasar (2022), the purchasing and selling of goods and services using wireless handheld devices, including smartphones and tablets, is known as mobile commerce, or m-commerce. Customers can shop online using m-commerce, a form of e-commerce, without needing a desktop computer.

Average Order Value: By dividing overall business income by the number of individual orders, one may calculate the average order value (Krasnykh, 2023).

Business to Business: According to Krasnykh (2023), businesses that offer goods or services to other businesses are known as B2B commerce. Car manufacturers, electrical supply wholesalers, and accounting software providers are a few examples of B2B businesses.

Business to Consumer: B2C companies distribute goods to regular consumers. Retail establishments, auto dealerships, and subscription services like Netflix fall under this category (Krasnykh, 2023).

1.5 Limitations

The study may have certain limitations even if it was conducted in a very effective, methodical, and scientific way. Because the survey and interview were conducted online, it's possible that the opinions of people who are unfamiliar with social media for a variety of personal reasons were undervalued. The responses of the poll participants may therefore not accurately reflect the current situation of Nepal's e-commerce sector. Unexpected events are causing the market to change rapidly, thus the findings may not be a true reflection of reality. In addition, the study's sample size is extremely small. It may therefore not fairly represent the population.

2 THEORETICAL FRAMEWORK

2.1 Overview of e-commerce development in Nepal

E-commerce is relatively new in Nepal and has been rapidly developing due to factors such as local market dynamics, technology improvements, and global trends (*Khatapana, 2023*). In Nepal, e-commerce started to take shape in the late 2000s, although at first, it expanded slowly. Since digital transactions and online shopping were innovative concepts, both customers and companies were reluctant to embrace them.

According to *Khatapana (2023)*, the first e-commerce company in Nepal is Thamel.com. When it was first established in 2000, Thamel.com was a trailblazing project in the Nepalese e-commerce market. Its primary purpose was to serve as a forum for non-resident Nepalese (NRNs) to send presents and other goods to their friends and family in Nepal.

E-commerce has completely changed how commerce is conducted in Nepal, a landlocked country. Because more people are using smartphones and the internet, the industry has expanded at an exponential rate. 42.85 million mobile connections existed in Nepal in January 2020, a 7.6% increase over the same month the previous year (Bhatt, n.d.). 10.21 million of them are Internet-connected individuals. A lot of investors are paying attention to E-Commerce because of its rapidly expanding reach. Over 40,000 commercial websites have been registered in Nepal, according to data from the previous year.

Presently leading the Nepali e-commerce market are Daraz, Gyapu, Pathao, Muncha, Thamel.com, Sastodeal, Hamrobazar, Foodmandu, and so on. In addition to these massive corporations, there are numerous other e-commerce initiatives that are expanding steadily. Globally, the e-commerce market is expanding at a rapid pace. The concept of home delivery and internet purchasing was greatly aided by the pandemic situation. It is now easy to understand how e-commerce will continue to flourish in Nepal in the near future.

Nowadays, e-commerce is able to deliver nearly anywhere in Nepal at a very affordable price. To ensure that they can reach more people and meet the needs of their customers, many people are contacting different software companies in Nepal and around the world to move their business online (Bhatt, n.d.).

2.2 Traditional Commerce

An older form of business strategy, traditional commerce includes information sharing and commercial transactions as well as the buying and selling of products and services between individuals without the use of the Internet (*Traditional commerce and E-commerce, 2022*). In places where it is challenging to transport goods and services to locations outside of cities, traditional trade is still widely used. Traditional business techniques are common in settings where a minority of individuals lack access to digital gadgets and are therefore labelled as uneducated.

Benefits of Traditional Commerce

Even with the increase in digital transactions, traditional commerce still has special advantages for both clients and companies (Dutta, 2024).

The following are a few of the main benefits of traditional commerce:

Personal Interaction: Face-to-face encounters in traditional commerce facilitate the development of personal relationships between buyers and sellers. Increased loyalty and trust may result from this.

Tangible Experience: Customers may physically see, touch, and feel objects before purchasing, which can be a huge advantage for items like apparel, furniture, or electronics.

Instant Gratification: Customers may take their purchases home right away without having to wait for shipment, giving them instant gratification.

Improved Customer Service: Face-to-face conversations frequently enable staff members to provide more individualized customer care by directly addressing the wants and needs of the client.

2.3 E-Commerce

E-commerce is the term for online purchasing and selling of goods, products, or services. Online commerce or electronic trade are other names for e-commerce (*E-commerce: Meaning,*

types, advantages, disadvantages, 2018). E-commerce can also be defined as conducting business via digital devices including computers, tablets, smartphones, and the internet on an online platform. A computer network is used to deliver these services online. E-commerce encompasses financial transactions, data, and information. Business-to-business (B2B), business-to-consumer (B2C), consumer-to-business (C2B), and consumer-to-consumer (C2C) are the four ways in which these economic transactions can be carried out. E-commerce is the term often used to describe any business transaction conducted over the Internet.

According to Sharma (2022), these days, having access to global E-Commerce development services is a need rather than an option. The global E-Commerce market offers a wide range of services, including international shopping, borderless delivery, and cross-border transportation. E-commerce has advanced far beyond what traditional brick-and-mortar retailers could provide. Because of all the advantages that E-Commerce offers to companies of all sizes and shapes, there is now a standard of expectation for all e-commerce sites.

Technology resources such as supply chain management, online transaction processing, internet marketing, data management systems, and inventory management systems enable e-commerce (*Benefits of E-commerce*, 2023). Furthermore, voice assistants, chatbots, and live chats all boosted e-commerce.

Business to Consumer (B2C) E-commerce

B2C, or business-to-consumer E-commerce, also referred to as retail e-commerce, is a business approach in which online businesses make sales (Natarajan, 2024). One of the four primary e-commerce business types is B-to-C. One well-known example of a business-to-consumer e-commerce platform is Amazon. Almost all e-commerce transactions, excluding shipping and delivery, happen online, giving buyers and sellers the freedom and convenience to do business whenever and wherever they want. Because it is now so easy to buy and sell goods online rather than through conventional channels, business-to-consumer (B2C) e-commerce is one of the sectors of the global economy that is growing at the quickest rate.

Business to Business (B2B) E-commerce

The exchange of goods, services, or information between businesses is known as business-to-business (B2B) commerce (Hashemi-Pour, 2024). As opposed to business-to-consumer (B2C) commerce, two businesses, such as an online retailer and a wholesaler are engaged in business-to-business (B2B) transactions. Most business-to-business (B2B) interactions benefit all organizations, and most of them have similar bargaining power.

Benefits of E-commerce

E-commerce provides numerous benefits for both organizations and consumers. For businesses, it creates a competitive advantage in the marketplace, reduces operating costs, expands market reach to both domestic and international consumers, and enables more efficient pull supply chain management through just-in-time inventory (*Benefits of E-commerce, 2023*). It also fosters a market where both small and large companies can coexist, improves corporate processes, and enhances time management. For consumers, e-commerce offers greater flexibility, access to e-tenders and e-auctions, and the opportunity for discounts and competitive pricing. It ensures prompt delivery, provides a wider range of options and customizations, and supports job creation in society. Additionally, it strengthens customer communication, facilitating better engagement between businesses and their client.

2.4 M-Commerce

Mobile commerce, or m-commerce, is the practice of conducting business online through wireless mobile devices, such as tablets and cell phones (Bloomenthal, 2011). This covers internet banking, paying bills, and purchasing and selling goods. Electronic commerce, or the exchange of products and services between businesses and individuals over the Internet includes a large portion of mobile commerce. Trade in a variety of goods and services, such as investing, banking, and purchasing digital music, books, and airline tickets, can be done through m-commerce. There are several reasons for the rapid growth of mobile commerce, including the development of m-commerce applications, the improvement of computing power in wireless portable devices, and the resolving of security issues.

According to Bloomenthal (2011), e-commerce is typically connected to a computer where the user must find an Internet-connected place, even if it can be done on a desktop, laptop, tablet,

or smartphone. On the other hand, m-commerce only describes online purchases made through a smartphone or other mobile device. Users of m-commerce are able to conduct business anywhere there is a wireless Internet provider.

Wireless Infrastructure and Protocols

Wireless network infrastructure includes all of the hardware and software needed to facilitate wireless communication (*What Is Wireless Network Infrastructure? Benefits & Best Practices*, n.d.). This includes devices like controllers, routers, and access points that enable continuous data transmission via radio waves. Unlike wired networks, wireless topologies reduce physical clutter and allow multiple devices to be connected from any point within the network's service area. Numerous wireless standards, such as Wi-Fi 5 and Wi-Fi 6, as well as possibly newer technologies like Wi-Fi 7, are compatible with this infrastructure. The primary purpose of wireless infrastructure throughout a company's facilities is to provide fast and reliable connectivity.

Advanced Mobile Devices

An advanced mobile device is a sophisticated mobile phone that comes with capabilities including software apps, online browsing, and a mobile operating system (Kirvan & Provazza, 2023). In addition to supporting biometrics, quicker data rates, and better connectivity options than standard mobile phones, smartphones also enable a wider range of functionalities beyond texting and making calls and will also help in facilitating e-commerce.

Characteristics of Mobility

According to Bambhaniya (2024), mobility's effect on e-commerce business examines how this technology revolution will have far-reaching effects. Consumers now expect smooth, mobile-friendly access to goods and services due to the widespread use of mobile devices. As such, e-commerce businesses have to navigate a world where success is equated with adaptability. The rise of mobile applications and flexible websites, together with the convenience of conducting transactions on mobile devices, have altered the standards for a competitive online presence and raised customer expectations.

M-commerce Modes and Applications

The term “m-commerce” or mobile commerce, describes the exchange of products and services via mobile devices. According to *M-commerce* (2018), important m-commerce applications and modes include:

- **Mobile Banking:** Using mobile applications to conduct financial transactions is known as mobile banking.
- **Mobile Shopping:** The act of making purchases via websites or applications that are geared for mobile devices.
- **Mobile Payments:** Using mobile devices to handle payments is known as mobile payments.
- **Mobile Ticketing:** Purchasing travel or event tickets using mobile devices is known as mobile ticketing.
- **Mobile Marketing:** Promoting services and products using mobile channels.
- **Coupons and Loyalty Programs:** Using mobile apps to get loyalty points and discounts.

Retail Mobility Services

Retail mobility services involve the use of mobile technologies to enhance customer experience and streamline operations inside retail locations (*TRG*, n.d.). These solutions may consist of technologies for consumer involvement, inventory management systems, and mobile payment choices that enhance omnichannel strategies, streamline logistics, and cut down on wait times. By putting these technologies into practice, stores can effectively compete with online platforms and greatly enhance customer service.

2.5 Overall analysis of E-commerce business in Nepal

Electronic commerce has affected the basic and qualitative ways that companies and countries manufacture, trade, and compete. There is evidence that even in countries with limited IT access and infrastructure, progressive governments and businesses have profited from e-commerce potential (Ngudup et al., 2005). In order to avoid falling prey to the digital divide, nations with inadequate internet and communication infrastructures had to take immediate action to establish a robust e-commerce sector.

Since the late 2000s, e-commerce in Nepal has grown steadily under the effect of expanding internet connectivity and technological improvements (*E-commerce: The future of Nepali business*, 2021). Since most people had not yet experienced online shopping, the rise was initially sluggish. Notwithstanding these obstacles, there has been a notable advancement in recent times, propelled by heightened consumer awareness and adoption of digital transactions. There are currently many different B2B and B2C platforms available, which indicates a growing market opportunity. However, firms still have to deal with issues like payment systems and logistics.

Nepal is steadily moving toward digital commerce. Due of the lack of resources and consumers` adherence to conventional buying habits, Nepali firms must rely mostly on their physical stores (*E-commerce: The future of Nepali business*, 2021). Nonetheless, the e-commerce industry is booming in urban areas. The urban tech-savvy customer has discovered a simple substitute for traditional retail. Only the centralized population of Nepal has made it possible for companies using e-commerce platforms to outperform their competitors. The entire populace will surely succeed in the current market and generate greater and better chances across the nation.

2.6 Consumer adaptation and decision process

According to Singh (n.d.), there are several factors that affect how well consumers adopt in Nepal. They are:

Internet connectivity: It`s still difficult to get a cheap, dependable internet connection. Even though there are more people using broadband in Nepal, its general acceptance is hampered by the country`s diverse geography and growing internet costs.

Online Payments: The lack of international payment gateways like PayPal restricts cross-border commerce, even while local payment gateways like eSewa and Khalti make online transactions easier.

Trust and security: They are important aspects that influence consumers` decisions when they shop online. It`s important to be able to trust the vendor and feel comfortable about making payments. Platforms that ensure data security and provide dependable payment options are preferred by users.

Product accessibility and reviews: Online shopping makes it simple for customers to compare items and read reviews, which helps them make judgments about what to buy.

Delivery Services: Because of infrastructure constraints and geographical restrictions, it is still difficult to provide prompt and dependable product delivery in Nepal.

Usability: Users are more inclined to use platforms that are easy to use and that offer a smooth browsing, shopping, and payment experience.

2.7 Key success factors and problems of E-commerce in Nepal

According to Thapa (2024), e-commerce is rising in Nepal, driven by several key success factors that have enabled its growth. One major factor is the increasing adoption of smartphones and the internet. Mobile phones have become the primary means of internet access for a large portion of Nepal's population, making it easier for more people to engage in online shopping. This growth in internet and smartphone usage has opened up significant opportunities for the e-commerce sector. Additionally, the rise of digital payment systems, including local digital wallets like eSewa, Khalti, and Fonepay, has transformed online transactions by offering quick and secure payment options, fostering greater trust among consumers.

The presence of dominant market players like Daraz, HamroBazar, and Sasto-deal has further strengthened the sector. These platforms have established strong brand recognition by offering a wide variety of goods and services, building consumer confidence, and developing essential infrastructure for e-commerce. Government initiatives have also played a supportive role, with policies aimed at developing digital infrastructure, enabling digital payment methods, and improving internet connectivity to facilitate the growth of online commerce. The popularity of e-commerce is especially prominent among Nepal's tech-savvy younger generation, who are drawn to the diverse product offerings, seamless shopping experiences, and ease of use provided by these platforms.

However, Nepal's e-commerce sector also faces significant challenges that hinder its full potential. Logistical challenges remain a primary obstacle due to Nepal's rugged terrain and underdeveloped infrastructure. Delivery costs are high, and delays are common, especially in rural areas, leading to inefficiencies in the supply chain. Additionally, consumer trust and security remain key issues. Concerns over data privacy, payment security, and product quality

discourage many Nepali consumers from fully embracing e-commerce. Incidents of fraud have further eroded trust, presenting a major barrier to the sector's growth.

Payment system issues also pose challenges. Despite the increasing popularity of digital wallets, cash on delivery (COD) remains the dominant payment method in Nepal, adding complications to cash flow management and logistics for businesses. The regulatory framework for e-commerce is another weak point, as Nepal's laws are not well developed to oversee product quality, refunds, or consumer protection, creating an environment where dishonest practices can sometimes thrive. Moreover, the country's economic slowdown has reduced consumer purchasing power, dampening demand for online shopping. As a result, many e-commerce companies have had to downsize or cease operations. E-commerce in Nepal has a lot of room to expand if these problems are resolved and infrastructure, digital payments, and regulatory frameworks are continuously improved.

3 Research Methodology

3.1 Methodology

According to McCombes (2022), the research methodology covers and explains the data gathering and analysis methods used for the study. The methodology chapter, an essential part of the thesis, helps readers evaluate the reliability and validity of the study issue by providing them with a grasp of the researcher's actions and techniques.

This thesis employs a mixed (qualitative and quantitative) study design. A convergent mixed research design is used for the investigation. Data from both quantitative and qualitative sources are collected and assessed simultaneously in this design step (LibGuides, 2019). After that, the analyses of the two kinds of data is contrasted to see if the results confirm or refute each other.

Quantitative and Qualitative Methodology

Quantitative research design is a methodology widely used across disciplines like social sciences, psychology, economics, and market research. Its primary aim is to collect and analyze numerical data to test hypotheses and address research questions. This approach offers several advantages, including the ability to conduct statistical analysis and hypothesis testing, uncover patterns and relationships between variables, and generalize results to broader populations. However, it also has limitations, such as the potential to oversimplify complex phenomena and the reliance on predefined categories and metrics (Alam, 2023). In summary, quantitative methods are used to calculate averages, identify trends, assess causal relationships, and generalize findings to larger groups. They help in prioritizing factors, calculating effect sizes, evaluating relationship strengths, and assessing the quality of evidence supporting effectiveness (Rana et al., 2021).

According to Tenny et al. (2024), qualitative research is an approach that seeks to gain deeper insights into real-world issues. Unlike quantitative research, which focuses on collecting numerical data and implementing interventions or treatments, qualitative research generates hypotheses to better understand and analyze the context behind quantitative data. It gathers individuals' experiences, opinions, and actions, focusing on the "how" and "why" rather than

measuring "how many" or "how much." Qualitative research can either stand alone, relying solely on qualitative data or be part of a mixed-methods study that combines both qualitative and quantitative approaches. Essentially, qualitative research asks open-ended questions like "how" and "why," which are challenging to quantify. One of its strengths is its ability to describe human behaviors and processes that are difficult to measure, such as experiences, attitudes, and emotions. Through this method, participants can explain their feelings, thoughts, and experiences at particular moments or during specific events.

3.2 Research Approach

This research uses an inductive approach. The inductive method, also known as inductive reasoning, starts with observations and concludes with the formulation of hypotheses to explain the evidence. "The search for patterns from observation and the development of explanations - theories - for those patterns through a series of hypotheses" is the definition of inductive inquiry (*Inductive approach (inductive reasoning)*, n.d.). Inductive research is characterized by the absence of preconceived notions or assumptions and the freedom of the researcher to modify the study's direction once it has started.

The technique employed in this study to evaluate the accuracy of the research questions is inductive reasoning. Based on the research questions in the following chapters, researcher evaluated the feasibility of the hypotheses after analyzing the survey results.

A descriptive research design was employed in the study. This method aims to define a problem in order to determine its characteristics. Careful fact selection is necessary because the subject cannot be fully explained in a single description (*Types of research approaches*, n.d.). Data should be collected in accordance with established standards and to demonstrate possible connections. This approach is useful and pertinent because it uses descriptive research of a particular circumstance to generate a generalized understanding of a phenomena that may be used to comprehend other particular issues.

The study has attempted to outline the issues and challenges Nepalese e-commerce face and describe a number of topics, including customer behavior, market competition, regulatory issues, and technology adoption. It has also identified the barriers e-commerce companies face in Nepal and suggested strategies to improve e-commerce status in Nepal.

4 Case Study: Daraz Nepal

4.1 Overview of e-commerce market development

In order to enable Nepalese living overseas to send gifts to their friends, family, and relatives, e-commerce was developed in Nepal (Budhathoki, 2020). In the late 1990s, conventional retailers started to give way to online ones. According to some reports, thamel.com was Nepal's first online retailer.

In Nepal, there are already over 40,000 registered commercial websites (Budhathoki, 2020). All businesses, no matter how big or little, will eventually create their e-commerce websites. Nepal already has hundreds of e-commerce websites. However, infrastructure-related issues such as the absence of digital mapping, strict legal requirements and regulations, integrated payment systems, high logistic costs, and many more have kept e-commerce in its infancy even after nearly 20 years. The current market size of e-commerce is estimated to be around \$25 million (Sewa, 2023).

With an estimated income of US\$695.0 million by 2024, Nepal is expected to surpass Papua New Guinea as the 75th largest E-commerce market (ECDB, n.d.). Compound annual growth rate (CAGR 2024-2028) for revenue is anticipated to be 3.3%, with a predicted market volume of US\$790.2 million by 2028. In 2024, the Nepali e-commerce market contributed to the global growth rate of 10.1%, with an anticipated 5.5% increase. Global e-commerce sales are predicted to rise over the coming years, much as in Nepal.

According to ECDB (n.d.), Within the Nepali e-commerce market, ECDB takes into account seven markets. The largest market, accounting for 23.5% of Nepali E-Commerce revenue, is electronics. Next in line are Hobby & Leisure (20.9%), Fashion (18.7%), Furniture & Homeware (11.7%), Grocery (9.1%), Care Products (8.3%), and Do-It-Yourself (7.7%).

Overview of Daraz

According to Kc (2022), Daraz is a reliable online retailer in Nepal that strives to give its customers an easy way to shop. Daraz, one of Nepal's top online retailers, guarantees to deliver

products to clients in a timely, dependable, and convenient manner. It strives to give its customers a hassle-free buying experience. It entered Nepal in 2016.

Currently, Daraz has 3.10% of GDP Growth and 36.7% Internet Penetration (*Nepal* —, 2021). Daraz Nepal has a wealth of market conditions, increasing sales, and loyal customers. Furthermore, With more than 30,000 dealers and 500 brands, Daraz Nepal provides services to over 5 million customers in the region. Daraz Nepal currently offers over 250,000 products in over 200 product categories, and the number is continually growing. It offers a wide range of goods for consumers, such as office supplies, stationery, sports, fashion, beauty, and even groceries.

Moreover, the application and website altogether have over 75,000 daily visits, and thousands of things are sold every day (*Business Insights Daily*, 2021). The projected value of Daraz Nepal is \$50 million, and it continues to rise. Its sales alone bring in around Rs.100K per month and an estimated Rs.3.55 billion in revenue annually. Daraz Nepal made almost Rs. 300 million from its 11:11 event alone last year.

4.2 Strategies adopted by E-commerce firms

Nepalese e-commerce firms have implemented a number of strategies to improve their business practices and draw in customers. Some of them are as follows:

Mobile first approach: Smartphones are used by the majority of Nepali consumers to access the internet, so e-commerce's success depends on a mobile-first approach (Upadhaya, 2024). Companies are more likely to draw in and keep clients if they make their websites mobile-friendly and offer smooth buying experiences. Driving mobile sales requires features like quick-loading websites, mobile-friendly navigation, and simple checkout procedures.

Consumer Engagement: One of the major strategies adopted by e-commerce was of consumer engagement. It is the interaction between online retailer and customers. Companies has been successful in engaging the customers by improving the consumers experience through different marketing techniques.

Offers and Discounts: E-commerce companies in Nepal have been successful in attracting a lot of customers through different types of offers and discounts on the purchase of different

items. They have been providing offers on special occasions and festivals which have helped them in gathering the audience.

Integration of social commerce: In Nepal, social media platforms are essential to the expansion of e-commerce (Upadhaya, 2024). To promote their products, organize campaigns, and increase traffic to their online storefronts, many companies are using Facebook, Instagram, and TikTok. Businesses can profit from social media's increasing impact on customer purchasing decisions by including social commerce features like shoppable posts and live-streaming.

Local Payment Solutions: Online purchases are now easier for customers because of the growth of digital wallets like eSewa and Khalti. Customers in Nepal can have a more convenient and reliable shopping experience with e-commerce companies that use regional payment methods.

Strategies Adopted by Daraz

Daraz has been successful in gathering a lot of costumers by adopting different strategies. They have made daraz as a synonym name for online shopping in Nepal through their marketing team. Through various offers, discounts, and coupon codes—such as Rs. 200 off on first purchases, Black Friday sales, festival promotions, and the popular 11:11 Sale campaign—Daraz has attracted a large customer base. The platform has also built a strong reputation by delivering quality products efficiently and on time, fostering trust among its users. In addition, Daraz provides a personalized shopping experience along with a user-friendly website and mobile app interface, making it easy and convenient for customers to shop. With a wide variety of products available, Daraz ensures that customers have plenty of options to choose from, further enhancing its appeal as a one-stop online shopping destination.

4.3 Operational challenges of e-commerce firms

Even though e-commerce platforms have grown in Nepal, they still face a number of operational challenges (Barnawal, 2024). Managing logistical hubs and channels poses serious difficulties. Online businesses' reputations are affected by delayed shipments and damaged items caused by ineffective delivery systems and unstable transportation networks.

Not everyone in Nepal, especially those living in rural areas, has the knowledge and skills necessary to use online platforms effectively. Even though there is still much to be done and a lot of problems to be resolved, e-commerce in Nepal has a bright future (Makura Creation, 2024). Furthermore, delivering goods to customers' doorsteps is the main objective of e-commerce. This goal is hampered in Nepal by the intricate and insufficient address system. Many e-commerce businesses use phone calls to customers during delivery and set up meetings at predetermined locations in order to get around this problem. This problem is a big obstacle for many different industries in Nepal, not just the e-commerce sector. Additionally, the difficulties local firms encounter are exacerbated by government tax rules pertaining to e-commerce operations. The daily variations in the cost of gasoline and diesel, together with the absence of adequate transportation infrastructure throughout Nepal's many geographical regions—from the Terai to the Himalayas—have a substantial effect on local e-commerce enterprises.

Also, financial burdens caused by high tax rates on product deliveries and related services make it more difficult for local e-commerce businesses to provide competitive pricing and high-quality services. Moreover, connectivity problems are a major obstacle impeding the expansion of local e-commerce in Nepal. The adoption of e-commerce platforms is hampered by rural areas' frequently poor connectivity, whereas urban areas may have comparatively superior internet access and infrastructure.

4.4 SWOT analysis of Daraz

A SWOT analysis is a technique used to assess an organization's or project's Strengths, Weaknesses, Opportunities, and Threats. A company's strength gives it an advantage over others. Weakness puts the company at a competitive disadvantage. Daraz's SWOT analysis following the case study is presented below:

<p>Strengths</p> <ul style="list-style-type: none"> • International investment • Great marketing policy • Sale campaigns like 11:11 • Varieties of products to offer • Personalized shopping experience 	<p>Weakness</p> <ul style="list-style-type: none"> • Long delivery time • High delivery price • Significant spam rate • Quality of products when delivered
<p>Opportunities</p> <ul style="list-style-type: none"> • People`s increasing interest for side business • Growing internet usage 	<p>Threats</p> <ul style="list-style-type: none"> • High competition • Market share risk

Figure 1. SWOT Analysis of Daraz.

5 DATA ANALYSIS AND RESULT

5.1 Data Collection

It is a crucial stage in the process of putting the study into practice. A most popular approach for a long time, a survey was conducted for collecting quantitative data. Moreover, for a deeper analysis of Nepal's e-commerce landscape, two different interviews with 2 employees of Daraz Nepal were done.

There were 14 questions for the survey and 24 questions for the interview. Information about the questionnaire can be found in the Appendices. Interviews were conducted via the online video conference program Zoom, and the data was recorded. Individuals' online survey responses were collected via an online platform based on their availability.

5.2 Findings

A total of 56 people took part in the online survey. People who were involved in online shopping or e-commerce made up the majority of the respondents. To guarantee a wide range of insights, they were carefully chosen as respondents for the data collection effort. The study's analytical approach is meticulously based on the objectivity of the research questions and a comprehensive literature analysis from the thesis. The results of the survey are:

Findings:

Age:

The age distribution of the survey respondents is presented in the table below.

Table 1. Age of respondents.

S.N.	Category of Age	Frequency
1.	18–23	29
2.	24–29	17
3.	30–35	8
4.	More than 36	2
Total (n)		56

Above table shows that, more than half of the respondents were from age group 18–23 (29) followed by the age group 24–29 (17), 30–35 (8) and lastly more than 36 (2). The mean age was found to be 24.89 and the standard deviation was found to be 4.9.

Gender:

Gender participation is shown in the below chart.

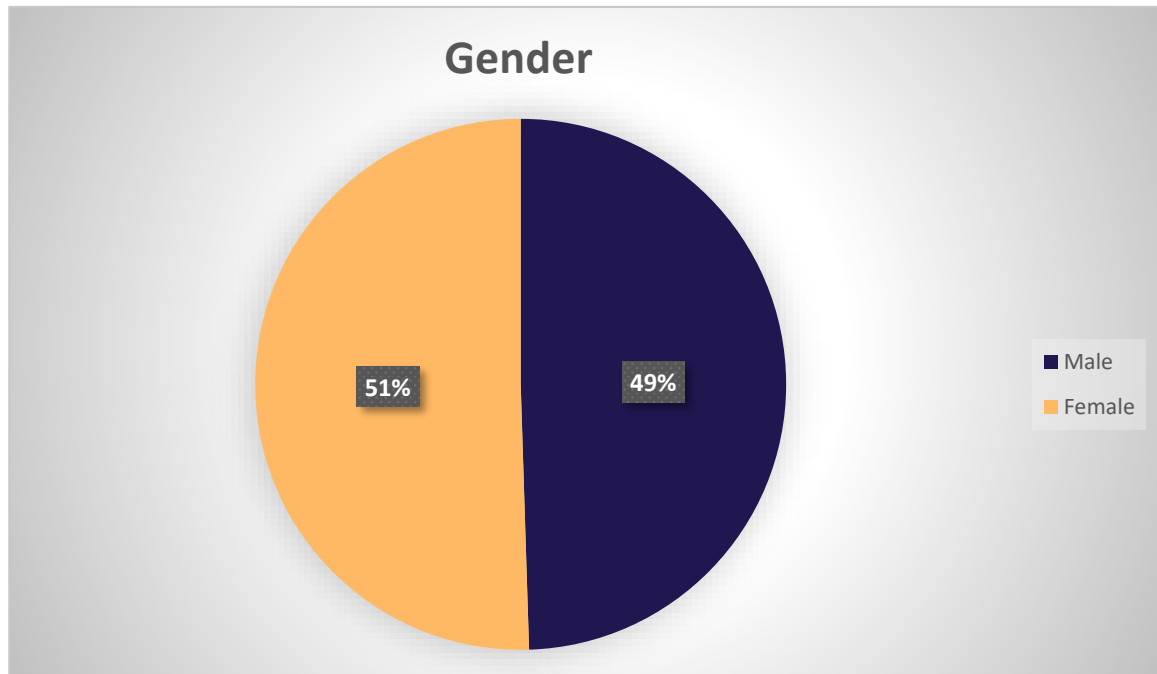


Figure 2. Gender of Respondents.

The above chart illustrates the nearly balanced gender participation of 51% female and 49% male.

Educational Status:

The table given below shows the educational status of the survey participants.

Table 2. Educational status of respondents.

S.N.	Educational Status	Frequency
1.	Literate	56
Total (n)		56

For the educational status of the respondents, everyone was found to be literate (100%).

Ever Purchased Online:

Whether survey participants have ever made an online purchase is depicted in the figure below.



Figure 3. Ever purchased from online platform.

Above figure shows that Most of the respondents have purchased online. 53 out of 56 respondents have purchased online.

Frequency of Purchasing from online:

The table given below shows how often the respondents purchase online.

Table 3. Frequency of purchasing from online.

S.N.	Purchasing Frequency	Frequency
1.	More than once a month	9
2.	Once in a month	8
3.	Rarely	39
Total (n)		56

From the above table, it is clear that majority of the respondents purchases from online rarely (39), followed by More than once a month (9) and Once in a month (8).

Suggest to others from online shopping:

Respondent's suggestion to others for shopping online is presented in the below table.

Table 4. Suggest others to purchase online.

S.N.	Response	Frequency
1.	May be	18
2.	No	3
3.	Yes	35
Total (n)		56

Majority of the individuals responded that they would suggest others to purchase online (35), followed by May be (18) and No (3).

Variety Items Purchased from Online:

The table given below represents the variety of items that respondents mostly purchased from e-commerce.

Table 5. Varieties of items purchased from online.

S.N.	Items	Frequency
1.	Books & Stationary	17
2.	Grocery	10
3.	Fashion Products	36
4.	Gadgets	18
5.	Electronic appliances	17

Above table shows that the majority of people have been purchasing Fashion Products (36), followed by different Gadgets (18), Electronic appliances (17), Books & stationery (17) and Grocery (10).

Method of Online Shopping:

Methods that respondent`s employee to shop online is presented in the below table.

Table 6. Way of online shopping.

S.N.	Method	Frequency
1.	Through App	37
2.	Through Website	10
3.	Both	9

Majority of the respondents have been using E-commerce through App (37) and then from Website (10).

Most visited e-commerce sites for online shopping:

The table below shows the most visited e-commerce sites for online shopping in Nepal.

Table 7. E-commerce sites visited most for purchasing.

S.N.	Sites	Frequency
1.	Daraz	47
2.	Hamrobazar	5
3.	Sastodeal	3
4.	Others	3

Above table clears that most of the people prefer Daraz site (47) for the online purchase and then Hamrobazar (5) and Sastodeal (3).

Different difficulties faced while shopping from online:

Challenges that customers are facing while shopping online is presented in the below table.

Table 8. Difficulties faced while shopping online.

S.N.	Difficulties	Frequency
1.	Very few options available	23
2.	Apps or website is not stable	3
3.	Is not delivered to my home location	9
4.	Takes time to deliver	22
5.	Payment system is not trustworthy	16
6.	Others	3

Majority of people opted that there are very few options to choose (23), Followed by takes time to deliver (22), Payment system is not trustworthy (16), Not delivered to their home location (9) and App or Website is not stable (3).

Advantages of purchasing from online:

The table below shows the advantages of purchasing online.

Table 9. Advantages while purchasing online.

S.N.	Advantages	Frequency
1.	Cheap Cost	10
2.	Variety of products	14
3.	Discount offers	17
4.	Easy and convenient way	27
5.	Saves time	35

While asked about the advantages of online shopping, respondents opted for Saves time (35) followed by Easy and Convenient way (27), Discount offers (17), Variety of Products (14) and Cheap cost (10).

Improvement that can be done in E-commerce:

The table given below shows the improvements that can be made in e-commerce.

Table 10. Things to improve for E-commerce.

S.N.	Things to Improve	Frequency
1.	Providing quality products	34
2.	Better delivery system	19
3.	Customer service	21
4.	Website and application upgrading	11
5.	Payment systems	14

Above table shows that, things to improve for e-commerce in Nepal are Providing quality products (34), customer service (21), better delivery system (19), payment systems (14) and website and app upgrading (11).

Factors that can encourage individuals to purchase from online:

Factors that encourage customer`s to purchase online is presented in the below table.

Table 11. Encouraging factors to purchase online.

S.N.	Encouraging Factors	Frequency
1.	Discount on heavy purchase	27
2.	Include international original brands	21
3.	Free home delivery service	31
4.	Easy Payment System	17

From the above table, free home delivery service (31), discount on heavy purchase (27), including international original brands (21) and easy payment system (17) are the encouraging factors for online shopping.

Satisfaction level towards E-commerce Firms:

The figure given below shows the satisfaction level of Nepalese towards e-commerce firms.

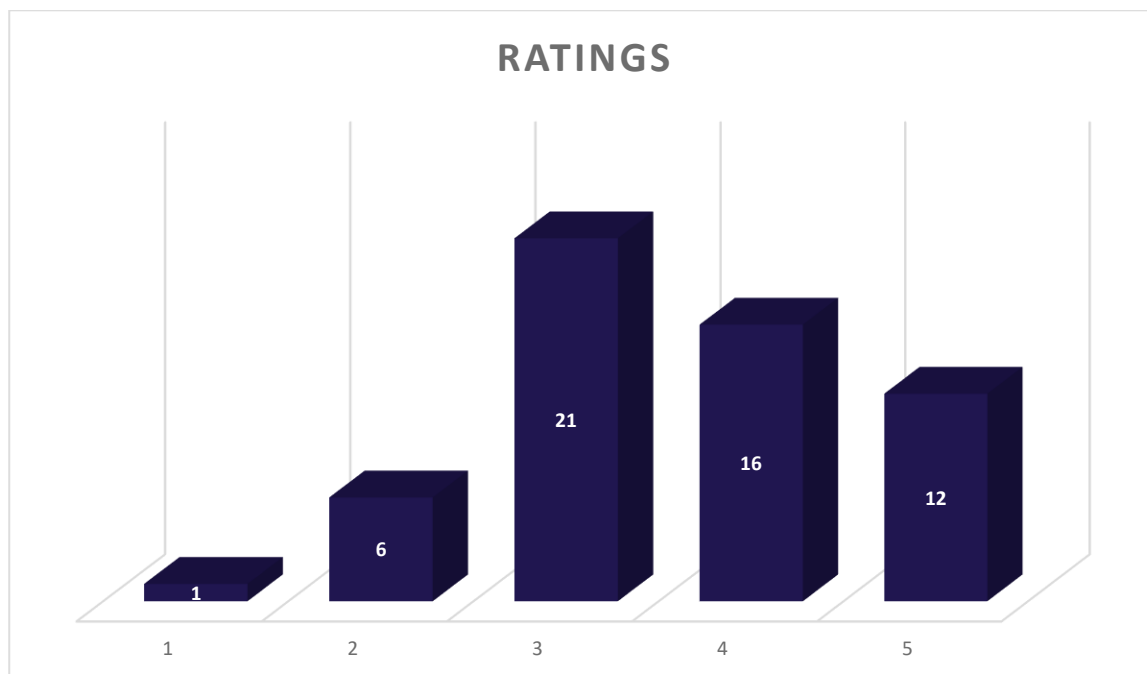


Figure 4. Satisfaction towards E-commerce Platform.

From the above figure, it is clear that most of the people gave 3 Rating (21) followed by 4 Rating (16), 5 Rating (12), 2 Rating (6) and 1 Rating (1).

5.3 Data analysis

The collected data from survey were analyzed through descriptive analysis. Descriptive analysis describes the data and provides information on its characteristics, it usually uses statistical measurements including frequency, central tendency, dispersion, and position. SPSS Software was used for descriptive analysis. The collected data were exported from Microsoft forms to excel. The data was cleaned and coded properly before analysis. Then the cleaned and coded data was analyzed in frequency and percentage.

5.4 Analysis of Quantitative Study

According to the Quantitative data, the majority of online consumers in Nepal are younger, mostly between the ages of 18 and 23. The average respondent is roughly 25 years old. Since this age group is probably more tech-savvy and more ease using digital platforms, e-commerce businesses in Nepal might discover that younger demographics provide the most growth potential. The fact that every responder was literate suggests that Nepal's e-commerce clientele is probably well-educated, which may contribute to their growing comfort and familiarity with online transactions.

A sizable percentage of respondents (39 out of 56) stated that they hardly ever shop online, which may indicate a lack of interest in doing so or specific obstacles that deter regular purchasing. The comparatively low frequency of shopping indicates that e-commerce platforms have a chance to enhance user engagement and boost purchase frequency, perhaps by offering a greater range of product selections or more alluring incentives.

Indicating a generally favorable attitude toward e-commerce, more than half of the respondents (35) said they would suggest internet buying to others. The fact that a significant percentage (18) is unsure about suggesting internet shopping, however, suggests that there may be some areas of reluctance or discontent. This conflicting response implies that even though e-commerce is seen positively, there can be underlying problems that businesses need to resolve to increase trust in the industry.

According to the findings, the most popular products are fashion items, which are followed by electronics and gadgets. E-commerce companies could concentrate more of their marketing and inventory efforts on certain categories according to this trend. Nonetheless, the inclusion of products like books and groceries in the data also indicates that there is room to grow into a wider variety of products in order to cater to a wider spectrum of consumer demands.

The vast majority of users would rather purchase on apps than websites. This is indicative of a global trend in which mobile commerce is taking center stage. Since customers seem to value the ease and convenience of apps, e-commerce businesses in Nepal may find it advantageous to optimize their mobile apps to improve user experience. The most frequented website is Daraz, a prominent e-commerce platform. This demonstrates Daraz's market domination

in Nepal and raises the possibility that other e-commerce platforms will need to come up with new ideas or provide unique value propositions in order to gain a larger portion of the market.

Delivery delays and a lack of product selections were cited by respondents as the main issues. While delivery delays suggest logistical inefficiencies, limited alternatives might indicate the need for a larger inventory. Other problems, such as unstable platforms and faulty payment mechanisms, also highlight areas where service quality should be raised. Resolving these problems could increase customer retention and happiness while fostering confidence in online shopping.

The greatest benefit mentioned was time savings, which was followed by convenience, savings, and a wide range of goods. These advantages highlight how e-commerce platforms are effectively meeting certain customer needs and are consistent with the common reasons people shop online. However, emphasizing these benefits in marketing campaigns could promote usage even more by stressing how convenient internet buying is for people with hectic schedules.

According to the respondents, the most important area for development is product quality, which is followed by enhanced payment mechanisms, quicker delivery, and better customer service. According to this feedback, consumers still worry about payment security, service quality, and product dependability even though they value the ease of e-commerce. To increase customer happiness and trust, Nepali e-commerce businesses should concentrate on these aspects.

The biggest motivation to shop online are discounts on large purchases and free home delivery. This suggests that customers appreciate convenience and are price sensitive. E-commerce companies can take advantage of this by providing discounts and free shipping choices, especially for large orders, which may encourage more frequent purchases.

The majority of respondents expressed moderate satisfaction with e-commerce platforms, giving them a rating of three out of five. Although customers are not entirely unhappy, this rating indicates that there is potential for improvement. Resolving important issues like customer service, delivery dependability, and product quality may raise these satisfaction scores and promote enduring loyalty.

5.5 Results and analysis of Qualitative Study

The interviews with Daraz employees reveal valuable insights into Nepal's e-commerce landscape. E-commerce has grown significantly due to factors like changing consumer behavior, technological advancements, and broader internet access. More affordable internet services are making online shopping accessible to a larger audience, especially across diverse age groups. Demographic factors, such as age and location play a major role in shaping market demand.

In addition, technology is crucial to this expansion, with smartphone penetration and mobile-friendly platforms enabling easier access to e-commerce. Digital tools like AI-driven customization are enhancing user experiences, fostering greater customer engagement, and driving sales. However, Nepalese e-commerce faces significant logistical and operational challenges, especially due to limited infrastructure in rural areas, which can delay deliveries. Digital payment systems also struggle with consumer trust, indicating a need for more secure and accessible payment options to encourage a shift from cash transactions.

Furthermore, government policies and regulatory factors impact the sector, as issues like taxation, data protection, and consumer rights influence e-commerce growth. Current tax structures can disadvantage formal e-commerce businesses compared to informal ones, highlighting the need for a supportive regulatory framework to build consumer trust and promote industry expansion. Competitive pressures are also strong, with companies striving to differentiate themselves through specialized products and superior customer service, while high entry costs in marketing and technology present barriers to new players, impacting the market's diversity.

Moreover, E-commerce companies prioritize customer acquisition and retention through targeted marketing, social media engagement, and transparency in policies. Trust and quality control are essential for retaining customers, and personalized, responsive customer service is key to building lasting relationships. Future growth in Nepal's e-commerce sector is likely to be influenced by social media and influencer marketing, as well as potential investments in digital infrastructure from both public and private sectors. These factors are expected to support trends like increased digital payments, customized shopping experiences, and omnichannel retailing, driving further expansion in the market.

5.6 Validity and reliability

The questions of survey and interview were made from different validated literature reviews. Before the data collection data were pretested and then it was checked for corrections if there was any mistake.

6 CONCLUSION AND RECOMMENDATIONS

6.1 Summary of findings

According to the quantitative data, the majority of Nepal's e-commerce consumers are young, typically between the ages of 18 and 23, and have a good level of education. This tech-savvy demo-graphic, which offers substantial development potential for e-commerce enterprises, is probably at ease using online platforms. Nonetheless, the low frequency of online shopping, many respondents only shop occasionally which indicates potential obstacles to regular purchases. A significant percentage of respondents are still unsure, indicating some caution, even though more than half would advise others to shop online. The most popular product categories are fashion and electronics, with apps being preferred over websites, indicating a significant move toward mobile shopping. Daraz is the most popular platform, indicating that other e-commerce companies need to use creative strategies to increase their market share. Limited product range, shipping delays, and unreliable payment systems are some of the main issues noted. Although consumer's value online shopping's convenience and time savings, there is room for improvement in terms of product quality, delivery effectiveness, and customer support.

A number of themes surfaced from the qualitative investigation. Younger customers' growing internet access and usage of technology are reflected in the development and growth drivers of e-commerce in Nepal. Mobile platforms and tailored AI-based suggestions have improved user experience and expanded the reach of e-commerce, demonstrating the crucial role that technology has played. There are still operational issues, particularly in logistics, where inadequate infrastructure causes delivery delays in rural areas. Additionally, cash on delivery is the favored option because many customers have misgivings about digital payment systems. Additional difficulties arise from regulatory effects. Official e-commerce businesses find it difficult to compete with informal vendors due to ambiguous tax laws and inadequate consumer protections. The market is dominated by well-known platforms like Daraz, and smaller businesses have challenges due to the high cost of entry in both marketing and technology.

Building trust and providing high-quality service are the main goals of client acquisition and retention initiatives. Loyalty is fostered by discounts and prompt customer support. Companies must however strike a balance between long-term brand-building initiatives and promotional tactics in order to increase retention. Future trends indicate that more customers will be

impacted by social media and influencer marketing, which will drive engagement more and more. The whole e-commerce ecosystem would gain from increased government and private sector investment in digital infrastructure, which would facilitate growth through improved accessibility and support. These themes highlight Nepal's developing e-commerce sector's present difficulties as well as its potential for growth.

6.2 Conclusion and recommendations

In Nepal, e-commerce is expanding steadily, particularly among younger, tech-savvy consumers. Low shopping frequency and considerable reluctance on the part of customers, however, point to deeper problems. User experience is hampered by issues such as small selection of products, delayed deliveries, and skepticism about digital payment methods. E-commerce is very convenient, but in order to boost consumer satisfaction and industry trust, quality, customer service, and infrastructural upgrades are required.

For this, e-commerce can focus on providing a greater selection of goods and products that may draw in more clients and boost the frequency of purchases. Firms can increase delivery times and dependability, particularly in remote areas, and strengthen logistics. Additionally, e-commerce firms must try to increase confidence in electronic payment methods, perhaps by offering safe and easy-to-use alternatives. Due to more interest in m-commerce, firms should make sure apps are dependable and easy to use. Furthermore, Firms should look to foster enduring trust and client loyalty, concentrate on quality assurance and open policies. Moreover, e-commerce firms can use social media to boost awareness and brand loyalty, involve younger audiences through influencers and social media campaigns.

6.3 Contributions to knowledge

The research has helped to better understand the existing situation of E-commerce in Nepal. It helped to understand the different dynamics of e-commerce, its evolution, development, operational challenges, technological growth, market trends and what might be the solutions to these challenges.

6.4 Suggestion for future studies

For future studies, research on Nepal's e-commerce industry could focus on a number of important issues. Consumer behavior in rural and urban settings could be compared in research to find particular adoption opportunities and challenges. Furthermore, researching customer perceptions of digital payment systems may reveal preferences and trust difficulties, assisting businesses in creating better solutions. Social media is another crucial topic for research because of its increasing impact on buying decisions, especially the power of influencers and examining how tax and data protection laws impact the expansion of e-commerce may also yield ideas for regulations that might help in future context.

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Appendix 1. Interview Questions

Demographic questions:

1. Age
2. Sex
3. Educational status
4. Designated Post/Roles at E-Commerce Platform
5. Years of experience in this sector

E-Commerce Development:

6. How has the e-commerce market evolved in Nepal over the past few years?
7. What factors do you believe have driven the growth of e-commerce in Nepal?
8. How do you see consumer behavior shifting in Nepal concerning online shopping?
9. What role does technology (internet penetration, smartphone usage, etc.) play in the development of e-commerce?
10. What are some unique challenges Nepalese e-commerce businesses face compared to global players?

Operational Challenges:

11. What are the biggest operational challenges you face in running an e-commerce business in Nepal?
12. How do logistics and delivery systems impact your business operations?
13. What kind of payment gateway challenges do you encounter, and how do you address them?
14. How do regulatory frameworks and government policies affect your e-commerce operations?
15. What strategies do you employ to manage customer service and returns?

Competition and Market Entry:

16. How intense is the competition in the Nepalese e-commerce market?
17. What barriers to entry do you see for new e-commerce businesses in Nepal?
18. How do you differentiate your business from other e-commerce platforms in the country?

Customer Acquisition and Retention:

19. What are the most effective strategies you have found for acquiring and retaining customers?
20. How does customer trust affect your business, and what steps have you taken to build it?
21. Do you face any specific challenges in marketing to the Nepalese audience?

Future of E-Commerce in Nepal:

22. What trends do you foresee in the future of e-commerce in Nepal?
23. How do you think the role of social media and influencers will impact e-commerce growth?
24. In what areas do you believe the government or private sector can support the growth of e-commerce?

Appendix 2. Survey Questionnaire

1. Age
2. Sex
 - a) Male
 - b) Female
 - c) Prefer not to say
3. Educational status
 - a) Illiterate
 - b) Literate
4. Have you purchased online?
 - a) Yes
 - b) No
5. How often do you purchase from online?
 - a) Rarely
 - b) Once in a month
 - c) More than once in a month
6. Will you suggest others to purchase online?
 - a) Yes
 - b) No
 - c) May be
7. What are the items you generally buy in online?
 - a) Books & Stationary
 - b) Grocery
 - c) Fashion Products
 - d) Gadgets
 - e) Electronic appliances
8. Which methods do you use to buy in online?
 - a) Through app
 - b) Through website
9. Which E-Commerce sites you have used for online purchasing?
 - a) Daraz
 - b) Sastodeal
 - c) Gyapu
 - d) Hamrobazar
 - e) Amazon
 - f) others
10. What are the Difficulties you find while buying from online sites?
 - a) Very few options available
 - b) Apps or website is not stable
 - c) Is not delivered to my home location

- d) Takes time to deliver
- e) Payment system is not trustworthy
- f) Navigation Problem
- g) Others

11. What are the advantages you think are while purchasing online?

- a) Cheap Cost
- b) Variety of products
- c) Discount offers
- d) Easy and convenient way
- e) Saves time

12. What are the things, you think E-commerce platforms should improve?

- a) Providing quality products
- b) Better delivery system
- c) Customer service
- d) Website and apps upgrading
- e) Payment systems
- f) others

13. What would be a service that will encourage you to buy more from online?

- a) Discount on heavy purchase
- b) Include international original brands
- c) Free home delivery service
- d) Easy Payment System

14. How satisfied are you with the service you are getting from Ecommerce companies? 1-

Not Satisfied at all

5-Highly satisfied

Please rate the service on the scale

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5