E-commerce and its potential in Pakistan

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The year 2023 could see Pakistan's e-commerce market reach a revenue of US$6.4 billion, growing annually at 6.23 percent. By 2021, the market had hit US$4.2 billion, ranking Pakistan 46th globally in this field.

Compared to the worldwide e-commerce scene, Pakistan's market share remains modest, leaving ample space for expansion. This op-ed seeks to address the obstacles that confront the e-commerce sector and proposes solutions to surmount them.

The e-commerce industry faces a significant challenge of consumer trust in our country. Online purchases are a novel concept, causing buyer apprehension due to potential fraud and scams.

A survey by the Pakistan Telecommunication Authority reveals that over 60 percent of Pakistanis lack confidence in online payments, hindering industry expansion. E-commerce firms should adopt secure payment options, transparently disclose product/service information, and provide reliable customer support to build trust in their clientele.

Another challenge includes limited access to technology and digital infrastructure in rural Pakistan. It is hard for businesses to connect with potential customers, as internet and mobile networks are restricted. Even in urban areas, network quality is often subpar, causing slow page loading and a poor user experience.

To address this, Pakistan's government should invest in digital infrastructure, improving network quality and availability. E-commerce companies could help by offering offline payment methods and opening physical stores in rural areas.

E-commerce industry faces a third challenge of unreliable and inefficient logistics. Delivery delays often occur due to traffic congestion, poor road infrastructure, and disorganized courier services, causing customer dissatisfaction and hindering e-commerce growth.

Businesses can collaborate with established logistics companies to ensure timely product delivery. The government can improve the logistics system by investing in road infrastructure and implementing policies that support the logistics industry's growth.

Amid the difficulties, Pakistan's public lacks digital proficiency, as per a report by the United Nations Development Programme.

Merely 35 percent of Pakistanis possess rudimentary digital skills that impede their participation in

the e-commerce sector. To surmount this obstacle, e-commerce enterprises can impart instructional courses to enhance digital literacy among their clienteles. Likewise, the government can invest in educational and training programs to raise digital literacy levels across the population.

Borderless online trade presents immense opportunities for Pakistani enterprises that cater to the vast Pakistani diaspora residing in countries such as the US, Canada, the UK, and the Middle East. Yet, to capitalize on this prospect, Pakistani businesses must guarantee that their products and services adhere to quality standards while also providing dependable delivery services.

Amidst challenges, e-commerce needs regulatory backing for success. Ambiguous policies hinder growth and induce uncertainty. To encourage e-commerce growth, Pakistan's government can establish precise guidelines and policies, offering tax incentives, simplified procedures, and support for small and medium businesses.

Maximizing mobile user experience in e-commerce can significantly enhance its scalability, given that 58.4 percent of internet users purchase online every week. Social media platforms provide another potent tool for e-commerce promotion, as demonstrated by the extensive use of channels such as Facebook by local businesses in Pakistan.

With a whopping 49.2 million users in the country, leveraging social media channels can be highly beneficial for marketing products and services.

Concluding, e-commerce has the potential for significant growth, contributing significantly to the country's economy. However, addressing challenges is necessary to realize its potential. Establishing trust among consumers, improving digital infrastructure, creating a reliable logistics system, increasing digital literacy, and providing regulatory support are essential steps towards creating an environment that supports e-commerce growth. As Pakistanis, it is our responsibility to focus on this sector and take necessary steps towards increasing its scale for the benefit of our country and people.