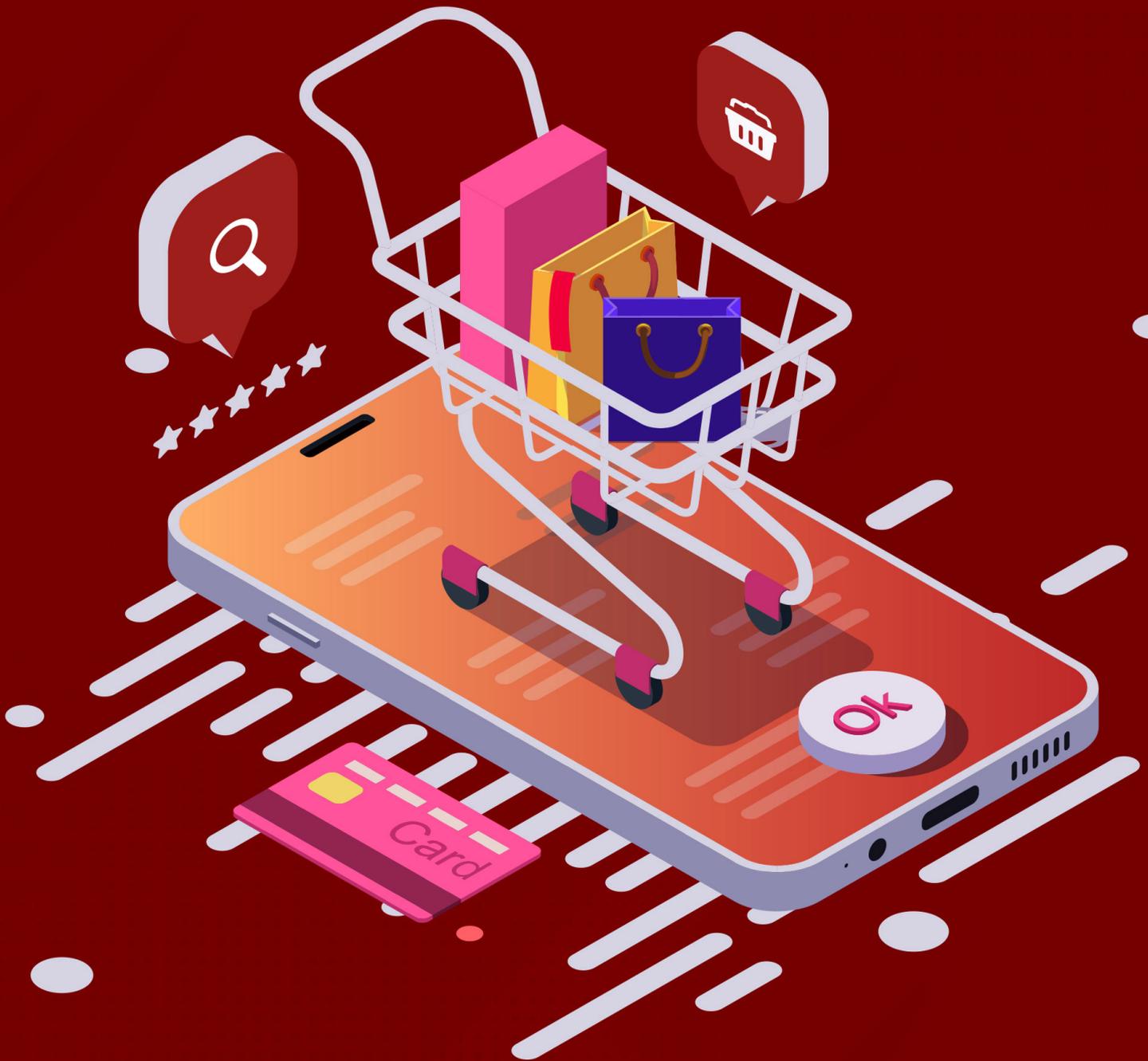


E-COMMERCE

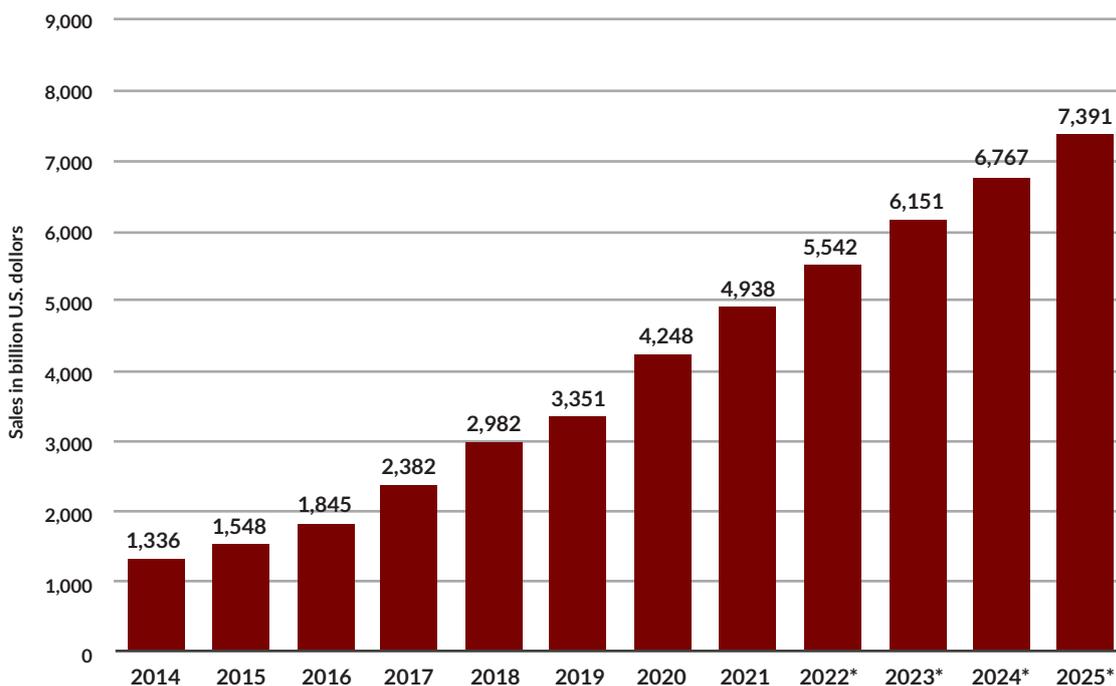


Education Spending in the World

Over the past decade, e-commerce has cemented as a key driver of companies' growth from being just an additional sales channel. The rise of startups across verticals, higher internet adoption across the globe, and growth in the emerging markets have helped unlock new customers as the number of digital buyers reached 2.14 billion people in 2021.¹



Retail e-commerce sales worldwide from 2014 to 2025

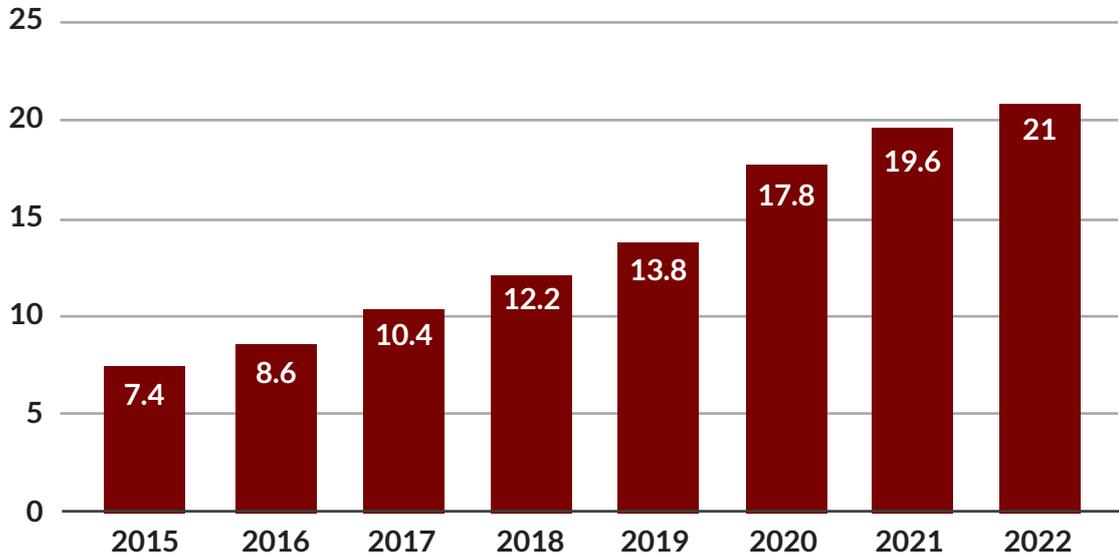


Source: Statista

Similarly, the value of e-commerce has consistently increased, crossing \$7 trillion in 2021 while the share of e-commerce in total retail sales hit a peak of 21% – almost thrice as much as in 2015.

¹<https://www.statista.com/statistics/251666/number-of-digital-buyers-worldwide/>

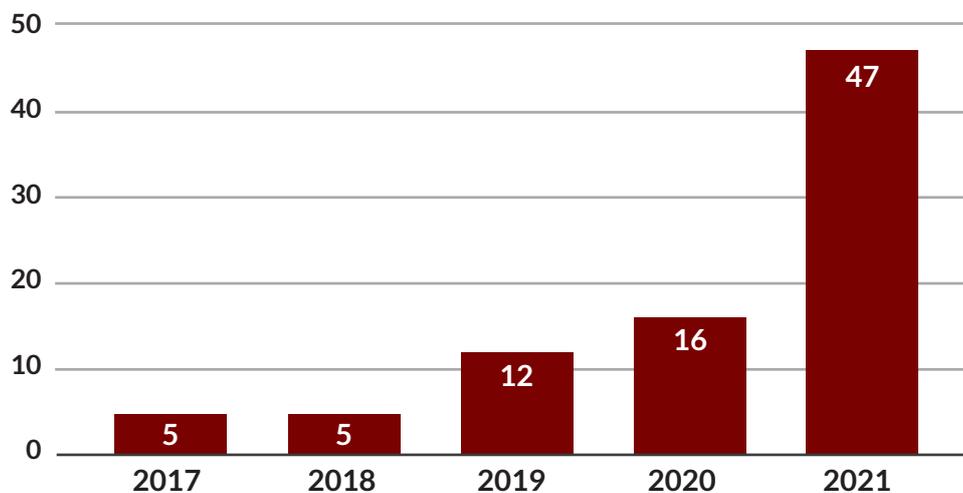
E-commerce sales as a % retail



Source: Statista

Given this traction, which has only been accelerated after the market lockdowns post Covid-19, many investors have increased their exposure to the sector. Globally, venture funding to retail tech reached \$110 billion in 2021, compared to \$37.3 billion in 2020.² As a result, 47 new e-commerce and D2C unicorns were created in 2021, more than the previous four years combined.

E-commerce Unicorns created by year

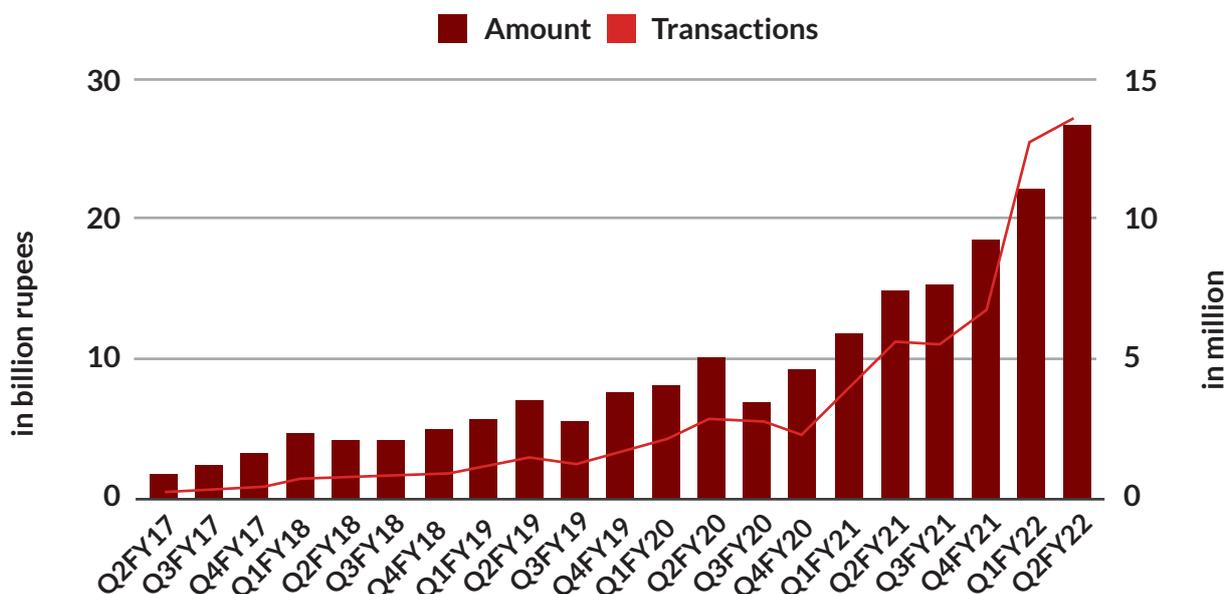


²<https://www.cbinsights.com/research/report/retail-tech-trends-q1-2022/>

The State of E-commerce in Pakistan

According to the State Bank of Pakistan, banks processed 13.6 million e-commerce transactions worth Rs 26.7 billion from October-December 2021. This represented a growth of 78% in terms of amount compared to the same quarter of 2020 while the volumes jumped by a substantial 143%.

Card-based E-commerce Transactions



Considering that cash on delivery continues to be the predominant payment method, with industry estimates putting its share at upwards of 80%, the total e-commerce market size is actually much bigger, to the tune of \$7.29 billion³ for B2C consumer goods alone.

Of this, electronics accounts for the lion's share at over \$4 billion, followed by fashion at \$1.39 billion.



³<https://datareportal.com/global-digital-overview>

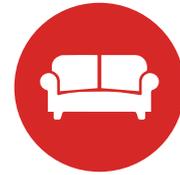
E-commerce: Consumer Goods Categories



\$4.06 Billion
Year on Year Change
+83.2% (+\$1.8 Billion)



\$1.38 Billion
Year on Year Change
+86.1% (+\$640 Million)



\$780.0 Million
Year on Year Change
+85.6% (+\$360 Million)



\$345.2 Million
Year on Year Change
+80.2% (+\$154 Million)



\$572.4 Million
Year on Year Change
+106% (+\$294 Million)



\$112.5 Million
Year on Year Change
+73.2% (+\$48 Million)

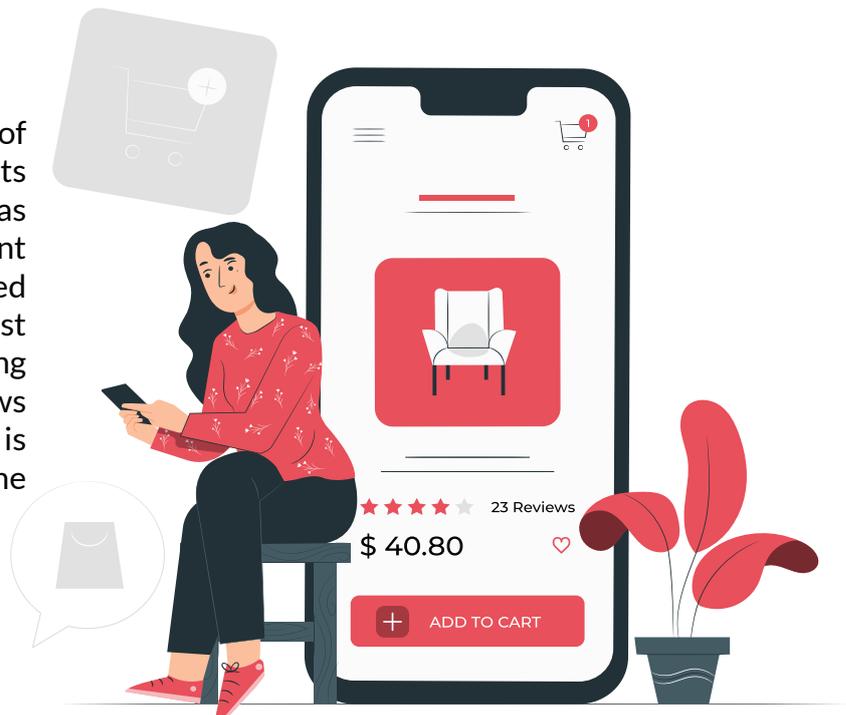


\$16.10 Million
Year on Year Change
+94.6% (+\$57.8 Million)

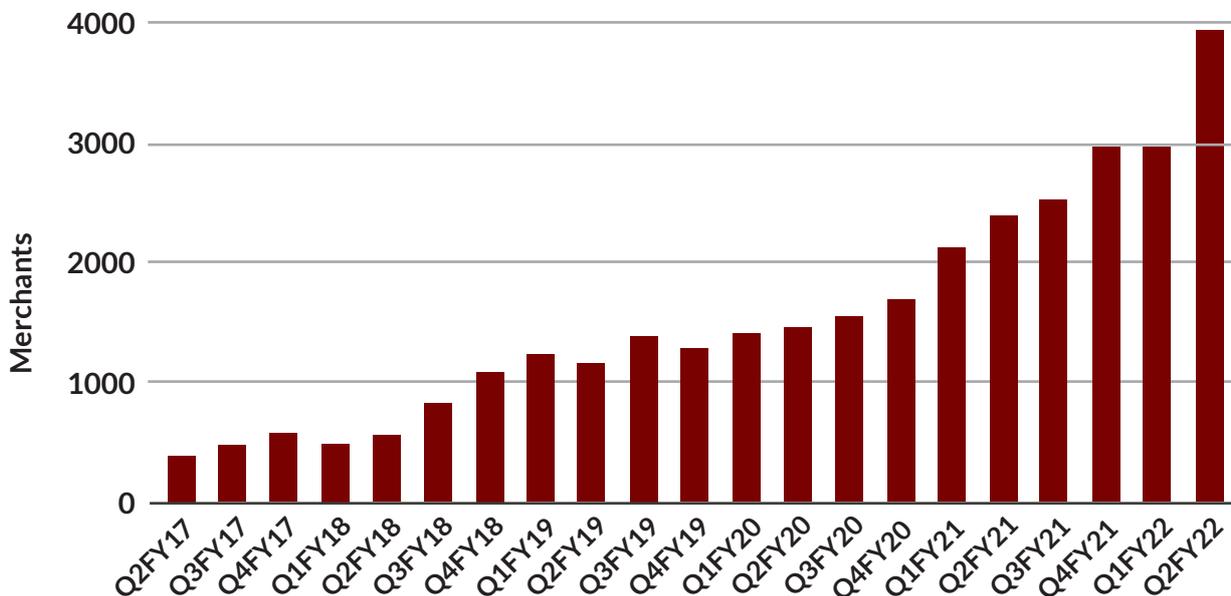


\$12.11 Million
Year on Year Change
+40.5% (+\$3.5 Million)

Similarly, the number of e-commerce merchants registered with banks has witnessed a consistent increase as they reached 3,968 in Q2FY22, from just 2,411 in the corresponding period last year. This shows that e-commerce adoption is picking up pace on both the demand and supply sides.



E-commerce merchants registered with banks



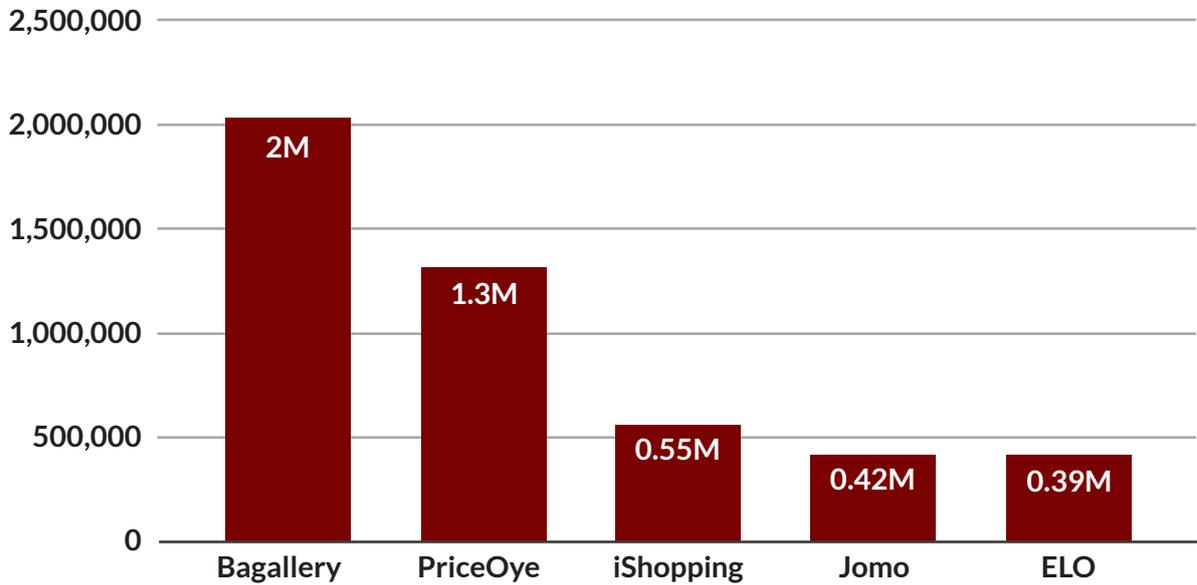
Unsurprisingly, Daraz, the Alibaba-owned online shopping platform, is the market leader in e-commerce with around one-third share in the prepaid space. Its total sales were approximately

\$550 million in the first quarter of 2021. Meanwhile, home-grown e-commerce startups have also grown to prominence, especially⁴ within the electronics and fashion categories.



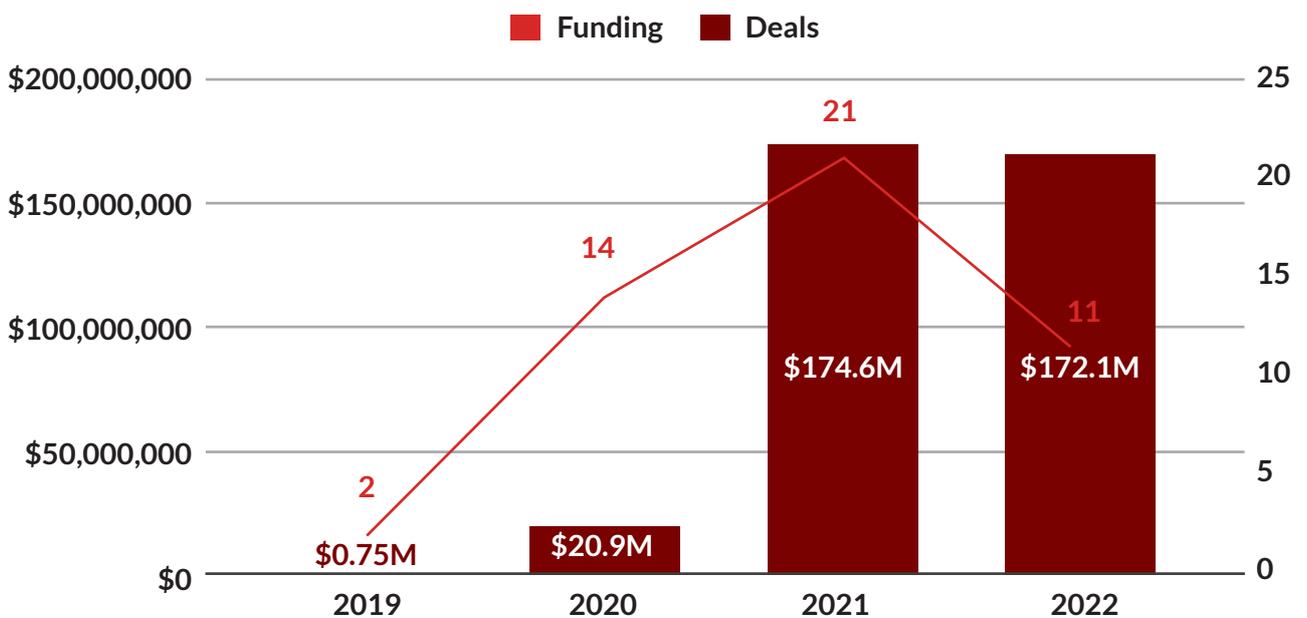
⁴<https://mettisglobal.news/e-commerce-users-boomed-but-orders-didnt-follow-to-the-same-extent-daraz-group-ceo/>

E-commerce marketplaces with most visits (ex Daraz)



Source: Similarweb

E-commerce Funding Activity



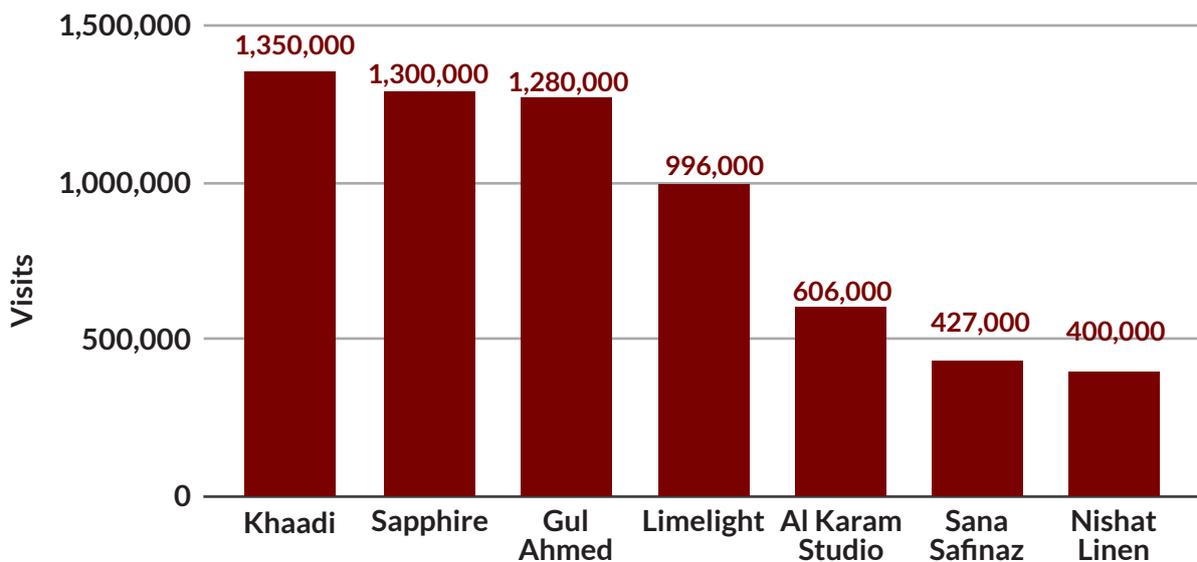
Source: Data Darbar

The growing market has attracted many investors, local and international alike, as the sector has raised over \$368 million since 2019. Almost the entire investment in the B2C e-commerce segment went towards grocery delivery startups, who have raised a cumulative \$110.8 million in funding since 2020. While Airlift – with \$95 million raised in total (for e-commerce) – obviously topped the chart, players like GrocerApp (\$6.4 million), Krave Mart (\$6 million) and Munchies (\$2.5 million) also managed to secure sizable amounts of capital.

This broadly mirrors the global trends where VC interest in quick commerce and grocery startups spiked after the pandemic-led closures though the model has since come under stress around the world.

Similarly, many traditional companies, especially in fashion, also contributed to the growing e-commerce volumes as they pivoted online after markets shut down in the wake of the pandemic. As a result, their share of digital in total sales has expanded in the past two years.

Traditional Brands with most website visits in Mar'22



Source: Similarweb

While B2C e-commerce continues to grow both in terms of new users and sales, it is the B2B segment that has witnessed the greatest buzz lately. A number of startups have emerged with the promise of digitizing and streamlining different ends of the B2B supply chains, from inventory sourcing to logistics.

Combined, these startups managed to pull in the lion's share of capital deployed in

Pakistan, accounting for almost two-thirds of the total investment in e-commerce. Since the start of 2020, B2B e-commerce startups have raised over \$244 million in funding across 20 deals, with most of the money going towards players digitizing the kiriyana ecosystem. That includes Bazaar with \$108 million, Retailo \$45 million, Dastgyr \$41 million, Jugnu \$25.7 million+, and Tajir \$18.3 million.

Overview of Consumer Goods Ecommerce

Number of people
Purchasing Consumer
Goods Via the Internet



51.40 Million
Year on Year Change
+7.9% (+\$3.8 Million)

Total Annual Spend
on Online Consumer
Goods Purchases (USD)



\$7.29 Billion
Year on Year Change
+85.2% (+\$3.4 Billion)

Average Annual Revenue
Per Consumer Goods
Ecommerce User (USD)



142
Year on Year Change
+71.7% (+\$59.17)

Share of Consumer Goods
Ecommerce Spend Attributable
to Purchases Made Via Mobile



54.2%
Year on Year Change
+2.6% (+136BPS)

Government Doubles Down on E-commerce

Recognizing the behavioral shift among consumers towards online channels and the potential of e-commerce in growing Pakistan's economy, the government has taken a series of progressive measures to bring more structure to the sector.

While there had been a few one-off measures early on, the focus solidified with the release of E-commerce Policy in 2019 which laid the policy plan for the sector, including the setting up of a dedicated National E-commerce Council comprising public and private sector representatives.

Policy Goals of E-commerce Policy

1. To augment e-Commerce industry's growth and to make it one of the key drivers of Pakistan's economy.
2. To provide a single interface to e-Commerce enterprises through a single window hub and National e-Commerce Council for review and implementation of Policy.
3. To streamline laws and regulatory framework for e-Commerce businesses in Pakistan both inland and cross border keeping in view the ever-changing e-Business dynamics.
4. To contribute achieving higher export growth through enhanced activities from e-Commerce platforms.
5. To promote small e-businesses and create employment opportunities through digital connectivity for empowering youth, especially in remote areas by raising awareness, training and financing.
6. To provide an efficient e-Payment infrastructure that allows for smooth and quick local and cross border transactions by issuing rules, regulations and guidelines.
7. To create enabling environment for e-businesses to operate and flourish by

addressing challenges and gaps more specifically related to legal systems, taxation structures and digital infrastructure.

8. To create such an e-Commerce ecosystem, which is responsive to consumers' interests, including dispute resolution.
9. To ensure transparency and accountability in digital industry

The push from the government, with consultation from stakeholders, helped identify relevant issues faced by the industry such as Pakistan's absence from Amazon's Approved Sellers countries. As a result, concerted efforts from the Ministry of Commerce, which had a dedicated Secretary for E-commerce, helped get

Pakistan on that list, opening up opportunities for local sellers to explore new markets abroad on Amazon's marketplace. In just a year of this development, Pakistan has become the third most popular seller country on Amazon after only the United States and China.⁵

Similarly, Alibaba has also witnessed major growth in registration of Pakistani businesses where more than 3,000 sellers live. The country ranks the highest in terms of paid sellers on the B2B e-commerce platform's Global Business and since 2017-18, the number of Pakistani sellers there has increased at a compound annual growth rate of 29 percent.⁶



⁵<https://tribune.com.pk/story/2363968/pakistan-a-popular-seller-on-amazon>

⁶<https://www.dawn.com/news/1680957/looking-towards-the-small-guy>

Leading E-commerce Players in Pakistan



Khaadi

Khaadi is a leading Pakistani retail fashion brand with over 50 outlets both in the country and abroad, including in the UK, UAE, US, Qatar among others. Over the years, it has established a large e-commerce footprint, attracting over one million web traffic every month.⁷ Earlier in May, the International Finance Corporation announced taking up a minority stake in the company for an investment of \$25 million.⁸



Gul Ahmed Shop

Gul Ahmed Shop is one of the largest retail clothing outlets in Pakistan, owned by the Gul Ahmed Textile Mills. Their e-commerce channel has grown majorly during the past few years and the website now attracts more than a million visits every month.⁹ It sells its own portfolio which includes both western and ethnic fashion articles for men and women.



Zarya App

Zarya is a reseller platform that allows small entrepreneurs to offer a catalogue of items by enabling them to focus on sales while taking care of everything from sourcing to fulfilling products.¹⁰ The startup was founded by Faisal Zahid and Saad Zahid and raised \$1.7 million of pre-seed investment led by Raed Ventures.

⁷<https://www.similarweb.com/website/khaadi.com/#ranking>

⁸<https://profit.pakistantoday.com.pk/2022/05/27/khaadi-announces-ifc-investment/>

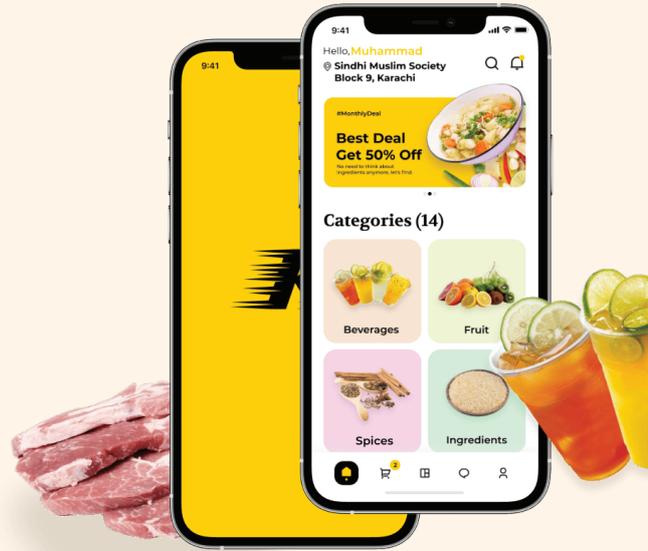
⁹<https://www.similarweb.com/website/gulahmedshop.com/#overview>

¹⁰<https://www.zarya.app/>



Krave Mart

Krave Mart is a one-stop online delivery store for groceries and everyday essentials. The startup offers quick commerce solutions, offering instant delivery of daily household needs.¹¹ It raised \$6 million in pre-seed funding in December and was also selected as part of Y Combinator’s S22 cohort.



Bagallery

Bag your favorite deals

Bagallery

Bagallery is a beauty, fashion and lifestyle e-commerce store with a strong mix of local and imported brand portfolio. It offers convenient shopping from 1,000+ brands, offering a vast range of categories including beauty, makeup, skincare, haircare, handbags, shoes, clothing, fragrances among others. The startup raised a Series A round of \$4.5 million earlier this year.¹²



Byte

Byte is building a platform for on-demand food delivery from dark kitchens. The startup currently operates only in Lahore and was part of the Y Combinator’s S20 cohort, raising \$125,000 as early capital.¹³



Blinkco

Blink is a comprehensive digital ordering and fleet management system where users can own branded websites and mobile applications for customers. This is complemented with analytics and customer engagement tools to give them control over their data and make better decisions. The startup has raised a total of \$150,000 in funding over a seed round raised in 2021¹⁴ and was part of SOSV’s accelerator program.

¹¹<https://www.linkedin.com/company/kravemart/>

¹²<https://bagallery.com>

¹³<https://www.linkedin.com/company/byte-app/about/>

¹⁴https://www.crunchbase.com/organization/blink-c462/company_financials



PriceOye

PriceOye.pk is an e-commerce website for mobile phones, accessories and other electronic items. The startup originally started as a product discovery and price comparison engine for online shopping before pivoting to the current offering.¹⁵ It has raised multiple funding rounds, including an undisclosed seed in November 2021.¹⁶

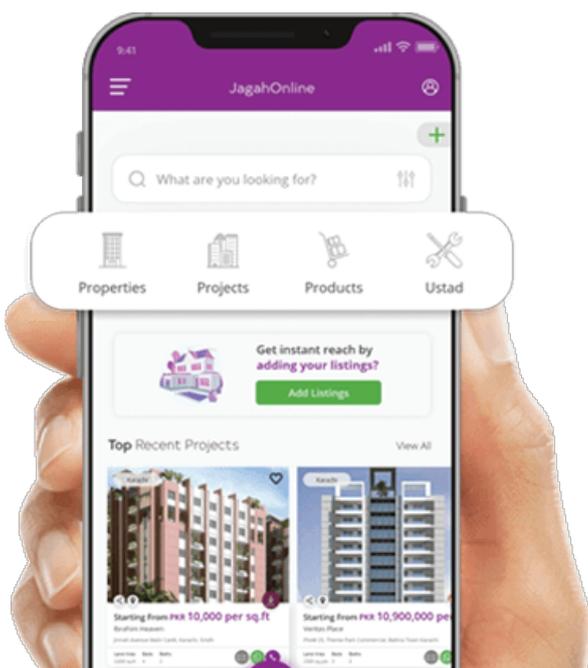


VMart

Vmart.pk is one of the oldest ecommerce websites of Pakistan and has been operational since 2007. The company is headquartered out of Karachi where it offers express same-day delivery, focusing on consumer and electronic items like mobile phones and laptops.

QnE

QnE is a customer e-commerce platform that aims to take care of shopping needs in a convenient way and is owned by the Premier Group in Pakistan. The company focuses on grocery deliveries and offers everything from fruits and vegetables to personal and beauty care.



Jagah Online

Jagah online is an online marketplace designed for everything real estate. Its aim is to give customers a user-friendly platform where they can buy, sell, and rent properties or related products, projects, and services.¹⁷ The company has raised an undisclosed funding round on Nov 27, 2019.¹⁸

¹⁵<https://priceoye.pk>

¹⁶https://www.crunchbase.com/organization/khareedo-pk-2/company_financials

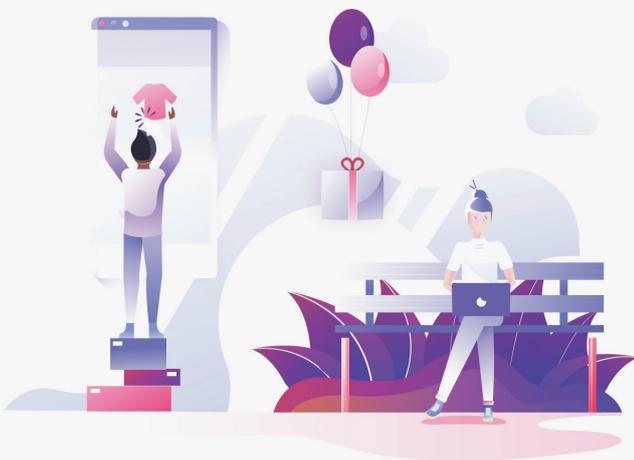
¹⁷<https://www.jagahonline.com/>

¹⁸https://www.crunchbase.com/organization/jagah-online/company_financials



Laam

Laam is an online fashion store intended to provide designer wear and luxury products. The company's platform offers various Pakistani designer, prêt, lifestyle and luxury brands under one roof, enabling users to find unique, personalized and creative merchandise.



Shophive

Shophive is a major Pakistani e-commerce store where customers can shop in Pakistan, buy laptops, mobile phones, digital cameras, computers, home appliances, printers and much more with COD all over Pakistan. Shophive was founded in Jan 2006 and believes in providing high quality products at low prices with immaculate after sale service.



Jomo is an e-commerce store based out of Lahore offering premium multi-brand fashion.¹⁹ The company offers clothing, shoes, accessories, home and living among other categories and caters to customers outside Pakistan as well. It has raised funding of \$850,000 led by the venture arm of Systems Ltd, one of the country's largest IT services companies.

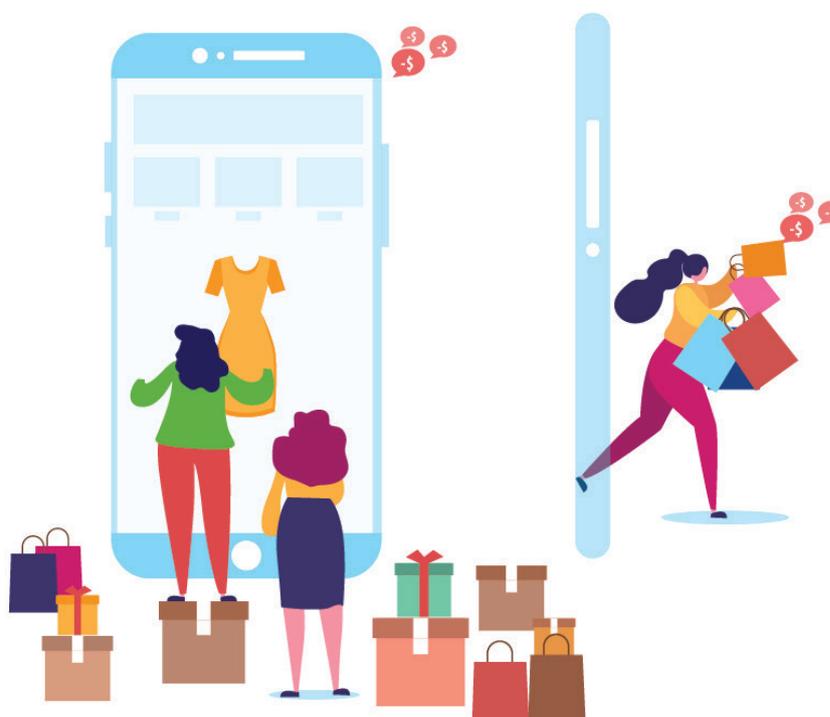
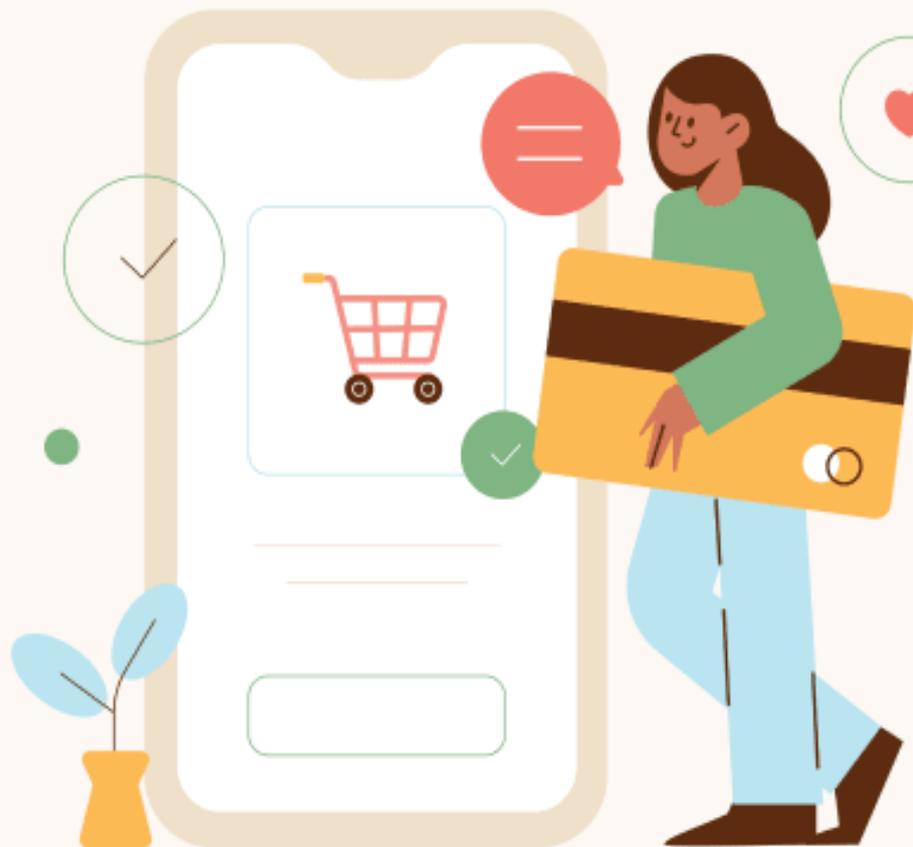


¹⁹<https://www.linkedin.com/company/jomopk/?originalSubdomain=pk>

flare

Flare

Flare is a video-first ecommerce marketplace where the users can discover products with short shoppable videos and live shopping streams and buy them in a few taps. The startup was founded by Zubair Naeem Paracha and Atif Raza. They want to introduce the concept of video e-commerce in Pakistan.



C_oNATURAL™
PURE. ORGANIC. LUXURY

Conatural

Conatural is Pakistan's natural and organic hair and skin care brand with certified ingredients with ISO22716 certification. The company boasts a product line that is vegan and never been tested on animals. In November 2020, they disclosed a Pre-Series A funding of \$825,000 and have been exporting products to other markets as well.²¹

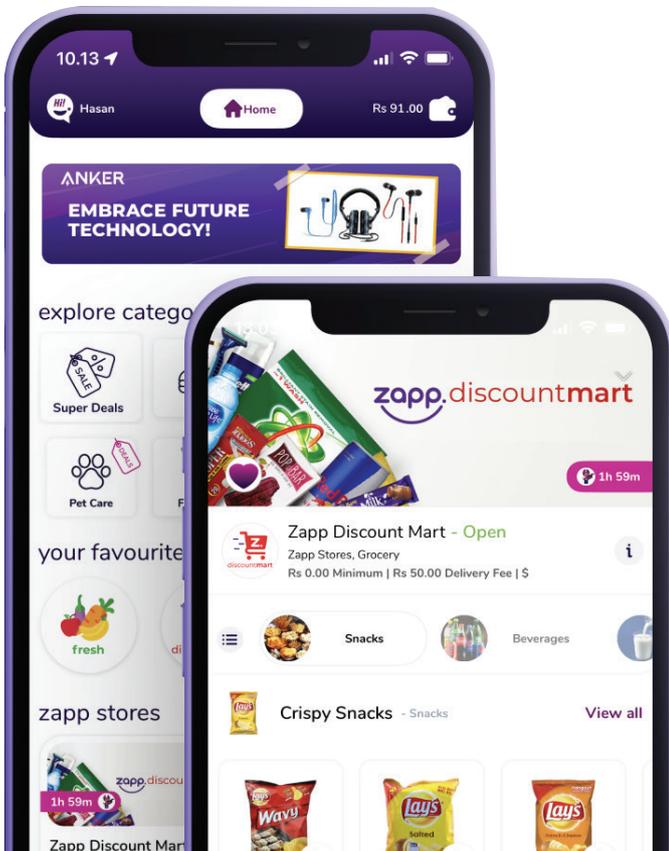
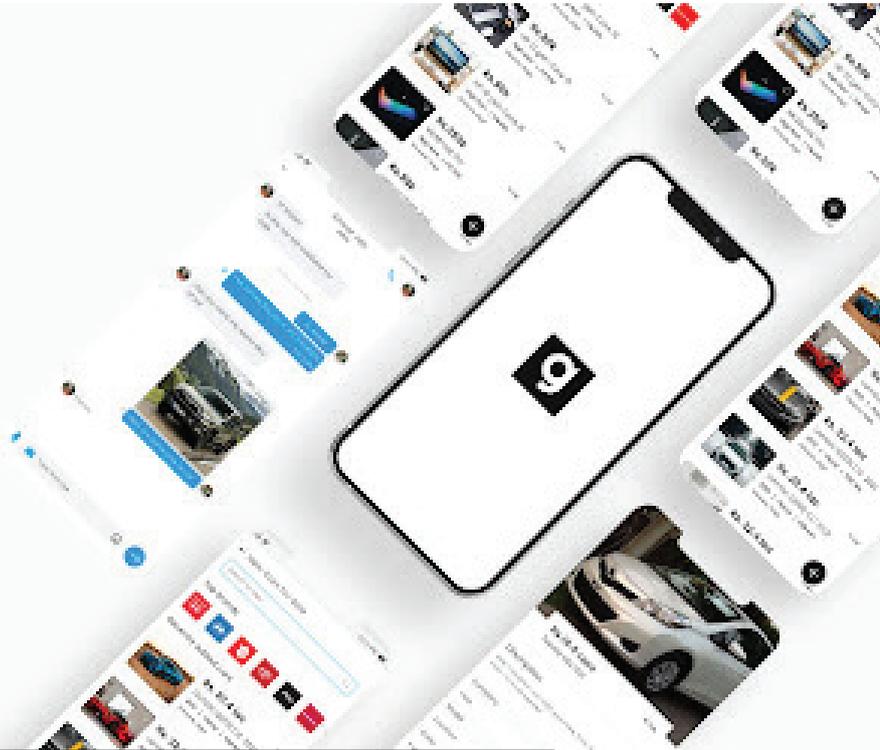
²¹<https://www.brecorder.com/news/40096396>



GilgitApp

Gilgit App

GilgitApp is an online marketplace where people can buy/sell their favorite items including vehicles, bikes, mobiles, laptops, property, etc. The startup is based out of Gilgit Baltistan and particularly enables the local population to earn extra income by engaging in e-commerce.²²



Zapp

Zapp is a localized three-sided commerce ecosystem. It connects local consumers, riders and merchants, providing a compelling value proposition to all three sides to bring people the products. Its payment system makes sure the merchants get paid on time and the customers can make payments in a seamless manner.²³

²²<https://www.linkedin.com/company/gilgit-app/>

²³<https://zapp.world/about-us>



Utopia Deals

Utopia Deals is an innovative retail company which offers a variety of lifestyle merchandise to highly defined customer niches. The company specializes in selling its items on Amazon where it ranks among the top five sellers and claims to have done more than \$360 million of annual sales in 2021.²⁴ It offers products in a range of categories such as bedding, towel, fashion, kitchenware and beauty care and has sold over 20 million products to 6 million customers.²⁵



²⁴<https://profit.pakistantoday.com.pk/2021/05/16/is-pakistan-ready-to-unlock-its-export-potential-with-amazon/>

²⁵<https://www.utopiadeals.com/pages/about-utopia-deals>

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ABOUT THIS INDUSTRY ROUNDUP

Pakistan Software Export Board developed this paper by hiring services of independent consulting firms to prepare this roundup on Pakistan's E-commerce sector. The paper focuses on Pakistan-based companies in this vertical and appraises the reader of the expertise available in Pakistan in the E-commerce domain.

DISCLAIMER

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