

**An analysis of the factors influencing e-commerce adoption in
the Retail sector in Pakistan**



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Abstract

Rising market e-commerce has revolutionised retail operations, consumer involvement, and market dynamics. Daraz.pk is a popular Pakistani platform helping SMEs get digital. Despite its growth, online retail confronts digital literacy, infrastructure, and consumer trust issues. This study examines how Daraz.pk, an international e-commerce platform, has changed Pakistani retail practices and identifies the major mechanisms, obstacles, and strategic adaptations that characterise e-commerce development in South Asian emerging economies.

The quantitative survey targeted 120 Pakistani Daraz.pk merchants. Seller demographics, platform satisfaction, strategy responses, perceived barriers, and growth outcomes were analysed using a standard questionnaire. Descriptive statistics, Chi-square testing, correlation analysis, and regression modelling examined patterns, associations, and expected correlations by using SPSS.

The findings show that Daraz.pk shaped Pakistan's e-commerce. Daraz's operational adjustments—particularly in logistics, digital payments, and training—are key to overcoming Pakistan's infrastructural and market challenges. Daraz has acted as both a competitive force and a digital enabler, compelling retailers to adapt through online integration and strategic repositioning. Despite payment trust ($M = 3.33$) and logistics issues ($M = 3.13$), sellers reported strong rise in income, customer base, and brand awareness (all $M = 4.48$; $r = 0.403$, $p < 0.01$). Regression analysis shows digital abilities positively predict future expansion ($B = 0.026$, $p = 0.012$) and high prior brand visibility adversely ($B = -0.186$, $p < 0.001$), whereas systemic restrictions are not significant.

Finally, Daraz.pk boosts adoption and SME market share in Pakistan's digital retail sector. The platform's operational methods and seller digital competency support growth and market competitiveness despite systemic difficulties. Logistics, training, payment security, seller digital skills, and policy-driven infrastructure changes are recommended.

Chapter 1

Introduction

1.1 Background

E-commerce, broadly defined as the exchange of goods, services, or information through internet-based platforms, has become a cornerstone of contemporary retail, reconfiguring value chains and consumer behaviour worldwide (Coppo, 2024). Over the past decade, the structural shift from traditional brick-and-mortar outlets to digital platforms has been profound, with global e-commerce sales rising exponentially and mobile commerce emerging as the dominant mode of access (Mugambi and Amayo, 2023). This transformation is underpinned by increasing digital trust, innovations in online payment systems, and value co-creation between retailers and consumers through digital content marketing, which collectively enhance engagement and loyalty (Asante et al., 2024). Emerging economies, in particular, illustrate the dynamics of technological leapfrogging, where structural constraints in conventional retail and financial systems are bypassed through rapid adoption of advanced digital infrastructures such as mobile wallets, logistics platforms, and AI-enabled retail ecosystems (Chivunga, 2022). This leapfrogging has catalysed digital inclusion and enabled rapid market penetration even in regions with limited legacy infrastructure, demonstrating how e-commerce can function as both a commercial innovation and a developmental catalyst (Ren, 2023).

Pakistan exemplifies this trajectory, with its retail sector experiencing a significant digital transformation driven by demographic and infrastructural shifts. With a population exceeding 220 million, over 64 per cent of whom are under the age of 30, the country presents a youthful, tech-savvy consumer base (Ren, 2023). Internet penetration has risen sharply, reaching approximately 54 per cent by 2021, with over 140 million users, the majority accessing online services via mobile broadband rather than fixed-line connections (Sekgothe, 2024). The domestic e-commerce market, valued at US\$5.2 billion in 2023, is projected to grow at a compound annual growth rate of around 16.5 per cent through 2028, reaching approximately US\$7.6 billion, despite infrastructural challenges and persistent reliance on cash-based transactions (GTS and Zhou, 2022). Structural drivers of this growth include increasing smartphone adoption, greater financial inclusion through digital payment systems, and policy measures such as Pakistan's National E-Commerce Policy, which aim to formalise online trade

and integrate small and medium-sized enterprises (SMEs) into digital value chains. At the same time, consumer studies reveal that trust, perceived value, and seamless user experience remain pivotal in driving adoption and repurchase intentions in the Pakistani context (Riaz et al., 2022).

At the centre of this evolution stands Daraz.pk, the country's largest e-commerce platform, founded in 2012 and acquired by Alibaba Group in 2018 as part of the Chinese multinational's broader Belt and Road digital expansion strategy (HE, 2024). Daraz has consolidated a dominant market share by leveraging Alibaba's technological ecosystem—encompassing advanced logistics, data analytics, and AI-driven customer engagement—while localising operations to suit Pakistan's infrastructural and cultural specificities (Asif, 2025). Daraz Express (DEX), a last-mile logistics network, and Daraz Wallet, a digital payment system, were introduced to accommodate Pakistan's cash-on-delivery (COD) consumer desire (Hossain, 2024). Beyond retail, Daraz University and DExports, which connect local businesses to international markets via Alibaba.com, demonstrate the platform's role in fostering entrepreneurial growth and cross-border trade (Kürzdörfer, 2024). Daraz's ability to combine global capabilities with local market responsiveness shows how international e-commerce platforms transform retail in emerging economies, increasing competition on traditional retail, changing consumer expectations, and opening up new markets for SMEs (Celestin et al., 2024).

Internationally, Daraz's trajectory shows the strategic importance of e-commerce in emerging nations, as digital platforms drive market modernisation, value co-creation, and cross-border economic integration (Li et al., 2024). Platforms like Daraz revolutionise local retail ecosystems and integrate emerging economies into global value chains by lowering entry barriers, increasing market transparency, and building digital trust (Asif, 2025). Thus, e-commerce's emergence in Pakistan is more than a technology event; it signifies a fundamental shift in commerce, connecting local consumers and businesses to the global digital economy.

1.2 Rationale

E-commerce is disrupting global retail, changing customer tastes, supply chains, and competition. Rapid technological adoption allows enterprises to circumvent traditional retail development stages, accelerating market expansion in emerging economies (Mukherjee and Wood, 2021). Despite having over 220 million inhabitants and rising internet usage, Pakistan is understudied relative to other South Asian economies (Singh et al., 2023).

Despite infrastructural obstacles and a cash-dominant economy that hinders digital adoption, the Pakistani e-commerce market is expected to increase 16.5% between 2023 and 2028, reaching US\$7.6 billion. Daraz.pk, Pakistan's largest e-commerce site, has been important to this change since its 2018 acquisition by Alibaba Group, reflecting its international operations and strategy (Wang and Ni, 2024). How multinational players negotiate the Pakistani market can inform cross-border e-commerce strategy and adaption in emerging nations (Ahmed et al., 2025).

E-commerce in South Asia has mostly concentrated on India and Bangladesh, leaving Pakistan's cultural, economic, and infrastructural aspects that influence digital retail adoption unexplored (Yaseen and Phattanasin, 2025). This study addresses this gap by examining how Daraz.pk has disrupted and enhanced local retail practices (Chowdhury et al., 2025). Policymakers and merchants will learn how e-commerce platforms transform markets, giving a foundation for managing this shift in Pakistan and similar economies (Ahmed and Khan, 2023).

1.3 Research Aim

This research project aims to examine how Daraz.pk, an international e-commerce platform, has changed Pakistani retail practices and identifies the major mechanisms, obstacles, and strategic adaptations that characterise e-commerce development in South Asian emerging economies.

1.4 Research Objectives

1. To identify and assess the primary operational strategies through which Daraz.pk has adapted its international e-commerce model to address Pakistan's specific market challenges.
2. To evaluate how traditional Pakistani retailers across different sectors have responded to Daraz.pk's market presence through adaptation, competition, or integration strategies.
3. To analyse the key barriers and facilitators influencing the speed and depth of e-commerce-driven retail transformation in Pakistan compared to other South Asian markets.

1.5 Research Question

1. What are the primary operational strategies that Daraz.pk has implemented to adapt its international e-commerce model to the unique challenges of Pakistan's retail market?
2. How have traditional Pakistani retailers across different sectors responded to Daraz.pk's market presence in terms of adaptation, competition, or integration strategies?
3. What are the key barriers and facilitators affecting the pace and extent of e-commerce-driven retail transformation in Pakistan, and how do these compare to other South Asian markets?

1.6 Deliverables

- **Comprehensive mapping of Daraz.pk's operational strategies** – an in-depth analysis of how the platform has adapted its international e-commerce model to Pakistan's market, including localisation of logistics, digital payments, and customer engagement systems.
- **Systematic evaluation of traditional retailers' responses** – an assessment of how small, medium, and large retailers have adapted, competed, or integrated with Daraz.pk to remain viable in the evolving retail landscape.
- **Analytical framework of barriers and facilitators** – identification of technological, cultural, infrastructural, and regulatory factors that influence the pace and scale of e-commerce-driven retail transformation in Pakistan, with comparative insights from other South Asian markets.
- **Evidence-based implications for digital marketplace evolution** – conclusions on how international e-commerce platforms like Daraz.pk reshape retail ecosystems, inform policy design, and guide strategic adaptation for both local and international stakeholders.
- **Contribution to international business scholarship** – generation of new knowledge on the interaction between global e-commerce platforms and emerging market retail, offering theoretical and practical implications for cross-border digital commerce strategies.

1.7 Outline of Methodology

This study employs a quantitative, cross-sectional survey design to examine the relationship between e-commerce platform presence and retail transformation indicators in Pakistan, with Daraz.pk as the focal case. Data were collected exclusively through an online questionnaire administered via Google Forms, targeting retailers across various sectors, business sizes, and geographic locations. A total of 120 valid responses were obtained, providing sufficient data for statistical analysis. The survey instrument, developed from research objectives and prior literature, comprised 40–50 items covering business demographics, e-commerce exposure, digital adaptation strategies, Daraz.pk-specific measures, and performance indicators. Content and construct validity were ensured through literature grounding and pilot testing, while internal consistency was assessed using Cronbach's alpha (≥ 0.7). Data were cleaned and analysed using descriptive statistics, exploratory factor analysis, multiple regression, and structural equation modelling to identify relationships between e-commerce presence and retail transformation, with limitations such as self-report bias and sample size acknowledged.

1.8 Significance of Research

This research holds significance for understanding how international e-commerce platforms drive retail transformation in emerging markets, using Daraz.pk's operations in Pakistan as a focal case. It provides empirical evidence on the mechanisms through which digital marketplaces reshape traditional retail structures, offering insights into adaptation strategies, competitive responses, and barriers to digital adoption. For academics, it contributes to the limited body of literature on e-commerce in South Asian contexts, testing the applicability of models developed in other markets. For policymakers, the findings offer guidance for creating enabling environments that support digital retail growth while safeguarding traditional retailers. For businesses, particularly retailers and e-commerce platforms, the study identifies strategic pathways for leveraging digital technologies to enhance competitiveness and customer reach in rapidly evolving markets.

1.9 Research Structure

Chapter 1: Introduction

This chapter presents the research background, rationale, aims, objectives, research questions, and significance of the study, focusing on Daraz.pk's role in transforming traditional retail in Pakistan.

Chapter 2: Literature Review

This chapter critically examines existing research on global e-commerce transformation, digital adoption in emerging economies, and market strategies of platforms like Daraz.pk, identifying gaps this study addresses.

Chapter 3: Methodology

This chapter describes the quantitative, cross-sectional research design, online Google Forms data collection, 120-participant sample, questionnaire development, sampling approach, and statistical analysis methods.

Chapter 4: Results and Discussion

This chapter presents findings from descriptive and inferential analyses, exploring relationships between e-commerce presence and retail transformation indicators, and interprets results in light of existing literature and theoretical models.

Chapter 5: Conclusion and Recommendations

Summarises key findings, evaluates Daraz.pk's market impact, outlines implications for retailers, policymakers, and e-commerce platforms, acknowledges research limitations, and provides directions for future research.

Chapter 2

Literature Review

2.1 Introduction

This literature review chapter discussed the global e-commerce revolution and its localised effects on emerging markets, focussing on Pakistan and Daraz.pk. As digital technologies transform retail structures worldwide, platform-based commerce has changed how value is created, delivered, and consumed. This chapter critically reviews e-commerce research, particularly in developing nations where technological leapfrogging overcomes infrastructural obstacles. It examines how digital platforms drive market formalisation, financial inclusion, and SME integration as ecosystems and retail intermediaries.

2.2 Global Transformation of Retail through E-Commerce

E-commerce has changed global retail by creating and delivering value digitally. This transition is driven by digital value chains, disintermediation, and platform economics. Amazon can minimise inefficiencies and provide personalised experiences with data-driven procurement, marketing, and customer service in digital value chains (Sanni, 2024). DTC models like Glossier and Casper have succeeded because disintermediation allows producers to sell directly to consumers (Kim et al., 2021). Platform-based retail, like eBay, Alibaba, and JD.com, uses network effects to improve convenience, choice, and pricing (Zhang and Hänninen, 2022).

Omnichannel retailing integrates physical and digital environments to satisfy consumer preferences, redefining operational strategy. Walmart and Target ensure platform continuity with online ordering, in-store pickups, and real-time stock visibility (Neway, 2024). Also, same-day delivery and automated warehousing have become key differentiators, with Alibaba's Cainiao and Amazon's fulfilment centres setting worldwide norms for speed and efficiency (Giubilei, 2021).

Consumer behaviour in digital contexts relies on trust, perceived value, and simplicity of use, especially when products are not physically present. Website security, brand trustworthiness, and user reviews strongly influence purchases (Handoyo, 2024). Netflix and Shopee indicate that personalised recommendations and competitive pricing increase perceived value and

repeat buying (Haqqo and Isharina, 2024). Since over 70% of worldwide e-commerce transactions are now made on smartphones, user interface design and mobile optimisation are crucial to engagement.

Retail ecosystems in industrialised economies incorporate these dynamics. Amazon's US dominance shows how algorithmic personalisation, Prime membership, and ecosystem integration can change market expectations and consumer loyalty (Sharma et al., 2022). AI-based predictive inventory management and fully automated warehouses by Zalando and Ocado in Europe demonstrate how technology improves supply chain responsiveness (Ali, 2024). Alibaba's closed-loop infrastructure supports businesses and consumers by integrating digital payments, cloud services, and logistics (GTS and Zhou, 2022). These examples can be used to predict comparable shifts in emerging markets like Pakistan, where basic conditions differ but digital dynamics remain crucial.

2.3 E-Commerce in Emerging Markets: Leapfrogging and Inclusion

E-commerce in emerging regions has not evolved gradually like in established economies. Many countries have jumped ahead of traditional retail development by using digital platforms to bridge infrastructure shortages, financial access, and retail system fragmentation. This lets emerging economies skip old retail patterns and enter mobile-first, digitally integrated commerce (Ganegama, 2025). Millions of people use mobile phones instead of computers to shop online, even without adequate retail infrastructure. In sub-Saharan Africa, Jumia uses mobile money and cash-on-delivery (COD) to improve logistics and payment systems for locations with weak road networks and low banking penetration (Bounuis, 2024).

Shopee and Lazada in Southeast Asia have scaled quickly by focussing on mobile engagement, social commerce, and localised marketing, allowing small sellers to access digital markets with little capital (Park et al., 2021). Technology can enable micro-enterprises, especially with mobile wallets and training tools, as shown by these platforms. Financial inclusion and online transactions in a cash-dependent nation like Bangladesh have boosted e-commerce adoption via fintech platforms like bKash (Islam and Brishty, 2025).

These contexts see uneven e-commerce growth, which depends on internet quality, digital literacy, and regulatory assistance. Emerging markets struggle with poor connectivity, high data costs, and online payment distrust (Behera et al., 2023). In COD-dominant cultures,

consumers fear fraud, product deception, and the inability to return purchases, making trust deficits crucial (Butt et al., 2021). Regulatory ambiguity and insufficient consumer protection legislation can further reduce market growth and confidence (Zhang, 2024).

Despite these obstacles, many emerging economy governments are pushing e-commerce for development. National strategies currently emphasise SMEs in digital ecosystems, entrepreneurship, and informal sector formalisation. In India, Digital India has enabled online payments and e-market access for rural craftsmen, while in Indonesia, government collaborations with e-commerce platforms digitise small vendors (Rebesco, 2023). These cases show how policy alignment with private platform capabilities boosts confidence, logistics, and market access.

In emerging economies, e-commerce is not just about copying Western models. It incorporates mobile-first platforms, hybrid payment methods, and government–platform partnership to respond to particular structural realities. These lessons are essential for understanding Pakistani digital retail adoption, which faces similar opportunities and challenges.

2.4 E-Commerce in South Asia: Regional Insights

Rapid digital uptake, youthful demography, and government-led digitisation have created a heterogeneous yet integrated e-commerce market in South Asia. Mobile penetration, financial breakthroughs, and rising middle-class demand have spurred e-commerce growth in India, Bangladesh, and Sri Lanka. Flipkart and Amazon have invested extensively in tier-2 and tier-3 cities via vernacular interfaces, local warehouses, and UPI-based payment integration (Hari and Srinivasa, 2025). India is the region's largest market and has grown exponentially. Mobile wallet solutions like bKash allow unbanked rural Bangladeshis to participate in the e-commerce business (Ansar, 2024). Even with these advancements, regional inequities continue. Nepal and Afghanistan have trade constraints, regulatory inconsistencies, and poor digital infrastructure that limit cross-border e-commerce (ESCAP, 2021). South Asia's fragmented consumer protection and dispute resolution systems reduce trust in digital markets (Deane et al., 2024). Broken logistics ecosystems, especially rural last-mile deliveries, cause high operational costs and variable service quality. Pakistan and Bangladesh have significant digital literacy gaps among elderly users and women (Bipasha et al., 2025). Regional cooperation, shared digital standards, and inclusive infrastructure are needed to address these issues. India leads in platform sophistication and legislative reform, but digital retail

transformation in low-to-middle income economies is both promising and difficult in South Asia. These findings help explain how Daraz.pk operates in and is constrained by this changing regional context.

2.5 Pakistan's Retail Sector and the Digital Shift

Pakistan's retail sector is highly fragmented, informal, and decentralised. Unregistered micro-enterprises and family-owned stores account for 90–95% of retail activity (Gautam et al., 2022). These retailers use cash and undocumented transactions with no regulation or accounting. Without scale economies, supply chain optimisation, and centralised inventory systems, efficiency is low, and informal credit (udhaar) and insufficient data visibility impede formal financing (Dhawanarain, 2024). Pakistan's retail market is hyper-localized, with most consumers buying through neighbourhood trust and familiarity. This localised trust paradigm promotes social cohesion but opposes algorithm-driven digital commerce.

However, new technology is slowly changing this picture. Affordable cell phones and 3G/4G services have increased mobile broadband penetration substantially. Over 124 million broadband users, 194 million cellular subscribers, and 56% internet penetration existed in Pakistan in 2023 (Hubert and Le Texier, 2025). The pandemic drove consumers and businesses online. During the peak epidemic, e-commerce transactions rose 76% from Rs. 96 billion in FY2019 to over Rs. 350 billion in FY2023. Ride-hailing, food delivery, and gig-based platforms gained popularity, familiarising customers with digital service ecosystems beyond product sales.

This digital retail transition is now supported by government policies. The 2019 National E-trade Policy is Pakistan's first organised effort to regulate and promote digital trade. Taxation, financial inclusion, logistics, data protection, SME development, consumer protection, and cross-border trade facilitation are its cornerstones (Prasad, 2023). Raast, a real-time, low-cost digital payment gateway from the State Bank of Pakistan, integrated micro-retailers and consumers into the formal digital financial system. Cash-on-delivery (COD) systems account for 65–70% of e-commerce payments, however these initiatives aim to limit their use (Arham, 2022). Customers choose COD owing to cultural suspicion of fraud, product quality, and lack of post-sale redress.

Digital trust is the biggest barrier after infrastructure and regulation. Service quality, uncontrolled vendors, fraudulent reviews, and delayed deliveries, typical on lesser platforms but occasionally seen on market leaders like Daraz.pk, encourage consumer scepticism. Seller verification, transparent return policies, user evaluations, and customer care chatbots are being integrated into platform infrastructures (Rane et al., 2024). Their effectiveness is focused in urban areas like Karachi, Lahore, and Islamabad, where digital literacy and banking access are higher. Poor logistics infrastructure, smartphone literacy, and digital gender differences limit rural penetration. Women in rural Pakistan are 49% less likely than men to own a mobile phone and 94% less likely to utilise mobile internet, limiting digital retail's user base (Majid and Mustafa, 2022).

Despite contributing over 40% to GDP and employing 80% of the non-agricultural workforce, small and medium enterprises (SMEs) are poorly integrated into formal e-commerce ecosystems (KALAISELYI and MAITHILY, 2024). Digital marketing, inventory management, and formal banking are unfamiliar to many SME owners. Daraz University offers vendor training modules, but use is patchy. Without financial incentives, language-accessible training, and simpler tax arrangements, the digital divide between corporate e-retailers and traditional micro-retailers will grow.

2.6 Daraz.pk as a Case Study in Digital Disruption

Daraz.pk, founded by Rocket Internet in 2012, started as a B2C online apparel shop in Pakistan before becoming a multi-category marketplace. In 2018, Alibaba Group acquired Daraz, integrating it into one of the world's most advanced e-commerce platforms. This integration gave access to Alibaba's AI-driven recommendation engines, scalable cloud logistics platforms, and digital payment architecture. Daraz quickly adopted Alibaba's "New Retail" strategy, which integrates online and offline experiences through data integration and supply chain optimisation (Rahman, 2024). An innovative last-mile logistics network, DEX (Daraz Express), manages fulfilment internally rather than using third-party carriers to address Pakistan's fractured delivery infrastructure. DEX serves nearly 80 cities in 2024, cutting delivery times and enhancing customer satisfaction (Omar, 2024).

Daraz Wallet, a closed-loop payment solution compatible with Easypaisa and JazzCash, encourages digital transactions in Pakistan's fintech sector. This effort reduces cash-on-delivery, offers rebates, secure refunds, and streamlines checkout. Beyond logistics and

payments, Daraz University, a free e-learning platform for over 100,000 local businesses, teaches inventory management, pricing, digital marketing, and customer service. This platform is crucial to integrating SMEs and informal vendors into the digital economy. The 2021 launch of DExports connects Pakistani craftsmen and SMEs to worldwide markets via Alibaba's global platforms, boosting the country's export-led digital trade strategy (Zafar, 2023).

Daraz has also localised its platform for Pakistani culture and language. The mobile app and website support Urdu and regional languages, and marketing campaigns focus on local holidays including Independence Day, Eid, and PSL cricket. Regional influencers and vernacular material boost digital engagement, especially among first-time online shoppers, in these culturally embedded campaigns. Daraz's localised UI/UX design, region-specific promotions, and city-tier segmentation tailor pricing and product availability to distinct income groups (Ara Lubna, 2024). Localisation boosts platform uptake and digital inclusion, especially in underserved Tier 2 and Tier 3 cities. Daraz.pk combines global technology capacity with local responsiveness to transform Pakistan's e-commerce supply and demand.

2.7 Impact on Traditional Retailers in Pakistan

Digital platforms like Daraz.pk have increased competition for Pakistani brick-and-mortar merchants, threatening their pricing power, customer retention, and market relevance. These shops struggle to compete with e-commerce platforms' aggressive pricing, 24/7 convenience, and larger selection. The convenience gap and the digital generation's propensity for mobile-first shopping have reduced urban retail market footfall. In response, many local shops are combining offline and online sales on Daraz and social commerce platforms like WhatsApp and Facebook Marketplace. Traditional firms can reach new customers and scale without big capital commitments by participating in the marketplace (Heinemann, 2023).

Empirical research in Pakistan show that SMEs are increasingly digitally upskilling through self-learning, Daraz University, or public-private partnerships (Gomaa, 2024). The Punjab Government's "e-Rozgaar" and National Incubation Centre programs help small traders enter e-commerce. Micro-retailers face challenges include insufficient digital literacy, trust in online transactions, and logistical obstacles that prevent full-scale transformation. Traditional stores in Karachi, Lahore, and Islamabad are more likely to use click-and-collect, QR payment, or delivery applications like Food panda Shops and Cheetay. Infrastructure shortages, inconsistent internet, and consumer preferences for face-to-face transactions keep digital retail adoption low

in rural and peri-urban areas (Masebe, 2022). This urban–rural difference suggests that while digital retail is spreading, its benefits and challenges are spatially unequal and dependent on infrastructure, digital preparedness, and consumer culture. Pakistan's conventional merchants are in a transitional phase where strategic digital integration and ecosystem alignment are more important than resistance to change (Ahmad et al., 2025).

2.8 Barriers and Enablers of E-Commerce-Driven Transformation

Pakistan's shift to a digital retail sector is influenced by a complex interaction of technological, institutional, and socio-cultural elements that serve as both impediments and catalysts. On the technological front, uneven internet quality, particularly in rural and underdeveloped areas, remains a key barrier to e-commerce growth. Despite over 125 million internet consumers, the digital gap remains, with metropolitan regions enjoying faster speeds and connectivity while many rural users continue to rely on shaky 3G/4G networks (Jonjo, 2023). Furthermore, limited access to smartphones and digital gadgets among low-income groups, along with pervasive digital illiteracy, limits consumer and seller engagement in online marketplaces. Institutional and regulatory challenges aggravate the situation. Although the Lee and Seo (2024) sought to streamline taxation, cross-border trade, and consumer protection, implementation is still uneven. Tax policy ambiguity, the lack of unified data privacy rules, and poor consumer rights enforcement mechanisms have resulted in trust deficits and increased compliance difficulties for SMEs entering the digital domain (Celestin, 2024).

Sociocultural elements have a subtle impact on e-commerce growth. Patriarchal gender norms restrict women's engagement in the digital economy, both as entrepreneurs and consumers. For example, only 21% of Pakistani women are digitally competent, and many face limitations on smartphone ownership or online financial activities (Khan et al., 2025). Regional discrepancies, driven by language, literacy, and infrastructure disparities, place Punjab and Sindh at the forefront of digital adoption, while Baluchistan and interior KP fall behind. Despite these hurdles, various enabling forces are hastening e-commerce transition. A youth-dominated population (almost 64% under the age of 30), along with mobile-first online behaviours, is driving demand for quick, app-based retail experiences. Furthermore, Alibaba's acquisition of Daraz.pk in 2018 brought global best practices, advanced AI technologies, and integrated payment-logistics systems to Pakistan's e-commerce sector (Ali and Zia, 2025). This has helped standardise seller onboarding, logistics tracking (DEX), and digital payments (Daraz Wallet), lowering operating costs and generating network effects that benefit smaller vendors. While

structural impediments remain, Pakistan's e-commerce promise is progressively being realised through a confluence of digital investment, demographic momentum, and platform-driven innovation.

2.9 Critical Review: E-Commerce Before and After COVID-19

E-commerce in Pakistan and emerging economies has had strengths and drawbacks before and after the COVID-19 outbreak. E-commerce was accessible to urban populations, bypassed traditional retail intermediaries, and allowed SMEs to enter digital marketplaces at minimal cost before the pandemic. Daraz.pk and Shopee used mobile-first designs, cash-on-delivery, and vernacular interfaces to enter markets with insufficient infrastructure (Pavan and Singh, 2025). Mobile wallets and digital payment systems allowed unbanked consumers to trade online in the early e-commerce ecosystem.

However, flaws abounded. Poor dispute resolution, product fraud, and delivery delays, especially in rural regions, eroded consumer trust. Poor logistics, internet connectivity, and digital literacy slowed expansion. Small businesses were less competitive than major platforms because they lacked digital marketing, inventory management, and formal financial processes. Regulatory ambiguity and weak consumer protection discouraged buyers and sellers, while gender inequities limited female digital commerce involvement (Alshathri, 2022).

COVID-19 boosted e-commerce's pros and cons. Lockdowns and social alienation boosted digital usage, driving up demand for online commerce, ride-hailing, and food delivery. Last-mile delivery networks (DEX) and digital payments helped Daraz.pk grow transactions and reach (Sweety, 2022). Platform-based retail proved resilient and scalable as urban consumers and tech-savvy youth adapted swiftly. Conversely, the epidemic revealed systemic flaws. Supply chain problems, delayed supplies, and logistical constraints hampered platform operations. SMEs without digital experience struggled to onboard, worsening the gap between giant e-merchants and traditional retailers. Lack of digital knowledge, smartphone availability, and gendered hurdles in rural areas slowed uptake. Despite digital payment attempts like Daraz Wallet and Raast, pandemic cash-on-delivery exposed cultural and trust issues (Akter, 2024).

The critical review of Pakistan's e-commerce sector shows a dynamic relationship between strengths of scalability, financial inclusion, and urban engagement and weaknesses trust deficiencies, infrastructural inadequacies, and uneven digital literacy. COVID-19 accelerated

digital transformation and exposed systemic weaknesses via stress testing. These findings highlight the need for infrastructure investment, regulatory clarity, SME digital upskilling, and inclusive initiatives to sustain Pakistani e-commerce growth.

2.10 Theoretical and Conceptual Frameworks

Through Daraz.pk, Pakistan's retail scene has changed. Relevant theoretical lenses must capture technological adoption and platform-mediated disruption. Adopter categories, communication channels, and perceived innovation features like relative advantage, compatibility, and complexity explain how new technologies spread in social systems, according to Innovation Diffusion Theory (McKinney, 2021). In Daraz.pk, this theory explains why different Pakistani demographics adopt e-commerce at varying rates. Urban youth with higher digital literacy is early adopters, while rural SMEs and elderly people are late majority or laggards due to infrastructural and socio-cultural hurdles.

The Technology Acceptance Model (TAM) by Nguyen et al. (2025) provides a micro-level analysis of user behaviour by positing that perceived usefulness and ease of use drive technology acceptance. TAM helps Daraz.pk users understand their preferences for Daraz Wallet, AI-powered recommendations, and app usability, which affect repurchase intentions and digital transaction confidence. Azeem et al. (2023) found that perceived ease of use directly affects customer satisfaction in Pakistani internet marketplaces.

Platform Ecosystem Theory helps explain Daraz.pk's multi-sided structure and dynamics. This idea says digital platforms prosper by coordinating a modular ecosystem of third-party vendors, logistical partners, fintech integrations, and consumers. Daraz's success comes from its ability to internalise Alibaba's worldwide digital architecture in logistics (DEX), payments (Daraz Wallet), and seller training (Daraz University) while localising interfaces, languages, and advertising for various Pakistani marketplaces (Hossain, 2024). The theory also explains how network effects and data-driven personalisation marginalise non-digital or less agile competitors by promoting platform dominance.

A context-specific conceptual model for retail transformation in Pakistan is created from these frameworks. Technology adoption variables from TAM, diffusion dynamics across consumer and seller segments from Innovation Diffusion Theory, and structural platform components from Platform Ecosystem Theory are integrated into the model. The hybrid model allows a

multi-dimensional investigation of how Daraz.pk disrupts retail, accelerates digital upskilling, and changes buyer–seller relationships in emerging countries (Zafran, 2022). Its architecture for analysing scalability, user confidence, and inclusiveness makes it ideal for assessing e-commerce progress in economies with fragmented retail structures and developing digital capacities like Pakistan.

2.11 Literature Gap

Global e-commerce studies show general trends of digital transformation, but little is known about how platform-driven models like Daraz.pk challenge traditional retail structures in fragmented, cash-reliant, and culturally diverse economies like Pakistan. Especially in emerging nations with informal SMEs and low digital literacy, existing study isolates consumer behaviour, macroeconomic trends, and technology adoption without effectively integrating the platform's role in transforming retail ecosystems. In regions with infrastructure differences, regional inequality, and deep-rooted trust concerns, TAM and Innovation Diffusion Theory have been Western-centric and poorly contextualised. Daraz's platform strategies DEX logistics, Daraz Wallet, and training programs have little empirical evidence on how they affect traditional businesses' survival, hybridisation, or consumer involvement. This study addresses these gaps by using platform ecosystem theory and innovation and acceptance models to examine how Daraz.pk transforms Pakistan's retail landscape and identify the socio-technical barriers and enabling factors that mediate this transformation across urban and rural divides.

2.12 Chapter Summary

Disintermediation, omnichannel strategies, and mobile commerce have transformed value chains, consumer behaviour, and competitive dynamics in retail worldwide, as shown in this literature review. The research shows a fragmented, informal retail sector colliding with increased internet penetration, mobile-first consumer behaviours, and government-driven digitisation policies in emerging nations like Pakistan. Daraz.pk shows how Alibaba's technology and financial ecosystem is localising global platform tactics to traverse Pakistan's cultural, infrastructural, and regulatory challenges. The Technology Acceptance Model, Innovation Diffusion Theory, and Platform Ecosystem Theory are useful analytical tools, but they need contextual adaptation to capture traditional retailers' hybrid responses and Pakistan's socio-technical constraints on e-commerce diffusion. This study is needed to fill gaps in the literature on the platform's involvement in informal retail, regional digital disparities, and

localised customer trust. The research examines how platform-based e-commerce is changing Pakistan's retail industry, providing new insights into digital disruption, SME adaptability, and inclusive retail development in emerging nations.



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Chapter 3

Research Methodology

3.1 Introduction

This chapter describes the methodology used to study Daraz.pk's operational strategies, traditional retailers' responses, and e-commerce's impact on Pakistan's retail sector. Data collection and analysis are structured by methodology, ensuring study objectives are met. This study examines Daraz.pk's methods for adapting its international model to the local market, traditional retailers' responses, and e-commerce adoption barriers and facilitators. This chapter ensures transparency and replicability by using research philosophy, approach, design, data gathering procedures, and analytic techniques, bolstering the study's conclusions.

3.2 Research Philosophy

This study used positivism, which claims that empirical observation and statistical analysis may objectively quantify social phenomena (Lim, 2023). Positivism quantifies consumer trust, digital literacy, and merchant adaptability, making it suited for e-commerce adoption and operations. Platform strategy and consumer behaviour in emerging market digital retail adoption have been studied using positivist approaches (Kumar et al., 2021). The analysis avoids subjective interpretation and offers a solid platform for comparing Daraz.pk's objectives to worldwide best practices by using verifiable and quantifiable data.

3.3 Research Approach

This study uses ideas and concepts to construct hypotheses and survey design, using a deductive research approach. Deductive reasoning is appropriate for empirical observation and quantitative data analysis to test theoretical hypotheses (Hall et al., 2023). A deductive strategy is ideal for this research because e-commerce adoption in emerging nations has been widely theorised, offering a solid conceptual foundation for hypothesis testing. The study uses participant numerical data to test or challenge these theoretical assumptions in Pakistan, extending their relevance to other South Asian economies.

This research emphasised statistical testing and generalisation rather than exploratory model construction, hence an inductive strategy, which generates theory from qualitative

observations, was not chosen (Kumar and Ujiri, 2024). Its systematic form, use of proven theories, and focus on measurable outcomes indicate a deductive approach, ensuring reliability, replicability, and relevance for academic research and practical e-commerce strategy development.

3.4 Methodological choice

Quantitative research methods were used to objectively measure, analyse, and test hypotheses (Saharan et al., 2024). In e-commerce studies, quantitative research helps identify correlations between platform localisation, payment systems, delivery networks, consumer behaviour, and SME adaptation strategies (Tripathi, 2023). Quantitative research ensures consistency and replicability for examining market-wide phenomena in emerging economies like Pakistan with diverse consumer behaviours and fragmented retail systems (Asif, 2025). Comparing urban customers, SMEs, and traditional merchants' patterns and trends supports a quantitative technique to evaluate Daraz.pk's operating strategy. Quantitative methods allow sample population generalisation, providing evidence for e-commerce regulation and strategy (Almtiri, 2023).

From digital adoption theories and platform-based retail ecosystems (Parker et al., 2016), the study deduces. Pakistan can test these frameworks to evaluate if global e-commerce models apply locally and examine emerging market features such poor digital literacy, fragmented supplier chains, and cash-based transactions. A thorough, evidence-based methodology assesses operational procedures, identifies impediments and facilitators, and supports practical findings. This study uses quantitative research for organised measurement, detailed analysis, and hypothesis testing, making its conclusions robust, dependable, and valuable for academia and e-commerce practitioners.

3.5 Research Design

In this cross-sectional investigation, data is collected simultaneously. Studying e-commerce adoption, customer behaviour, and SME responses to digital retail platforms is excellent with this architecture (Newman, 2022). A big sample is collected rapidly and cheaply for cross-sectional research to identify patterns, trends, and links among market groups without longitudinal surveillance. This architecture allows Daraz.pk's operational activities to be promptly reviewed for SME integration, local consumer involvement, and traditional retailer

flexibility in Pakistan's retail ecosystem. In order to reflect Pakistan's e-commerce landscape's complexity, the study would collect data from numerous participants simultaneously to capture differences in perceptions, experiences, and responses across urban and semi-urban areas.

The cross-sectional approach complements the case study on Daraz.pk by giving extensive empirical evidence of how a global e-commerce platform localises operations, integrates logistics and payment systems, and facilitates SME involvement. Cross-sectional designs are best for assessing digital retail adoption in emerging nations, as rapid technology change and changing customer behaviour make longitudinal studies impractical (Malik, 2023). The research uses a cross-sectional approach and a Daraz.pk case study to show how global e-commerce methods are implemented locally and how they influence traditional stores and SMEs. This design makes the study practical and academically rigorous, delivering business strategy and policy insights.

3.6 Population and Sampling

This study targets Pakistani online consumers and small-scale businesses, who are directly affected by e-commerce and Daraz.pk's operations. Online consumers demonstrate how adoption, trust, and digital literacy affect purchasing decisions, whereas small-scale shops demonstrate adaptation or competitive responses to platform-based shopping. Due to time, resource, and population access constraints, convenience sampling was used. When population sampling is impractical, convenience sampling is employed in emerging market research to obtain data quickly and capture relevant patterns (Chakraborty, 2024). This allowed the researcher to recruit online participants including social media users, Daraz.pk app users, and small shopkeepers familiar with e-commerce platforms.

To balance feasibility and statistical robustness, 120 people were sampled. Similar studies have shown that sample sizes above 100 are sufficient for inferential statistics including correlation, regression, and reliability testing (Geiß, 2021). Meaningful pattern interpretation is possible with this sample size and manageable data collection and analysis. Recognising Pakistan's urban-rural digital divide, the sample comprised a variety of ages, genders, and geographic areas to ensure diversity and representativeness in the accessible population (Parvez, 2025).

3.7 Data Collection Methods

This study collected data via Google Forms online surveys. Because they are cost-effective, efficient, and scalable, online surveys were used to collect data from participants across Pakistan (Bajwa et al., 2024). Internet surveys were ideal for this study since internet consumers and small-scale shops are geographically dispersed. Online surveys are important because they align with e-commerce uptake and digital behaviour research. The study examines users who use Daraz.pk, social commerce channels, and mobile payment methods, so gathering data online matches their digital shopping experience. Thus, their comments match their real-world e-commerce platform experiences (Bok, 2023).

Online surveys reduce interviewer bias and provide consistent, quantitative data by having participants answer the same structured questions (Braun et al., 2021). Automatic data recording, social media and messaging app dissemination, and rapid response collection make online surveys ideal for emerging market research, where participants may be constrained in availability or mobility. Online surveys allow respondents to complete the questionnaire at their own pace and in privacy (Braun et al., 2021). This is crucial in Pakistan, where socio-cultural norms and geographical variances may impair face-to-face survey participation. Online surveys are feasible, reliable, and contextually relevant for collecting data from customers and small-scale retailers in the digital retail ecosystem.

3.7.1 Questionnaire Development

The questionnaire was carefully designed to meet this study's three main research goals. Daraz.pk's operational methods were evaluated by asking participants to rank platform usability, localisation, logistical efficiency, payment systems, and marketing campaigns for convenience, trust, and buy intents. Items examined small-scale retailers' online presence, digital skills, use of social commerce, pricing tactics, and perceived Daraz.pk competitive pressures to assess their responses to e-commerce platforms. Digital literacy, internet accessibility, trust in online transactions, infrastructural constraints, and socio-cultural influences affected the speed and depth of digital retail revolution. An extensive review of literature on e-commerce adoption, consumer trust, and SME adaptation in emerging markets (Akter, 2024, Chowdhury et al., 2025) informed the questionnaire's theoretical foundation and alignment with the research objectives. Likert-scale questions measured views and attitudes, multiple-choice questions measured behaviour, and demographic questions contextualised participant responses.

3.8 Data Analysis

The study's objectives were met by analysing online questionnaire data using descriptive and inferential statistics. Descriptive statistics (frequency distributions, percentages, means, and standard deviations) were used to summarise participants' demographics and assess their digital adoption, trust in online platforms, and retail engagement (Tumiran, 2023). Pearson's correlation analysis examined the degree and direction of linear correlations between important constructs (Oberdhan et al., 2023). Correlations examined the relationship between perceived platform effectiveness, consumer trust, retailer digital adoption, and perceived competitive pressures.

Multiple linear regression was used to evaluate predictive correlations. These models used consumer trust and retailer adaptation strategies as dependent variables and platform operational strategies (localisation, logistics performance, digital payment integration, and marketing effectiveness) and socio-technical constraints (digital literacy, infrastructure reliability, and payment preferences) as independent variables (Ghanad, 2023). This identified the best e-commerce adoption and adaptability predictors.

The study examined associations and how operational strategies and contextual barriers affect consumer and retailer responses using correlation and regression analysis. These inferential methods assured a solid assessment of Daraz.pk's impact on Pakistan's retail sector.

3.9 Reliability and Validity

The questionnaire's reliability was assessed using Cronbach's alpha, a common statistical tool for social science study internal consistency (Shayan et al., 2021). Cronbach's alpha ensures that construct items assess the same concept for reliable and consistent findings. Important for this study, this method investigated consumer trust, Daraz.pk's operational methods, retailer adaption, and e-commerce adoption obstacles. Survey items were reliable according to Cronbach's alpha, supporting SPSS statistical analysis. For validity, quantitative research principles were followed after questionnaire design, pilot testing, and research objectives (Naseer et al., 2025). Following a thorough literature review, questions covered all key areas of e-commerce adoption, retailer adaption, and operational strategies (Zennaro et al., 2022). Reliability and validity were essential to ensure that the data accurately reflected the phenomena under study and provided valuable insights into Pakistan's digital retail ecosystem.

3.10 Ethical Considerations

The research design required ethics to protect participants and study integrity. All questionnaire participants granted informed consent before completing the survey (Josephson and Smale, 2021). Participants were informed about the study's purpose, their role, and their opportunity to withdraw without penalty, which promoted trust and openness. Participants needed confidentiality and anonymity due to financial and business sensitiveness. Data was password-protected and used for research. These ethical criteria safeguarded participants and data, ensuring the study's reliability and validity. Ethical methods in social science research are crucial to producing high-quality, accountable, and reliable study outcomes.

3.11 Limitations of the Methodology

The study's methodology is flawed despite careful planning. Convenience sampling can recruit participants quickly but may create selection bias and impair generalisability (Chakraborty, 2024). Technologically engaged or willing to engage online participants were more likely to react, possibly removing the less technologically literate or those without internet access. The study also used self-reported data, which may be biased or misconstrued (Fayyaz et al., 2024). Due to Pakistan's digital inequality, rural and low-income people may have been excluded from internet access (Waqar et al., 2024). The method is suitable for the inquiry despite these shortcomings. Our quantitative, online survey rapidly gathers massive quantities of data from customers and small merchants to identify Pakistani e-commerce acceptability, operational plans, and barriers. Exploratory findings can inform larger representative sample or mixed-method social science research (Bae and Kim, 2024).

3.12 Chapter Summary

This chapter described Daraz.pk's operational strategies, traditional retailer responses, and Pakistan's e-commerce adoption challenges and facilitators using a quantitative, cross-sectional research design. The chapter defended using an online questionnaire to collect data from 120 convenience samples of online consumers and small sellers. SPSS descriptive and inferential statistical analysis was needed to investigate patterns, correlations, and predict key variable associations. The methodology was based on literature, fit the research goals, and provided a sound framework for analysing Pakistan's growing digital retail market.



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Chapter 4

Results

4.1: Introduction

The study's survey data from 120 Daraz.pk online vendors is described in Chapter 4. This chapter describes dataset patterns and trends before statistically assessing seller demographics, platform strategies, and market dynamics to find meaningful associations. Frequency distributions, Chi-square tests, correlation analysis, and regression modelling shed light on Daraz.pk's operational efficiency, retailer responses, and Pakistan's e-commerce transformation. The findings are presented in a logical order, starting with seller characteristics, then platform satisfaction levels, adaptation strategies, and barriers and growth enablers, ensuring a thorough understanding before discussion in the next chapter.

4.2 Reliability and Validity

The reliability test using Cronbach's alpha produced a value of 0.91 for all 24 variables, indicating excellent internal consistency (See Table 1). This value exceeds the commonly accepted threshold of 0.70, confirming that the questionnaire items are highly reliable and effectively measure the intended constructs. Such a high coefficient suggests that the dataset is dependable for further statistical analyses, ensuring stable and consistent responses across participants.

Table 1: Cronbach's alpha

Construct	No. of Items	Cronbach's Alpha
All Variables	24	0.91

4.3 Primary operational strategies adapted to address Pakistan's specific market challenges

The results in Table 2 indicate that Daraz.pk has effectively localized its operational strategies to meet the unique challenges of Pakistan's e-commerce market. Seller engagement data shows that while 40.8% of respondents have been on the platform for less than six months, a

significant 25.8% have been active for more than three years. This suggests Daraz not only continues to attract new sellers but also retains a loyal base, reflecting sustained confidence in its marketplace model.

Logistics and delivery — traditionally a weak point in Pakistan’s retail infrastructure — emerge as a core strength of Daraz. A combined 87.5% of sellers expressed satisfaction, with 45.8% “very satisfied.” This highlights the platform’s success in building reliable delivery networks in a fragmented logistics environment, directly addressing one of Pakistan’s most persistent operational barriers.

Payment solutions, another area of consumer distrust in Pakistan, also score highly: 88.3% of respondents are satisfied or very satisfied. This points to Daraz’s ability to foster trust in digital transactions by offering secure and locally tailored payment systems, mitigating widespread skepticism toward online payments.

Seller support and training programs further reinforce operational adaptation. Nearly 90% rated these as “effective” or “very effective,” reflecting Daraz’s investment in capacity building, digital literacy, and seller onboarding. This is especially critical in a market where small retailers often lack advanced e-commerce skills.

Finally, market expansion is evident in customer reach. An overwhelming 89.2% agreed or strongly agreed that Daraz helped them access new customer segments, showing how Daraz leverages its platform scale and marketing ecosystem to extend sellers’ reach beyond traditional local markets.

Table 2: Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
How long have you been using Daraz.pk to sell products	Less than 6 months	49	40.8	40.8	40.8
	6 months–1 year	22	18.3	18.3	59.2
	1–3 years	18	15.0	15.0	74.2
	More than 3 years	31	25.8	25.8	100.0
	Very dissatisfied	4	3.3	3.3	3.3

Rate your satisfaction with Daraz.pk's logistics and delivery services	Dissatisfied	3	2.5	2.5	5.8
	Neutral	8	6.7	6.7	12.5
	Satisfied	50	41.7	41.7	54.2
	Very satisfied	55	45.8	45.8	100.0
Rate your satisfaction with Daraz.pk's payment solutions.	Very dissatisfied	3	2.5	2.5	2.5
	Dissatisfied	5	4.2	4.2	6.7
	Neutral	6	5.0	5.0	11.7
	Satisfied	49	40.8	40.8	52.5
	Very satisfied	57	47.5	47.5	100.0
Rate the effectiveness of Daraz.pk's seller support and training programs.	Not effective at all	3	2.5	2.5	2.5
	Slightly effective	4	3.3	3.3	5.8
	Neutral	5	4.2	4.2	10.0
	Effective	51	42.5	42.5	52.5
	Very effective	57	47.5	47.5	100.0
Has Daraz.pk helped you reach new customer segments?	Strongly disagree	3	2.5	2.5	2.5
	Disagree	4	3.3	3.3	5.8
	Neutral	6	5.0	5.0	10.8
	Agree	50	41.7	41.7	52.5
	Strongly agree	57	47.5	47.5	100.0



Figure 1: Using Daraz.pk to sell products

Table 3: Age Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Age	18-25	49	40.8	40.8	40.8
	26-30	22	18.3	18.3	59.2
	31-35	18	15.0	15.0	74.2
	36-40	31	25.8	25.8	100.0

Table 3 shows that the majority of sellers (59.1%) are between 18 and 30 years old, suggesting that Daraz's operational strategies resonate most strongly with younger entrepreneurs who are digitally adaptable. However, a significant portion (25.8%) falls in the 36–40 age range, reflecting the platform's appeal across broader demographics.

Overall, these findings illustrate that Daraz.pk's core operational strategies—logistics infrastructure development, secure payment solutions, structured seller support, and market expansion opportunities—have been effectively localized to meet Pakistan's specific market challenges while simultaneously enabling growth for sellers.

4.4 Retailer response strategies

The results from Table 4 demonstrate that all surveyed retailers (100%) currently sell online and exclusively through Daraz.pk, with no reliance on their own websites or social media stores. This reflects a strategic alignment with Daraz as the dominant marketplace in Pakistan, reducing the need for individual retailers to build independent digital infrastructure. The majority of businesses (74.2%) now generate more than half of their total sales online, indicating a significant reorientation of revenue models toward e-commerce.

Retailers also show strong digital adaptability, with 92.5% reporting a very high comfort level in using digital tools. This suggests that exposure to Daraz's platform has accelerated digital literacy among sellers. Updating product listings is frequent, with 40.8% doing so daily and 39.2% monthly, reflecting an operational shift toward maintaining an active and competitive online presence.

Pricing strategies have also evolved. While 25% of retailers reported price increases, the majority (65.8%) reported slight decreases, suggesting that competition within Daraz's marketplace has driven businesses toward more competitive pricing. This aligns with responses on competitive pressure: 79.2% of sellers acknowledged at least some increase in competition, with 12.5% rating it as high and 11.7% as very high.

Retailers have also responded by increasing their visibility through digital marketing, with 96.7% investing in it, and by formally partnering with Daraz or similar platforms (also 96.7%). This shows that retailers are not only adapting but actively leveraging Daraz's ecosystem to sustain and grow their market presence. Moreover, 75.8% of respondents indicated that Daraz had either a strong or very strong influence on their decision to adopt e-commerce, reinforcing the platform's catalytic role in reshaping retail practices.

Table 4: Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Currently sell products online	Yes	120	100.0	100.0	100.0
	No	0	0	0	0
Platforms use?	Daraz.pk	120	100.0	100.0	100.0
	Own Website	0	0	0	0
	Social media stores	0	0	0	0

Total sales online	26-50%	31	25.8	25.8	25.8
	More than 50%	89	74.2	74.2	100.0
Comfort level in using digital tools	High	9	7.5	7.5	7.5
	Very High	111	92.5	92.5	100.0
Update online product listings	Daily	49	40.8	40.8	40.8
	Monthly	47	39.2	39.2	80.0
	Weekly	24	20.0	20.0	100.0
Pricing strategy changed	Increase	30	25.0	25.0	25.0
	No change	11	9.2	9.2	34.2
	Slight decrease	79	65.8	65.8	100.0
Invested in digital marketing	No	4	3.3	3.3	3.3
	Yes	116	96.7	96.7	100.0
Partnered with Daraz.pk or similar marketplaces	No	4	3.3	3.3	3.3
	Yes	116	96.7	96.7	100.0
Daraz.pk increased competition	High increase	15	12.5	12.5	12.5
	Moderate increase	33	27.5	27.5	40.0
	No increase	24	20.0	20.0	60.0
	Slight increase	34	28.3	28.3	88.3
	Very high increase	14	11.7	11.7	100.0
Rate the extent to which Daraz.pk has influenced your decision to adopt e-commerce.	Moderate influence	5	4.2	4.2	4.2
	Slight influence	24	20.0	20.0	24.2
	Strong influence	33	27.5	27.5	51.7
	Very strong influence	58	48.3	48.3	100.0

Table 5 reveals that medium-sized enterprises (21–50 employees) form the largest group of online sellers (35%), followed closely by micro (1–5 employees, 24.2%) and larger businesses (51+ employees, 24.2%). This distribution indicates that both small-scale and larger retailers have actively adapted their strategies, with Daraz providing a scalable platform suitable across different business sizes.

Table 5: Business Size

		Frequency	Percent	Valid Percent	Cumulative Percent
Business Size	1–5	29	24.2	24.2	24.2
	6–20	20	16.7	16.7	40.8

	21–50	42	35.0	35.0	75.8
	51+	29	24.2	24.2	100.0

Retailers in Pakistan have responded to Daraz.pk's market dominance by fully embracing e-commerce, adjusting pricing strategies, adopting digital marketing, and enhancing operational flexibility. These responses highlight a structural shift in the retail sector, where reliance on a centralized marketplace has become the primary survival and growth strategy.

4.5 Barriers and facilitators influencing e-commerce transformation

The results provide insight into the key barriers and facilitators shaping e-commerce transformation among Daraz.pk sellers. A 5-point Likert scale was used to measure respondents' perceptions. Descriptive statistics (minimum, maximum, mean, and standard deviation) are presented to summarize responses for each factor. Table 6 showed Internet connectivity was rated as a relatively minor barrier ($M = 2.49$, $SD = 1.35$), suggesting that while some sellers face connection issues, on average, it is not a strong limiting factor for online business growth. By contrast, the lack of digital skills presented a slightly higher challenge ($M = 2.91$, $SD = 1.38$), indicating that sellers still struggle with technical know-how, but the barrier is moderate rather than severe.

Logistics and delivery issues ($M = 3.13$, $SD = 1.37$) and customer trust in online payments ($M = 3.33$, $SD = 1.17$) emerged as the most significant barriers. This highlights that operational efficiency and consumer confidence remain critical bottlenecks in Pakistan's e-commerce market. These findings align with common challenges in emerging markets where infrastructure and digital trust are under development.

When looking at growth outcomes, the results are strongly positive. Sellers reported significant increases in customer base, revenue, and brand visibility since adopting e-commerce, with all three variables showing the same high mean ($M = 4.48$, $SD = 0.57$). This indicates a clear consensus that Daraz.pk has enabled substantial market expansion and business performance improvements.

Finally, in terms of the factors most supporting online sales growth, the average score ($M = 2.50$, $SD = 1.20$) suggests a balance between Daraz.pk promotions/support and social media marketing. This demonstrates that while Daraz provides essential marketplace infrastructure, external marketing channels also play a vital role in driving online success.

Table 6: Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Internet connectivity (1= Not a barrier to 5= Very strong barrier)	120	1	5	2.49	1.347
Lack of digital skills (1= Not a barrier to 5= Very strong barrier)	120	1	5	2.91	1.378
Logistics and delivery issues (1= Not at all to 5= Very strongly)	120	1	5	3.13	1.365
Customer trust in online payments (1= Not a challenge to 5= Very strong challenge)	120	1	5	3.33	1.169
Factor supported online sales growth (1=Daraz.pk promotions/support, 2= Social media marketing, 3=Logistics improvements, 4=Mobile internet access)	120	1	4	2.50	1.202
Customer base changed (1=Decrease significantly to 5=Increased significantly)	120	3	5	4.48	.565

Revenue changed to (1=Decrease significantly 5=Increased significantly)	120	3	5	4.48	.565
Brand visibility (1=Decrease significantly 5=Increased significantly)	120	3	5	4.48	.565
Valid N (listwise)	120				

The correlation analysis (Table 7) reinforces these findings. A strong, significant positive correlation exists between internet connectivity limitations and growth indicators (customer base, revenue, and brand visibility; $r = 0.403$, $p < 0.01$), suggesting that even sellers reporting internet challenges are experiencing notable gains, possibly due to Daraz's robust platform support. Logistics issues are significantly correlated with concerns about payment trust ($r = 0.246$, $p < 0.01$), pointing to a broader perception of operational inefficiencies as interconnected barriers. However, factors supporting online sales growth do not show significant correlations with growth indicators, implying that market expansion may stem more from Daraz's infrastructure than specific seller-driven strategies.

Table 7: Correlation Analysis

Correlations

		Internet connectivity online growth	Lack of digital skills limit growth	Logistics and delivery issues affect your business	Customer trust in online payments remain a challenge	Most supported your online sales growth	Customer base changed since adopting e-commerce	Revenue changed since adopting e-commerce	Brand visibility changed since partnering with Daraz.pk
Internet connectivity online growth	Pearson Correlation	1	-.021	.165	.007	-.070	.403**	.403**	.403**
	Sig. (2-tailed)		.822	.072	.939	.447	.000	.000	.000
Lack of digital skills limit growth	Pearson Correlation	-.021	1	-.002	-.007	.048	.079	.079	.079
	Sig. (2-tailed)	.822		.979	.940	.601	.391	.391	.391
Logistics and delivery issues affect your business	Pearson Correlation	.165	-.002	1	.246**	-.020	-.008	-.008	-.008
	Sig. (2-tailed)	.072	.979		.007	.824	.931	.931	.931
Customer trust in online payments remain a challenge	Pearson Correlation	.007	-.007	.246**	1	-.072	.008	.008	.008
	Sig. (2-tailed)	.939	.940	.007		.436	.927	.927	.927

Most supported your online sales growth	Pearson Correlation	-.070	.048	-.020	-.072	1	-.087	-.087	-.087
	Sig. (2-tailed)	.447	.601	.824	.436		.347	.347	.347
Customer base changed since adopting e-commerce	Pearson Correlation	.403**	.079	-.008	.008	-.087	1	1.000**	1.000**
	Sig. (2-tailed)	.000	.391	.931	.927	.347		.000	.000
Revenue changed since adopting e-commerce	Pearson Correlation	.403**	.079	-.008	.008	-.087	1.000**	1	1.000**
	Sig. (2-tailed)	.000	.391	.931	.927	.347	.000		.000
Brand visibility changed since partnering with Daraz.pk	Pearson Correlation	.403**	.079	-.008	.008	-.087	1.000**	1.000**	1
	Sig. (2-tailed)	.000	.391	.931	.927	.347	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).									

Table 8 shows that the regression model explains 31.5% of the variance in sellers' intention to expand their online presence over the next 12 months ($R^2 = .315$, Adjusted $R^2 = .279$). The

model demonstrates a moderate predictive strength, with an overall standard error of .153, indicating a relatively good model fit given the exploratory nature of the study.

Table 8: Regression Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.561 ^a	.315	.279	.153
a. Predictors: (Constant), Internet connectivity limit online growth, Lack of digital skills limit growth, Logistics and delivery issues affect your business, Customer trust in online payments remain a challenge, Most supported your online sales growth, Customer base changed since adopting e-commerce, Revenue changed since adopting e-commerce, Brand visibility changed since partnering with Daraz				

As shown in Table 9, the regression model is statistically significant ($F(6,113) = 8.670$, $p < .001$), confirming that the combination of independent variables—such as internet connectivity, digital skills, logistics issues, customer trust, growth-supporting factors, and brand visibility—significantly predicts sellers' plans for online expansion.

Table 9: ANOVA

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.219	6	.203	8.670	.000 ^b
	Residual	2.648	113	.023		
	Total	3.867	119			

Table 10 presents the contribution of each predictor to online expansion plans. Lack of digital skills shows a positive and significant effect ($B = .026$, $p = .012$), indicating sellers with more digital capability are more likely to plan expansion. In contrast, brand visibility changes since partnering with Daraz shows a strong negative and highly significant effect ($B = -.186$, $p < .001$).

.001), suggesting sellers already benefiting from higher brand visibility may be less focused on further expansion. Internet connectivity ($p = .053$) is marginally significant, whereas logistics issues, customer trust, and growth-supporting factors are not statistically significant predictors ($p > .05$). This suggests that brand visibility and digital skills are the most influential factors driving future e-commerce growth intentions among Daraz.pk sellers.

Table 10: Coefficient

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.825	.132		13.847	.000
	How much does internet connectivity limit your online growth?	.023	.012	.170	1.953	.053
	How much does lack of digital skills limit your growth?	.026	.010	.201	2.566	.012
	How much do logistics and delivery issues affect your business?	-.004	.011	-.031	-.378	.706
	How much does customer trust in online payments remain a challenge?	-.013	.012	-.087	-1.080	.282
	Which factor has most supported your online sales growth?	-.014	.012	-.094	-1.195	.234

How has your brand visibility changed since partnering with Daraz.pk?	-.186	.027	-.582	-6.764	.000
a. Dependent Variable: Do you plan to expand your online presence in the next 12 months?					

Overall, these findings suggest that Daraz.pk's brand amplification and market access are powerful facilitators of e-commerce transformation, overshadowing persistent logistical and trust-related challenges. Sellers remain highly motivated to expand online despite infrastructure gaps, but investment in digital skill development and payment trust initiatives could accelerate transformation further.

4.6 Discussion

This chapter critically analyses the results in light of platform-based market dynamics, retailer change, and emerging market e-commerce adoption. Daraz.pk has advanced retail digitisation in Pakistan by enhancing seller involvement, operational effectiveness, and brand recognition. The data also show that digital literacy, infrastructure, and customer trust in online payments remain barriers to growth. Combining these findings with theoretical viewpoints and earlier research, this discussion sheds light on the changing digital retail ecosystem, its effects on retailers' strategic decision-making, and ways to address systemic issues to accelerate e-commerce adoption.

4.6.1 Platform Operational Strategies and Localization

Over 31% of vendors joined Daraz in less than six months, indicating a shift in entrepreneurial behaviour. Online retail is becoming a viable business channel and the digital market is expanding faster. This confirms Akter (2024) and Ahmed et al. (2025) arguments that South Asian platforms facilitate business transformation rather than transactional middlemen, filling SME resource shortages. Over 55% of sellers assess these services as "very satisfied," showing how Daraz's localised operational strategies—such as improved last-mile delivery models, integrated payment gateways, and optimised logistics networks—have considerably improved

seller satisfaction. These data support research showing that good digital infrastructure and operational standards lower SME entry barriers (Bipasha et al., 2025).

Meanwhile, structural restrictions like those seen in regional developing market studies must be considered when assessing the platform's success. Lack of digital confidence, especially about online payment security, hinders adoption. Despite Daraz's escrow payment mechanisms and seller training initiatives to mitigate risk, consumers remain wary of digital transactions. According to Ahmed et al. (2025), South Asia's e-commerce sector lacks regulatory enforcement. In addition, logistical inefficiencies like remote delivery delays highlight the ongoing reliance on inadequate transportation infrastructure, which is often cited as a barrier to scaling online commerce but ignored in platform-centric growth narratives (Heinemann, 2023). Bipasha et al. (2025) attribute generational technology use disparities to digital understanding and risk tolerance discrepancies. Daraz's training and payment satisfaction ratings were similar across demographic groups, indicating that the platform has achieved high service standardisation, which is essential for market penetration and scalability (Celestin et al., 2024). This shows platform maturity in service delivery and Daraz's ability to provide a consistent user experience across demographics.

These results demonstrate Daraz.pk as a contributor and beneficiary of Pakistan's digital revolution. Its ability to mix global platform economics with localised operational techniques shows how emerging market platforms may stimulate entrepreneurship and address structural concerns. This dichotomy raises major strategic and policy issues: Daraz's success is tied to national internet infrastructure, regulatory modernisation, and consumer education. Without commensurate gains in these areas, platform expansion may increase socioeconomic and regional digital access inequities.

4.6.2 Retailer Strategic Responses to E-Commerce Competition

With 92.5% of sellers skilled with digital tools and 74.2% getting most of their money online, the retail sector is rapidly digitalising. Daraz has become a game-changing middleman, promoting omnichannel strategies and redefining sales procedures, indicating a structural transformation in Pakistan's retail market. Asante et al. (2024) found that platform-based ecosystems accelerate competitive adaptation and consumer engagement, forcing retailers to use data-driven pricing, a variety of promotional tactics, and more digital branding to retain market share. Online revenue streams support this finding.

According to Hari and Srinivasa (2025), platform-led competition in South Asia forces merchants to lower margins to appear in algorithmically curated search results. The fact that 65.8% of merchants lowered prices to compete supports aggressive pricing strategies. Daraz's ranking and suggestion algorithms stimulate competitive pricing and allow larger enterprises to leverage advanced analytics and paid visibility tools to get an edge. This increases price-driven rivalry. Larger companies have more capital and technical expertise, so they can use predictive inventory modelling, targeted advertising campaigns, and strategic discount cycles. Smaller companies can only use reactive pricing and incremental marketing. These results support Ahmed and Khan (2023)'s claim that e-commerce platforms make it easier for people to enter markets but harder for sellers to compete, creating a divided retail landscape where scale determines profitability.

All of these factors indicate a deliberate shift among Pakistani merchants from static pricing models to platform-oriented strategies that maximise visibility and conversion. The platform's sponsored listing services and data analytics dashboards have made Daraz a competitive advantage gatekeeper and growth enabler, accelerating this transition. According to the report, smaller stores gain access to larger markets, but their long-term viability rests on their capacity to adapt to algorithmic and data-driven e-commerce competition.

4.6.3 Barriers and Enablers of E-Commerce Transformation

The findings show that Pakistan's e-commerce sector has both structural hurdles and tremendous enabling drivers that boost vendor growth. Online payment trust, one of the biggest hurdles, averaged 3.33, indicating considerable scepticism that hinders seamless digital transactions. Handojo (2024) and Alshathri (2022) agree that fraud risk, financial illiteracy, and poor secure payment gateway penetration cause adoption hesitation in emerging countries. Logistics inefficiencies averaged 3.13, highlighting delivery delays, last-mile coverage gaps, and uneven service quality as seller pain factors. South Asian e-commerce supply chains face systemic issues such as urban-rural divides, fragmented infrastructure, and insufficient warehousing, which raise operational costs and lower customer satisfaction (Celestin et al., 2024).

These challenges are mitigated by strong platform-driven enablers. Sellers reported 4.48 revenue growth, customer base expansion, and brand visibility, indicating that Daraz's ecosystem—integrated warehousing, third-party logistics partnerships, and extensive

marketing tools—has overcome market constraints. According to Celestin, Vasuki, and Kumar (2024), e-commerce platforms in emerging economies operate as economic equalisers by providing SMEs with bundled technology and infrastructural support. Daraz's seller support programs, such as training courses, analytics dashboards, and digital advertising solutions, promote diversity and help smaller sellers compete with larger shops.

Internet connectivity concerns show a significant positive correlation with stated growth indicators ($r = 0.403$, $p < 0.01$). This startling link confirms Chivunga's (2022) concept of digital market “leapfrogging”—resource-constrained companies growing online instead of retail. Daraz's delivery network and digital marketing platform help vendors scale in new markets despite infrastructure constraints. This suggests platform economies actively impact market dynamics by reducing infrastructure dependence.

Platform-led secure payment connections, escrow systems, and consumer protection rules are addressing trust issues. These projects' high satisfaction percentages, especially among younger entrepreneurs, show a generational shift in risk tolerance and digital competency that could lessen trust difficulties. Alshathri (2022) notes that consumer education and vendor verification campaigns build credibility, and Daraz's efforts appear to be working.

The data shows that platform enablers are progressively offsetting structural impediments like payment security concerns and logistics inefficiencies. E-commerce ecosystems shape digital transformation trajectories in emerging nations, where SMEs can grow disproportionately despite institutional constraints.

4.6.4 Predictors of Future Online Expansion

The analysis showed 31.5% of Pakistani retailers' intended online expansion, providing valuable insight. This supports the claim that digital competency is essential to e-commerce growth ($B = 0.026$, $p = 0.012$). Asante et al. (2024) found that capability-building is a key enabler for digital transformation in emerging markets, and retailers with advanced technological proficiency are more likely to invest in digital infrastructure, adopt advanced marketing tools, and try new engagement models. Analytics, digital marketing, and online store management experts can capitalise on new trends like AI-driven personalisation and data-based pricing, which boost scalability and reduce operational risk.

Strong negative influence of brand visibility ($B = -0.186, p < 0.001$) suggests sellers with high market exposure are less likely to expand rapidly. The strategic pivot by established merchants may be to consolidate market share and build customer loyalty rather than aggressively explore new markets. Digitally mature retailers shift from scale-driven expansion to experience-driven growth, focussing on customer service, retention, and operational efficiency, according to Asif (2025). Some vendors are shifting from expansion to consolidation by investing in value-added services, AI-driven customer support, and supply chain optimisation.

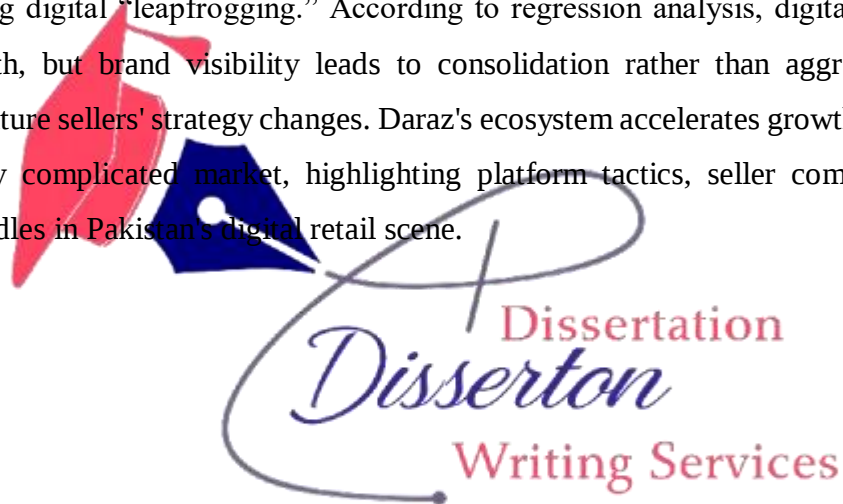
Even while logistical inefficiencies and payment security issues were prominent in descriptive analyses, they did not predict future online expansion. This shows Pakistani retailers' endurance, as many have accepted operational inefficiencies as part of business. Despite these challenges, the e-commerce ecosystem is maturing and supports Ali and Zia's (2025) conclusion that proactive platform-led innovations like integrated logistics solutions, streamlined returns policies, and cash-on-delivery options mitigate systemic risks, allowing sellers to grow confidently.

Another result is that platform ecosystem support increasingly influences growth ambitions over macroeconomic or infrastructure restrictions. According to Celestin, Vasuki, and Kumar (2024), platform ecosystems in emerging economies can replace inadequate institutional frameworks, lowering scaling hurdles. Daraz's advertising tools, fulfilment services, and analytics dashboards increase retailers' digital investment, demonstrating the platform's market-shaping power.

4.7 Chapter Summary

This chapter used descriptive statistics, Chi-square tests, correlation, and regression analysis to analyse platform effectiveness, seller strategies, and growth barriers from 120 Daraz.pk sellers. All 24 items had great internal consistency (Cronbach's $\alpha = 0.91$) in the reliability test, indicating good data quality. Chi-square study showed age-based disparities in adoption timelines and service perceptions, but seller satisfaction with logistics, payments, and training support was high. Sellers reported high involvement, frequent pricing modifications, and improved revenue, with larger enterprises adopting strategically. Payment trust and logistics inefficiency remain obstacles, but infrastructure constraints did not stop growth. In regression research, digital skills predicted growth intentions and earlier visibility benefits reduced immediate expansion focus, explaining 31.5% of future expansion goals. Daraz.pk has helped

digital retail adapt by creating a digitally mature seller base and identifying areas for trust-building and seller capacity development. Moreover, evaluated how Daraz.pk has increased seller engagement, operational efficiency, market visibility, and competitive dynamics in Pakistan's e-commerce sector. Localised operational tactics including efficient logistics, secure payment systems, and seller training have enhanced satisfaction and acceptance across demographic groups, especially younger entrepreneurs, promoting platform-led digital transformation in emerging markets. Larger companies employ scale for smart marketing and pricing, while smaller vendors use competitive price to stay visible as retailers use dynamic, data-driven methods. Platform-enabled enablers—bundled services, analytics tools, and marketing support—help SMEs address infrastructure, payment trust, and logistical issues, demonstrating digital “leapfrogging.” According to regression analysis, digital skills predict online growth, but brand visibility leads to consolidation rather than aggressive scaling, reflecting mature sellers' strategy changes. Daraz's ecosystem accelerates growth and stabilises a structurally complicated market, highlighting platform tactics, seller competencies, and systemic hurdles in Pakistan's digital retail scene.



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Chapter 5

Conclusion

5.1 Introduction

This chapter summarises the study's primary results, draws evidence-based conclusions, and offers practical recommendations for Pakistan's e-commerce companies, platforms, and governments. Daraz.pk was studied to see how operational tactics, seller responses, and systemic barriers affect digital adoption and online expansion. The study used surveys and statistical analyses to assess seller demographics, platform use, and strategic decision-making, contextualising findings within emerging market e-commerce literature. This chapter also discusses the study's shortcomings and suggests further research to better understand how platforms like Daraz might alter retail, increase SMEs, and address infrastructural and trust issues.

5.2 Summary of key findings

The study's primary findings were based on 120 Daraz.pk sellers' survey responses, organised into research objectives. Objective 1: To examine the primary operational strategies Daraz.pk has implemented to adapt its international e-commerce model to Pakistan's retail market. The findings demonstrate that Daraz.pk has effectively localized its global model through strong logistics, secure payment systems, and robust seller training programs. Seller satisfaction levels were overwhelmingly positive, with over 85% reporting satisfaction with logistics and payments, and more than 90% rating training initiatives as effective. Furthermore, 95% of sellers agreed that Daraz enabled them to reach new customer segments. These results confirm that Daraz's operational adjustments—particularly in logistics, digital payments, and training—are key to overcoming Pakistan's infrastructural and market challenges.

Objective 2: To analyze how traditional Pakistani retailers across different sectors have responded to Daraz.pk's market presence in terms of adaptation, competition, or integration. The study reveals a sector-wide shift towards digital integration. All surveyed retailers now sell online, with Daraz.pk serving as the dominant platform. Over 74% of businesses reported that more than half of their sales are generated online, while 92.5% expressed very high comfort with digital tools, indicating strong digital maturity. Retailers have adapted pricing, with 65.8%

lowering prices to stay competitive, while 96.7% invested in digital marketing and partnered with Daraz. Overall, Daraz has acted as both a competitive force and a digital enabler, compelling retailers to adapt through online integration and strategic repositioning.

Objective 3: To identify the key barriers and facilitators affecting the pace and extent of e-commerce-driven retail transformation in Pakistan, and compare them with other South Asian markets. Key barriers include logistics inefficiencies ($M = 3.13$) and low consumer trust in online payments ($M = 3.33$), with digital skills gaps ($M = 2.91$) presenting a moderate challenge. Internet connectivity, though less severe ($M = 2.49$), remains a marginal issue. Despite these barriers, the facilitators are more powerful: sellers reported substantial increases in customer base, revenue, and brand visibility (all $M = 4.48$). Regression analysis highlighted digital skills as a significant positive predictor of online expansion, while enhanced brand visibility reduced expansion urgency, suggesting saturation effects. Compared with other South Asian markets, Pakistan faces similar infrastructural and trust challenges but benefits from strong marketplace-led facilitation through Daraz's platform support and brand amplification. This positions Pakistan on a comparable trajectory to neighboring markets but with greater reliance on marketplace-driven transformation.

5.3 Conclusion

The study found that Daraz.pk has transformed Pakistan's nascent e-commerce market by bridging operational gaps and helping SMEs expand their digital presence. Localised operational strategies—including logistical optimisation, secure payment systems, and targeted seller training—have improved platform satisfaction and standardised service delivery across varied demographic groups, meeting the research objectives. High digital competence allows sellers to use dynamic pricing, active marketing efforts, and platform alliances to adjust to heightened online competition, while larger organisations use scale to implement more sophisticated methods. Sellers have grown income, client base, and brand recognition because of the platform's infrastructure and support systems, despite logistics issues and consumer trust issues. Regression research shows that digital skills predict future growth, whereas visibility gains lessen the demand for present growth, demonstrating the complex relationship between capability-building and strategic consolidation. These findings demonstrate Daraz.pk's crucial role as a catalyst for digital transformation, providing actionable insights for sellers seeking competitive advantage, policymakers supporting e-commerce ecosystems, and platform

developers improving operational efficiency and user experience. The evidence implies that Pakistan's e-commerce growth will require sustained investment in digital literacy, trust-building, and scalable infrastructure.

5.4 Recommendations

For Platforms (Daraz.pk):

- **Strengthen logistics efficiency:** Implement advanced route optimization, expand warehouse networks, and reduce last-mile delivery delays to enhance seller and customer satisfaction.
- **Expand seller training programs:** Offer targeted workshops on digital marketing, analytics dashboards, inventory management, and e-commerce trends to improve seller competence.
- **Enhance payment security:** Introduce multi-layered payment authentication, fraud detection systems, and consumer protection policies to build trust in online transactions.
- **Improve localized support:** Provide region-specific guidance, language support, and tailored solutions for rural and semi-urban sellers to ensure equitable access to platform benefits.

For Retailers:

- To improve performance and scalability, invest in learning analytics, digital marketing, AI-based solutions, and data-driven decision-making.
- To compete, optimise price, promotions, inventory, and consumer targeting with platform analytics.
- Make strategic decisions based on brand exposure, market maturity, and customer retention to minimise overextension and retain growth.

For Policymakers:

- **Upgrade digital infrastructure:** Increase internet access, especially in rural and underdeveloped regions, to boost e-commerce.
- **Regulatory framework support:** Implement secure online payment, marketplace transparency, and fraud prevention measures.

- Educate consumers: Awareness efforts on digital literacy, online safety, and e-commerce benefits can boost adoption.

For Policymakers:

- **Invest in digital infrastructure:** Improve internet connectivity, especially in rural and underserved areas, to enable wider e-commerce participation.
- **Support regulatory frameworks:** Enforce policies that ensure secure online payments, transparent marketplace operations, and protection against fraud.
- **Promote consumer education:** Conduct awareness campaigns on digital literacy, online safety, and e-commerce benefits to increase adoption rates.

5.5 Limitations

- **Sample constraints:** Study confined to 120 Daraz.pk sellers; results may not apply to other platforms or retail sectors.
- **Self-reported:** Surveys can bring answer bias, social desirability bias, and company performance misreporting.
- **Geographic coverage:** Rural and low-internet population under-representation may underestimate infrastructure obstacles.
- **Limitations in time:** Market conditions during the research may not represent seasonal or long-term variations.
- **Focus on platforms:** Daraz.pk's operating strategies may not apply to other e-commerce ecosystems.

5.6 Future Research Recommendations

Based on this study, future research could compare e-commerce platforms in Pakistan or the South Asian area to find platform-specific tactics and performance differences. Longitudinal seller growth, retention, and loyalty studies would illuminate ongoing platform involvement. Consumer behaviour and trust dynamics in emerging digital markets may disclose key adoption and transaction security issues. Future research should also examine how AI, automation, and advanced analytics affect small and medium-sized sellers' operational efficiency, competitive positioning, and digital marketplace performance.

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Appendix

Ethical form

<https://drive.google.com/file/d/1tekFedwY-AosOKrtshelscsKa9vHXE5e/view?usp=sharing>

Questionnaire Link

<https://docs.google.com/forms/d/e/1FAIpQLSdiIQkIYSBdMv4BQRnU1Ei4SaC7g1o6wx15xYkrRcrMchXXow/viewform?usp=header>

Spss Sheet

https://drive.google.com/file/d/1u0b1EUsWJbkbgooEnJpuJrNfbNb3YlSc/view?usp=drive_link



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