



AALBORG UNIVERSITET

Building Brand Equity through Customer Experience:
Digitalisation of SMEs in Bangladesh's FMCG Industry

Md Imran Hossain

Student Number: 20231205

Supervisor: Andreea Bujac

Abstract

The study explores how SMEs in Bangladesh's FMCG industry are adopting the digital trends and tools such as e-commerce, social media, and mobile financial services to redefine the customer experience across different geographical locations of the country. Having insight from six qualitative interviews comprising academics, policymakers and entrepreneurs, the research tried to highlight the possible barriers to adapting digital tools as well as opportunities that persist. The findings indicate that these digital tools significantly improved SME businesses and allowed them to reach different markets, be efficient in business and engage different target markets. However, there are challenges such as infrastructure, cultural barriers, logistics, digital literacy, etc. The study highlights the role of academic research and policymaking in overcoming those barriers. Policy-making approaches such as internet access and speed, reduced internet and MFS costs, training on digital literacy and rural infrastructure development can significantly reduce the challenges and accelerate SME growth. Finally, the study identifies some future trends, such as artificial intelligence-based customer support, social media live selling, local e-commerce platforms, and cultural innovations that can be the driver of SME transformation in upcoming years.

Contents

Abstract	2
Chapter-1 Introduction.....	6
1.1 Background of Research.....	6
1.2 Problem Statement and Research Gap.....	6
1.3 Research Objectives	7
1.4 Research Questions	7
1.5 Significance of Research.....	7
1.6 Structure of Thesis	8
Chapter-2 Literature Review	9
2.1 Introduction & Relevant Concepts	9
2.2 Brand Equity Drivers	9
2.2.1 Sustainability & Ethical Branding	10
2.3 Customer Experience	11
2.4 Digital Tools.....	11
2.4.1 Mobile Financial Service	11
2.4.2 E- Commerce & Social Media.....	12
2.5 Bangladesh's FMCG SMEs at a Glance	12
2.5.1 SMEs in Bangladesh	12
2.5.2 FMCG Industry in Bangladesh.....	13
2.5.3 Urban & Rural Markets.....	14
2.6 Conceptualization	14
2.6.1 Literature Gap.....	14
2.6.2 Conceptual Framework	15

Chapter-3 Methodology	16
3.1 Research Philosophy	16
3.2 Research Approach	16
3.3 Research Strategy	16
3.4 Data Types	17
3.5 Data Collection Methods	17
3.6 Data Analysis Procedure.....	18
3.7 Limitations	18
3.8 Ethical Consideration.....	18
3.9 Validity & Reliability	18
Chapter-4 Data Analysis and Discussion.....	20
4.1 Introduction	20
4.2 Thematic Analysis.....	20
4.2.1 Theme 1: Digital Tools Enhance CX.....	20
4.2.2 Theme 2: Specific Digital Platforms Build Engagement.....	23
4.2.3 Theme 3: Barriers to Adopting Digital Tools.....	24
4.2.4 Theme 4: Cultural & Behavioral Differences	27
4.2.5 Theme 5: Policymaking & Infrastructure.....	28
4.2.6 Theme 6: New Trends in SME Digitalisation	31
4.3 Emerging Trends & Usability	33
4.4 Discussion	33
4.5 Themes in a Brief	34

Chapter-5 Conclusion and Recommendations	36
5.1 Conclusion.....	36
5.2 Theoretical Contribution	36
5.3 Recommendations	37
5.4 Areas of Future Research.....	38
5.5 Study Limitations	39
5.6 Final Words	39
References	40
Appendix.....	43
Interview Questions	43
Interview Transcript.....	44
List of Interviewee	45

Chapter 1: Introduction

1.1 Background of Research

Bangladesh's economy is crucially dependent on its SME sectors, which contribute almost 25% of the country's GDP (Rahman & Mubina, 2020). SMEs consist of Cottage, Micro, Small and Medium Enterprises (CMSMEs), constituting a significant portion of the industrial landscape (Portal.gov.bd). Local SMEs like RFL dominate the rural & urban market. The emergence of global brands like Unilever and P&G has put the local brands under competitive brawls, & this has been aided by the change in consumer perception about products & services. The home brands often fall short of the global ones due to a lack of resources, technology, supply chain networks, and effective consumer strategies. However, the digital revolution of Bangladesh is changing the traditional SME industry with the adoption of digital tools such as e-commerce, mobile financial services, social media, etc., & opening the boundary of opportunities for many local SMEs. Local e-commerce like Chaldal reached people an average of 6,367,517 times in 2023. The same goes for MFS like bKash, holding the market lead with 80 million users showcasing the importance of digitalisation to customers. This wave of digitalisation offers both a problem and an opportunity: use tools like social commerce and MFS to improve customer experience & competition on a larger scale

The small & medium enterprise sector is a pivotal factor for the economy of Bangladesh. According to estimates from the Bangladesh Bureau of Statistics (BBS), the SME sector contributed 21.36 percent of GDP in FY17, followed by 21.98 percent in FY18 and 22.86 percent in FY19 (Talukder & Rahman, 2022). And the contribution kept increasing after the covid situation more. However, the sector faces intense competition from many global brands that have both resources & technological leverage to capture the market & customers. As of December 2023, the total number of MFS agents is 1.72 million, whereas the number of registered clients is 220.50 million, and the number of active clients is about 83.70 million, following the year 2023, where a total amount of BDT 13,529.40 billion was transacted through MFS in around 6,161.00 million transactions (Bangladesh Bank, 2023). The rise of MFS & e-commerce platforms has opened the way for platforms like ShopUp and Daraz, who are aiding the SMEs in competition either logistically or digitally. While scholars highlight the importance of digital touchpoints in the customer journey, the reality begs to differ. One example could be the rural small enterprises of Bangladesh, whose rural SMEs, rely on informal networks while the urban ones focus on MFS and social media to improve CX. In Bangladesh, a \$2.8 billion financing gap prevails in the MSME sector, where 60% of women SMEs' financing needs are unmet, and lack of access to collateral are one of the key hindrances (World Bank, 2019). All these indicate a research gap in this sector of Bangladesh as well as possibilities such as cost-effective strategies for SMEs, adoption of digital tools for providing better customer experience, understanding the digital platforms & supply chain & brand equity & co-creating value with customers with resource limitations.

1.2 Problem Statement & Research Gap

While digital tools like MFS and e-commerce enabled Bangladeshi SMEs to enhance CX, existing research lacks a clear understanding of how these customer experience strategies are

converting to brand equity within the sociocultural context of Bangladesh. Moreover, established frameworks such as Lemon and Verhoef's customer journey address little about the semi urban to rural environment customer journey. There is also little study on how SMEs handle the differences of urban & rural areas in the matter of using various digital tools. As a result, there remains a gap between the SMEs and the policymakers in creating an effective strategy to deliver a seamless customer experience & capture brand equity.

The aim of the research is how small & medium enterprises in Bangladesh leverage digital tools such as MFS to enhance customer experience & build brand equity in the FMCG sector. Another important factor the research seeks to understand is the role of digitalisation in overcoming challenges that most SMEs undergo across urban & rural settings. The research aims to deliver insights that are factual & can help businesses & policymakers develop their decision-making.

Thus, the problem statement is formulated as:

“What is the impact of digitalisation on customer experience & brand equity for SMEs of Bangladesh's FMCG sector?”

1.3 Research Objectives

- Identifying effective digital strategies adopted by SMEs to gain competitive edge & tackle operational challenges.
- Understanding the landscape of urban & rural markets alongside the perception of customers.
- Exploring the economic & social impact of digital tools in local markets.
- Providing recommendations for SMEs, policymakers & local platforms.

1.4 Research Questions

- How digitalisation influences customer experience and brand equity for SMEs in Bangladesh's FMCG sector?
- Which digital strategies are adopted by Bangladeshi SMEs in rural and urban markets?
- What strategies can enable optimized customer experience & sustainable brand growth for SMEs in Bangladesh?

1.5 Significance of Research

The research is hoped to have great significance, as it may provide small & medium businesses, entrepreneurs, and local dominant brands pragmatic ideas to stay competitive on par with global giants. The work also tries to highlight the importance of investing in digital accessories & infrastructures which can be insightful for policy makers. Finally, the study also tries to bind the real-life events of the Bangladeshi market with established brand theories such as Keller's CBBE model. It will also try to demonstrate how small & medium enterprises can transform into a stronger brand by using local platforms & channels such as ShopUp , Facebook groups, and media channels to reach customers from different parts of the country. On the ending note, the

study connects the local events with global theories to draw a clear picture of how SMEs grow brands in developing markets.

1.6 Structure of Thesis

The thesis will be followed by five different chapters, including an introduction, literature review, methodology, analysis and findings, and conclusion & recommendations.

Chapter 1 is the introduction, where there has been discussion about research background, research objectives, problem statement, significance of study, research questions, research aim, rationale, research structure, etc.

Chapter 2 is the literature review, which will consist of scholarly works & literature done by researchers in the field of customer experiences, brand equity, etc. This section includes elaborating on theories related to brand equity, such as the CBBE model, FMCG, MFS, and SMEs in the context of Bangladesh.

Chapter 3 is the methodology chapter, which consists of describing the different methodologies chosen for this project. The chapter focuses on research philosophy, research strategy, data collection methods, ethics & sampling data analysis methods of research.

Chapter 4 consists of the analysis and findings, which describe the analysis of collected data, patterns & findings.

Chapter 5 is the conclusion and recommendations, summarising the research process and recommendations based on the findings.

Chapter 2: Literature Review

2.1 Introduction

The literature review aims to construct a theoretical foundation for the research work by including and describing the key concepts related to the study such as: brand equity, MFS, customer experience, digital transformation etc. The literature review connects these concepts to express a deeper understanding of how digital tools such as MFS, social media affect the customer experience. This review chapter also defines the role of sustainability, policymaking and market structure (urban vs rural) in shaping digital customer experience.

Relevant Concepts	Aim of Study
Brand Equity	To link Brand Equity theory & models with SME based markets.
Customer Experience (CX)	To study frameworks connecting brand loyalty, customer experience, digitalization.
SMEs in Bangladesh	To understand the economic contribution of small & medium enterprises
FMCG Industry in Bangladesh	To understand the local & global brands & markets they compete.
Urban & Rural Markets	To study how CX is adopted digitally in different parts of developing markets.
Mobile Financial Service	To understand the impact of MFS on transaction
E Commerce & Social Media	To evaluate the impact of digitalization & local platforms in SME growth

2.2 Brand Equity Drivers

Brand equity can be thought of as the “added value” endowed to a product in the thoughts, words, and actions of consumers (Keller, 2003). The meaning of brand equity can be different from a firm, trader & consumer perspective (Peter Farquhar, 1989). According to Aaker, brand

equity converts into brand value through five sources: loyalty, awareness, perceived quality, brand associations & proprietary assets such as patents, trademarks, etc. Brand image, a consumer construct, resides in an associative memory network that is critical to consumer decision-making and potentially provides biased brand evocation and evaluation, ultimately contributing to brand equity (Holden, 1992). Brand loyalty is a key consideration when placing value on a brand because loyalty translates into profit stream (Aaker, 1991). The application of brand equity theories in emerging SME-driven markets is complicated due to many factors. SMEs generally operate in resource-constrained environments, limiting their ability to engage in sustained branding and awareness efforts as well as narrow promotional tools, informal branding, and word of mouth (Wong, H.Y. & Merrilees, B. 2005). Word-of-mouth referrals emerged as the most important marketing activity in the low-end market, followed by the building of long-term relationships with customers (Resnick, 2016). Prahalad & Hart, in their writing “The Fortune at the Bottom of the Pyramid”, demonstrated how reputed MNCs like HLL discarded the low-income tier market initially but later changed their strategies because local brand Nirma was dominating with affordability, usability, and low pricing. In Bangladesh’s FMCG sector, many SMEs prefer immediate sales over long-term brand equity, creating a gap between established global theories & real-life practices.

2.2.1 Sustainability & Ethical Branding

Corporate sustainability can be defined as meeting the needs of a firm’s direct and indirect stakeholders, such as shareholders, employees, clients, pressure groups, communities, etc., without compromising its ability to meet the needs of future stakeholders as well (Dyllick, T. & Hockerts, K. 2002). Ethical branding is the process of building brand equity based on ethical values such as honesty, fairness, responsibility, and sustainability, which involves integrating social and environmental concerns into brand positioning and communication strategies (Fan, Y. 2005). For sustainability-orientated brands to be successful, they have to closely align with the societal ideas that make up consumer understandings of sustainability (Lehner & Halliday, 2014). Both sustainability & ethical branding are at the core of customer experience, as customers prefer brands that align with their values. The Triple Bottom Line framework defines that business must address social, environmental & economic directions to achieve sustainable long-term success (Elkington, 1997). Aarong, a social enterprise of Bangladesh, integrates the idea of ethical branding into their business by highlighting Bangladeshi crafts, rural women's empowerment, environment-friendly products, etc., & the approach has established Aarong as one of the common household names in Bangladesh (Madura & Siemieniako, 2019). According to the sustainability report of PRAN-RFL 2023, it recognises the responsibility to help solve complex plastic waste challenges and plans for 20% of plastic packaging to be from recycled products by 2030. One of the main challenges of implementing sustainable CX in developing markets is cost. Several factors like green product demand, high energy prices, and eco-friendly innovation can have cost implications (Hasan & Rahman, 2023). Bangladesh has taken measures

to implement sustainable practices & green growth, such as concessional loans & grants from the World Bank (World Bank, 2024).

2.3 Customer Experience (CX)

Customer experience is a multidimensional construct that involves cognitive, emotional, behavioural, sensorial, and social components. (Lemon & Verhoef, 2016). Customer experience structure is composed of elementary components such as sensory, emotion, relation, lifestyle, practicality, etc. (Spiller & Gentile, 2007). According to Lemon & Verhoef, a positive customer journey leads to a positive customer experience, and the journey is divided into three stages: pre-purchase, purchase & post-purchase. Throughout a journey, a customer interacts with different touchpoints & touchpoints that advance the customer to a subsequent and more valuable interaction are of equivalent value (Meyer & Schwager, 2007). Another important outcome of positive customer experience is brand loyalty, which is a result of a high level of brand awareness & positive brand image (Keller, 1993). The digitalisation-driven paradigm shift made it possible to personalise the marketing tools, like pricing, distribution, communication, customer management, and customer experience, which embraces all interaction between the seller and the customers (Rekettey, 2019). Social media are increasingly used to promote products and services, enhance brand image, and develop emotional relationships with customers through storytelling, entertainment, and dialogue (Tiago & Veríssimo, 2014). Mobile Financial Service is another digital tool that gained popularity in recent years, especially in developing & SME-driven economies. In Bangladesh, mobile financial services (MFS) are the most widely used digital payment methods (Patowary, 2023). Over 90 million customers use bKash, making it the most popular MFS in Bangladesh (Kumar, 2022). However, enterprises find it difficult to balance CX in low-income markets where consumers prioritise price over digital convenience. Tier 4 consumers, strapped for cash and with limited living space, shop every day, but not for much, & they can't afford to stock up on household items or be highly selective about what they buy; they look for single-serve packaging (Prahalad & Hart, 2002).

2.4 Digital Tools

2.4.1 Mobile Financial Service

Mobile financial service (MFS), one of the prominent aspects of m-commerce, provides financial assistance to the users, enabling them to transfer and collect funds, make deposits, or pay bills using mobile devices or software (Saedi, 2020). As of December 2024, 13 banks are currently providing MFS service to 1,828,864 agents countrywide (Bangladesh Bank, 2024). This outreach has resulted in notable rural account ownership, with around 47.11 percent of bank accounts and 55 percent of MFS accounts held by rural residents, facilitating account creation and financial transactions (The Daily Star, 2025). MFS like Bkash and Nagad are contributing significantly to the development of rural people & small- to medium-sized enterprises by giving access to financial transactions. Bkash is current market leader of mobile financial services with a 48%

market share & 50 billion in revenue as of 2024 (The Business Standard, 2025). To compete with the supply chain of global brands, the majority of SMEs are using platforms like ShopUp, which integrates MFS services for bulk payments. However, MFS users face some challenges like dependency/assisted access, lack of basic digital literacy, lack of perceived usefulness, lack of perceived ease of use, security concerns, and relatively higher transaction costs compared to those charged by banks (Afroze & Rista, 2022).

2.4.2 E-Commerce & Social Media

Online forums, web blogs, podcasts and social media are rapidly becoming an essential part of daily, personal, social and business life, as well as a major source of customer information and a prime channel of communication, information sharing and distribution (Carmen & Lorenzo, 2010). Internet technologies provide SMEs with the opportunity of overcoming challenges and to compete more effectively in bigger markets with larger organisations as well as increasing international opportunities (Bochenek & Blili, 2013). E-commerce can enhance supply chain efficiency by reducing transaction time, improving inventory management, and enabling real-time tracking of shipments (Ko, 2015). Local e-commerce platforms of Bangladesh like Daraz and Chaldal have been contributing to SME growth, connecting the urban and rural markets, easing their dependency on traditional supply chains & reaching millions of customers. Daraz's 2024 11.11 sale in Bangladesh was a testament to millions of orders & half of the orders coming from rural areas & through cashless digital payments (Dhaka Tribune, 2024). Another example can be Kazi Firms, a frozen food-based company that advertises through a variety of media, including conventional, online, and offline media, and works with third parties to build POSM and other promotional tools as part of their promotional operations (Tasnim, 2023). In 2024, B2B platform ShopUp partnered with Standard Chartered Bangladesh to launch "Move Money Payment API" to automate payment & facilitate working capital management for SMEs (Dhaka Tribune, 2024). Some of the challenges of digital adoption by remote enterprises are the high commission of e-commerce platforms, digital literacy, internet stability, etc.

2.5 Bangladesh's FMCG SMEs at A Glance

2.5.1 SMEs in Bangladesh

The SMEs worldwide are recognised as engines of economic growth (IRBD, 2001). Small and Medium Enterprises (SMEs) are vital to the economic development of countries, particularly in developing nations like Bangladesh (The Daily Star, 2024). The Bangladesh Bureau of Statistics (BBS) estimates that 7.8 million SMEs in Bangladesh represent 25% of the total labour force and 80% of industry employment. Considering the presence of SMEs in the Bangladeshi economy, it is found that almost 90 per cent of the private enterprises are SMEs and about 70-80 per cent of the non-agricultural workforce are working there (Alauddin & Rahman 2015). The government of Bangladesh has categorised SMEs into two broad classifications, which are manufacturing enterprises and non-manufacturing enterprises (Rahman & Noor, 2017). SMEs are considered

critical and obligatory, as developed micro, small and medium enterprise activities in the rural and backward regions comprise a vital constituent of the strategy for rural development and reduction of poverty and regional disparity (Bakht & Basher, 2015). While the SMEs are characteristically highly diverse and heterogeneous, their traditional dominance is in a few industrial sub-sectors, such as food, textiles, light engineering and wood, care and bamboo products (Ahmed, 2001). Various recent studies show that SMEs have undergone significant structural changes in terms of product composition, degree of capitalisation & market penetration in order to adjust to the changes in technology, market demand & market access brought by globalisation & market liberalisation (Islam & Mian, 2009). Online retail/grocery stores such as Ajkerdeal, Bagdoo.com, Daraz, PriyoShop, Chaldal, ShebaEasy.com, Shopperu, Sindabad.com, Pickaboo, Bikroy.com, Rokomari.com, Shohoz.com, Flight Expert, and Go Zayan are coordinating with concerned organisations in order to mitigate risks in digital transactions (UNCTAD, 2019). Despite so much contribution to the economy, SMEs face different barriers in Bangladesh due to financial & social reasons. Key digital and financial literacy challenges and barriers of target segments (a2i, 2023).

Type	Establishments				Total Persons Engaged (TPE)			
	Total	%	Urban	Rural	Total	%	Male	Female
Cottage	6842884	87.52	1730150	5112734	13168327	53.75	11759565	1408762
Micro	104007	1.33	41112	62895	558870	2.28	435043	123827
Small	859318	10.99	450601	408717	6600685	26.94	5844088	756597
Medium	7106	0.09	4141	2965	706112	2.88	538526	167586
Large	5250	0.07	3542	1708	3466856	14.15	1871910	1594946
Total	7818565	100	2229546	5589019	24500850	100	20449132	4051718

Source: Different SME Sectors - Economic Census-2013, Bangladesh Bureau of Statistics (BBS)

2.5.2 FMCG Industry in Bangladesh

Fast moving consumer goods are products that have a quick shelf turnover, at relatively low cost and don't require a lot of thought, time and financial investment to purchase (Tyagi, 2014). Modern consumers of FMCG products do not need physical products alone, rather need a positive customer experience of interaction with the company and its product & that's why the marketing of consumer goods is aimed at building brand value through active advertising activity in all channels of communication (Fareniuk, 2022). Bangladesh, the Fast Moving Consumer Goods (FMCG) sector is divided into three primary segments: the Food and Beverage industry, the Personal Care industry, and the Household Care sector. In the year 2023, the market size was roughly USD 4 billion and it is set to become the 9th largest consumer market in the world by the year 2030 (BBS, 2023). Small manufacturers achieving higher growth rate in rural market whereas urban markets witnessed 16.8% growth where global brands like Nestlé, Unilever, and Reckitt Benckiser etc. are dominant because of strong distribution network & recognition (NielsenIQ's Q4, 2023). Important reasons local SMEs thrive in rural areas can be the relevance

of local culture, distribution network, low cost product etc. On the other hand the multinationals dominate the urban markets because of supply chain, efficiency, target consumers, digital cx etc. MNCs develop relationships with authorities, distributors, retailers and end users necessary for the firms to develop networks and trust to get market knowledge, adapt to local needs and maintain their goodwill and reputation as international brands (Macduffie, 2011).

2.5.3 Urban & Rural Markets

Important reasons local SMEs thrive in rural areas can be the relevance of local culture, distribution network, low cost product etc. PRAN, the biggest SME's originated from Bangladesh controls more than 50% of packaged snack market of the country & its success in rural regions is a testament of hyper localized products such as mango juice, traditional snacks & sweets, spices etc. (PRAN, 2023). Another example is Aarong, a social enterprise of BRAC focuses sourcing of milk from local farmers that positioned itself uniquely in consumer mind & differentiated from global competitors like Nestle. International competitors are increasing day by day in Bangladesh market with their quality products & to capture customers' value, companies are offering different value proposition to its target customers (Chowdhury, 2015). Dettol, a hygiene brand of Reckitt Benckiser popular in urban cities effectively utilized digital marketing campaigns such as social media platforms, engaging consumers in conversations around hygiene while sharing informative content related to its products (Latterly, 2015). According to Akter & Wamba (2016), MNC's leverage Big Data Analysis & build brand loyalty through social media & digital platforms. High import tariffs, increased LC margins, cultural rigidity to premium pricing, digital literacy are some of the reasons why MNCs find it hard to adjust in rural markets. At the same time Local SMEs face problems related to traditional storage methods, such as using earthen floors or bamboo platforms, which are inadequate for preserving the quality of produce (Idris & Moniruzzaman, 2014). Bangladeshi remote SMEs face challenges related to innovation due to factors like limited R&D scope, financial barriers, infrastructures etc.

2.6 Conceptualization

2.6.1 Literature Gap

There has been extensive study & existing literature that focuses on the relation between customer experience (CX) & brand equity in developing markets. However, there is an important question how this relation or dynamics work in environments that are scarce in resources, driven by small & medium enterprises. The global theories such as Keller's CBBE model or Lemon's CX model highlight little information about the socio cultural difference of urban & rural markets. There is also less study on how SMEs with their CX strategies compete with Multinational corporations who have upper hand on resource & information. Limited studies examine how digital tools such as Bkash, Daraz help to fill CX gap in low infrastructure settings. Sustainability is also recognized as a major brand component, but it's not clear how Bangladeshi

SMEs integrate ethical practices in their CX. The study is an attempt to bridge the gap between existing theories & the real life situation of small businesses of Bangladesh's FMCG sector.

2.6.2 Conceptual Framework

The conceptual framework is developed to highlight how Bangladeshi SMEs are utilising digital tools and platforms to enhance customer experience within the diversified socio economic culture of the country. The framework is structured on the basis of three core components:

1. Influencing Factors:

- Infrastructure: internet access, device access, power supply.
- Urban and rural geography.
- Policy and regulations.
- Resource barriers: finance, logistics, workforce.

2. CX Journey (Based on Lemon & Verhoef):

- Pre- Purchase: (social media search, word of mouth, ads).
- Purchase: (MFS transaction, checkout in apps).
- Post-Purchase (feedback, support).

3. Brand Equity Outcomes (Based on Keller's CBBE framework):

- Perceived Quality (satisfaction, review, experience).
- Brand Loyalty (repurchase).
- Brand Trust (reliability, transparency).

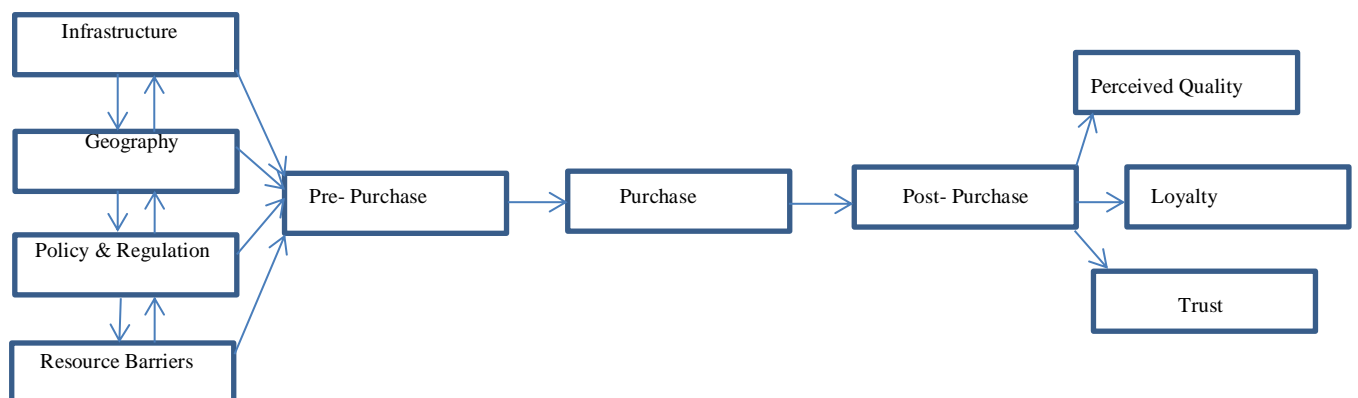


Fig: Customer Journey Framework in SME Context

Chapter 3: Methodology

3.1 Research Philosophy

Research philosophy refers to a system of beliefs and assumptions about the development of knowledge (Saunders, Lewis & Thornhill, 2019). Positivism adopts a philosophical stance that advocates the application of the methods of the natural sciences to the study of social reality. Post-positivism represents a shift from the naivety of positivism to a more critical, probabilistic view of reality, accepting that knowledge is always partial and shaped by context (Lincoln & Guba, 2000). In this work, the researcher takes post-positivism as the base for the study on “Building Brand Equity through Customer Experience: Digital Transformation of SMEs in Bangladesh’s FMCG Sector”. The researcher believes that the philosophy aligns with the research work for several reasons. Post-positivism focuses on a theory-driven structured approach, at the same time acknowledging bias and interpretation. The approach aligns with the use of qualitative data to test established CX theories such as Lemon-Verhoef’s customer journey & Keller’s CBBE model. Finally, the philosophy is appropriate to interpret how Bangladeshi SMEs use digital tools to enhance customer experience in different cultural setups, linking objectivity and contextual relevance.

3.2 Research Approach

A research approach is a plan and procedure for research that spans the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation (Creswell, 2018). A research approach is primarily divided into two types: inductive and deductive, each with distinct methodologies and purposes. The deductive approach starts with an established theory and then focuses on formulating hypotheses, data collection & data analysis. The researcher has taken the deductive approach for this work. The reason is that the study begins with established CX theories such as Keller’s CBBE model, Lemon-Verhoef’s Customer Journey Framework and empirical data to analyse how these theories relate to the digital transformation of SMEs in Bangladesh. The researcher was not focused on a new theory establishment but rather attempted to test how existing theories describe the digital practices of SMEs in Bangladesh. For that reason, data collection was guided by some pre-defined themes.

3.3 Research Strategy

A research strategy is a plan detailing how a researcher will answer research questions, including objectives, sources, and constraints (Saunders & Thornhill, 2019). According to Creswell, a research strategy refers to the general plan for how the research will be conducted, specifying whether it will use qualitative, quantitative, or mixed methods procedures. Quantitative research involves the collection, analysis, and interpretation of numeric data to test hypotheses, forecasting, and pattern identification. It aims to help us understand the world in which we live and why things are the way they are (Hancock & Beverley, 2009). Qualitative research tries to understand people and behaviours through non-numerical data such as observations, face-to-face interviews, and writings, prioritising exploration over measurement. The researcher has chosen qualitative methods for this study because it is ideal for understanding customers, stakeholders, and SME owners and interpreting aspects such as mobile financial services (MFS), digital tools,

ethical branding, and sustainability. The complex dynamics where SMEs exist are a mix of culture, rigidity, economy, and norms, which are intertwined with each other. A qualitative approach is appropriate to analyse this kind of scenario because it goes beyond numerical processes and tries to explore the social phenomena.

3.4 Data Type

Data type can be stated as the classification of different types of information and their sources gathered and analysed in research work. Data types can be defined as primary and secondary. Primary data is collected through firsthand experience, such as questionnaires, interviews, observations, etc. Secondary data is previously collected for other research and reused or reanalysed. Some common sources of secondary data include journals, archives, statistics, and previous research works. The researcher has opted for both kinds of data sources in this work as they enable a more elaborate view of research problems. Primary data will help to define the primary research questions, while secondary data may help complement the primary problems as background information.

3.5 Data Collection Methods

Primary data are those which are collected afresh and for the first time and thus happen to be original in character, while secondary data are those which have already been collected by someone else and which have already been passed through the statistical process (Kothari, 2004). The data collection technique of this study employed is a mix of primary and secondary data. The mixed method ensures proper understanding of the research objective & how SMEs in Bangladesh leverage digital tools to enhance CX & brand equity. Primary data collection procedure follows:

- Data collection timeline: April and May, 2025.
- Four SME owners (3 urban, 1 rural) ranging from clothing, jewelry to dairy business.
- One academic person from CUET, an urban & rural planning expert.
- One government-level representative, related to SMEs, manpower and employment.

All of the interviews were conducted via Zoom, each lasting between 10 and 15 minutes. Participants were selected through professional networks, recommendations and Facebook groups. Open-ended questions were designed to relate themes like CX practices, barriers to digital adoption, platform use, brand preference, policy, sustainability, trends, etc.

In addition, a structured Google Form survey was distributed among 50 people through e-mail, social media & personal contact. The questions ranged from open-ended to close, focusing on digital tools, SME operation, challenges, cultural nuances, brand engagement, etc.

Regarding secondary data, the main sources are peer-reviewed articles on CX, brand equity, and digitalisation. Other sources include industry reports of Bangladesh Bank, a2i (Aspire to Innovation), BBS (Bangladesh Bureau of Statistics), Nielsen's, export-import policies, a case study of FMCG SMEs, etc. The inclusion of both primary and secondary data will provide the

research with a broader perspective of real-life incidents. The mixed method will also ensure that the study is contextual, has depth in findings, and is credible.

3.6 Data Analysis Procedure

The analysis method for primary data was guided by a thematic approach to identify patterns related to SMEs, customer experience, digitalisation, etc. Interview recordings were transcribed, and responses from Google Docs have been compiled into a dataset. From secondary data such as reports, statistics, and case studies, contextual findings were sorted out that connect the research work with the FMCG market of Bangladesh. These findings then were transformed into insights to provide a clear picture of how SMEs leverage digital tools to enhance customer experience and brand equity.

3.7 Limitations

The study faced some limitations that affected the overall work. The researcher was unable to conduct in-field research in Bangladesh due to geographical barriers, which restricted direct observation of the FMCG market, customer experience, and SME operations. The remote data collection lacked proper insight, as gathering and analysing rural market information is challenging. The dependency on social media and digital platforms may also have introduced sampling bias, as urban interviewers are swifter and more tech-savvy compared to their rural counterparts. Another important point is the small sample size, which limited the broader scope of the overall study. The language barrier was also an issue, as most rural SME representatives have a hard time understanding English, necessitating translation. The cross-sectional nature of the study may not capture the long-term impact of digitalisation. There may be social bias, as SMEs could exaggerate their successes and challenges. While these limitations were unavoidable, the study still presents a broad picture of the research objectives by utilising interview data along with secondary sources (industry reports, case studies). Although the scope was limited, the study uncovered useful insights that can help policymakers and SMEs refine their strategies related to customer experience and brand equity.

3.8 Ethical Consideration

The study maintained ethical obligations and ensured participants' consent were taken digitally before interviews. Participants were informed about the purpose of the study, the interview pattern, and the opportunity to withdraw if they preferred. All data from participants were protected maintaining security and anonymity. Confidential information was maintained in secure storage. The researcher, with his utmost effort, tried to mitigate power dynamics to ensure voluntary participation from all parties. Attention was paid to cultural sensitivity, as different businesses belong to diverse locations and societies. All secondary data were checked multiple times, and proper acknowledgement was highlighted, including references and citations. The study was conducted while maintaining proper ethical standards that ensured trustworthiness of the findings.

3.9 Validity and Reliability

To ensure the validity of this study, a precise procedure has been followed based on semi-structured interviews with diversified groups of SME people, academics and policymakers. The questions were formulated highlighting the objectives of the study and researched thoroughly to ensure clarity and relevance. The inclusion and use of both primary and secondary data ensured a more detailed understanding of the work and findings.

A thematic analysis procedure and consistent interviews have been conducted to ensure the reliability. All interviews were transcribed manually for clear meaning and validity. There was utmost effort to ensure transparency in data collection and analysis. Though the study was focused on one specific industry and the sample size was small, the findings are relevant for future research and exploration.

Chapter 4: Data Analysis and Discussion

4.1 Introduction

This chapter provides an in-depth analysis and interpretation of the quantitative and qualitative data collected & analysed for this work. Data consists of six semi-structured interviews, including SME owners from both urban & rural areas of Bangladesh, an academic person related to rural development & a policymaker from the manpower & employment division of the Government of the Republic of Bangladesh. Another source of data is open ended google survey participated in by business owners, customers, and brand personnel related to SME businesses.

This chapter's objective is to interpret how digital transformation plays a key role in changing customer experience and brand equity for SMEs. Data has been analysed through thematic analysis. The interview is divided into six major themes, supported by survey data, percentage charts, and findings.

4.2 Thematic Analysis

Thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data. It minimally organises and describes data set in rich detail (Braun & Clarke, 2006). Thematic analysis was applied for this research to analyse responses from participants. This supports the framework discussed in Chapter 2, where it was discussed how digital tools affect the different stages of the customer journey & the outcomes such as loyalty, dissatisfaction, perception, etc. The Google survey further supported the findings through insights, numbers & participants' opinions.

4.2.1 Theme 1: Digital Tools Enhance Customer Experience

From the interviews conducted and survey results, it is clear that digital tools have transformed the way small & medium enterprises interact with customers now. Platforms like WhatsApp, Facebook, Instagram, Daraz, and Bikroy; mobile financial services like bKash and Nagad; and others have significantly improved customer experience across different purchasing stages.

1. Pre Purchase Stage: More Dynamics in Information Search

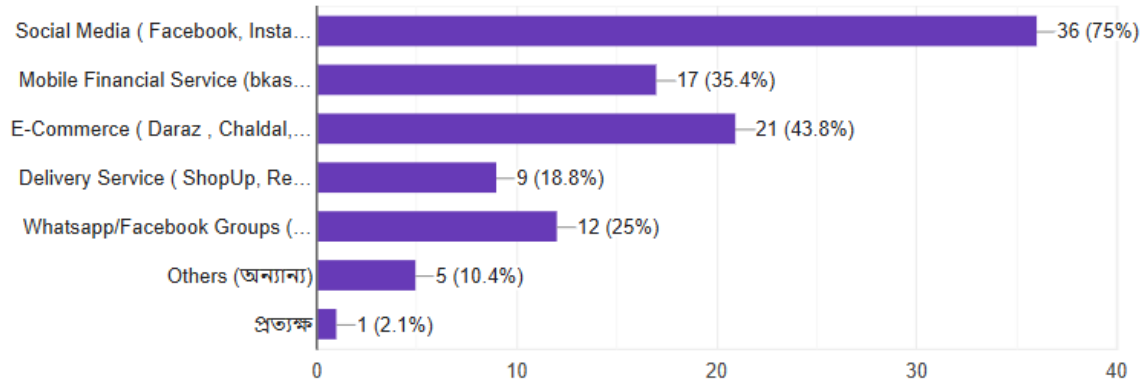
Pre-purchase stage, such as product discovery and information search, has become more precise because of different social media tools. According to one SME owner

“Our customers often come through social media ads, Facebook Messenger, WhatsApp, etc., make enquiries about products & try to purchase.”

The data from the Google survey highly supports this opinion, where 75% of people chose social media like Facebook, Instagram, etc., as their primary digital tools for product search & query.

Which digital tools you use frequently as an SME person or customer? (একজন ক্ষুদ্র বা মাঝারি ব্যবসায়ী বা গ্রাহক হিসেবে কোন কোন ডিজিটাল টুলস ঘন ঘন ব্যবহার করেন পণ্য কেনা বেচায় ?)

48 responses



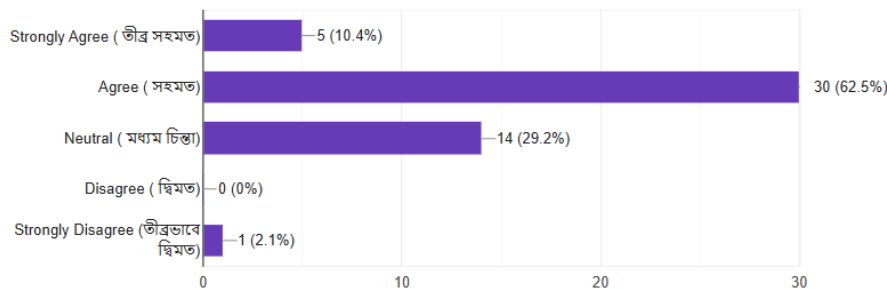
2. Purchase Stage- Smooth Transaction & Trust Factor

According to the respondents & Google survey, bKash is the primary MFS for their daily transaction. Among the 48 respondents, 17 use bKash as their primary financial service provider. The major factors in choosing bKash are safety, seamless transactions, and trust issues. A rural-based SME person who has a dairy product business states:

“Me and people who do the same business as me, we use Bkash for transactions; it's a faster, more popular, and safer way of transacting.”

As a business owner or customer , do you think these digital platforms are helping to build customer trust? (একজন বিক্রেতা বা গ্রাহক হিসেবে কি মনে করেন এইসব ডিজিটাল প্ল্যাটফর্ম বিশ্বস্ততার একটা মাধ্যম তৈরী করছে ব্যবসায়িক লেনদেন এ ?)

48 responses



The trust factor is also reflected in survey data where more than 60% of people have a positive impression of these digital transaction & purchasing platforms.

3. Post-Purchase Stage: Repeat Purchase & Loyalty

Many SMEs prefer online platforms like Daraz, as managing an online shop in comparison to a physical one is way more cost-effective for them. Review and feedback options on Daraz and post-purchase tools like WhatsApp Business and Messenger allow them to stay connected with a customer. According to one SME owner who runs a Facebook page, Handcraft by Ru says:

“Sometimes after an order, I send them a small discount code for the next purchase that generates loyalty & repeat purchases.”

In the survey, 43% of people chose e-commerce platforms like Daraz and Bikroy as their online transaction platforms, showing the trust factor is building up on these platforms & positive feedback upon purchase indicating loyalty.

4. Emotional Relevance and CX: View of Rural Planner

One important remark an academic of rural planning made during the interview is that the connection between SMEs, digital tools & customers is now beyond transactional procedures. SMEs utilise digital tools like WhatsApp and Facebook to deliver personalised offerings, text, and emojis that create some sort of emotional attachment with customers, especially young generations. According to the respondent

“Recently we have inaugurated an IT business incubator in CUET. Where industry leaders and academics come and teach about innovation and business and train people who aspire to be entrepreneurs. We hope this will reach far more people & help local & countrywide SMEs with different problems”

It is clear that initiatives like these are helping entrepreneurs to think far ahead of buying & selling, guiding them to understand their customers & grab value through unique customer experience.

5. Relevance with Theory

According to Lemon and Verhoef’s CX framework, the experience of the customer is shaped through different touchpoints. The theory is relevant to the theme because through digital platforms, SMEs connect customers in the pre-purchase (browsing platform), purchase (sale, discount), and post-purchase phases (review, feedback, after-sales service, complaint, loyalty), supporting the statement that digital tools are shaping customer experience.

4.2.2 Theme 2: Specific Digital Platforms Building Brand Engagement

Brand engagement is one of the primary factors in building customer-based brand equity. From the primary interviews & surveys, it is quite obvious that key platforms that connect SMEs & customers in Bangladesh are Daraz, Facebook, WhatsApp, Bkash, etc. These digital platforms are helping SMEs to operate in the highly competitive FMCG market & achieve sustainable engagement with customers, leading to brand engagement.

1. Social Media is a Key Driver of Engagement

Among different platforms, social media like Facebook & Instagram are two of the most widely popular tools that are visited frequently by entrepreneurs & customers in Bangladesh. These social media are stated by SME people as ideal platforms of communication, with user interfaces perfect for business and personalisation in creative form. All of the SME owners that are interviewed stated Facebook as their primary tool for business. One of them stated:

“I depend on Facebook page more than Instagram because I can reach more people. I think people prefer buying from home now for transactions.”

According to the survey, 62% of respondents believe these platforms are helping to build customer trust in online business, which is promising for many internet-based SMEs.

2. Local E-commerce Platforms Enhancing Brand Acceptability

In Bangladesh, platforms like Daraz, Bikroy.com, and Chaldal are fostering SME engagement with customers digitally. Many SMEs that are listed on these platforms are getting more orders than regular channels, delivery services, product reviews, and ratings. These platforms also allow sellers to open their own virtual shop where they can broadly arrange product specifications, features, attributes, etc. According to one SME owner who runs a business called One Purchase:

“I think the influence of platforms like Daraz is very much positive; I can reach customers very fast through this and other digital platforms & transactions have been smooth.”

Another important point to be mentioned is about the interface of these digital platforms. The features like order tracking, rating, shop review, and return policies are enhancing customer experience & also building brand reputation in the long run.

3. Mobile Financial Services: Building Trust & Speeding up Transactions

Mobile financial services like bKash and Nagad are not only mediums of transaction nowadays; they are important factors of trust in online business. In the interview with all six respondents, they highlighted bKash as their primary service for transactions; according to one respondent:

“I think people prefer buying from home now. For transactions, I use Bkash because it's more convenient”

BKash's nationwide reach, brand value, smooth transaction process, and application features have played a key role in trust building between businesses & customers. This proves that MFS plays a key role in creating brand identity, especially for online-based SME owners.

4. Emotional & Social Attachment through Digital Tools

One of the key point's customers & SME owners highlighted is how digital tools go beyond buy-and-sales relationships & build emotional connections through storytelling. Many SMEs share their content, making stories, production, success stories, and social engagement through platforms like Facebook, Instagram, etc. According to one interviewee:

"I like ads of Aarong; they connect me emotionally, and subjects such as women empowerment are often highlighted in their ads."

This kind of storytelling from small and medium brands leads to more community engagement and trust building & improves personal relationships with customers. This supports the statement that digital tools not only create attachment but also lead to social relationships.

5 Multi-Channel Experience of Digital Tools Improving CX

One of the key insights from the interviews and survey indicates that different digital tools and platforms provide different experiences to customers & SMEs. Respondents mentioned Facebook ads, which increase reach and engagement with customers. WhatsApp Business is used for more personal-level customer queries, MFS like Nagad & bKash for payment & digital platforms like Daraz and Facebook pages for orders. These omnichannel experiences enable SMEs to create holistic digital experiences for customers.

"I am more involved in Facebook-based selling: I can reach big-city customers easily because of these digital & social platforms. It has also helped me in my product marketing & reaches more people through advertising."

4.2.3 Theme 3: Barriers to Adopting Digital Tools

Although the wide adoption of digital tools is helping SMEs to redefine customer experience, they still face many barriers while doing so. Bangladesh being a developing nation, the contrast of its urban and rural infrastructure, culture, and behavioral patterns of people is more visible. This is an important reason why many SMEs face challenges while operating in semi-urban & rural areas.

As per the interviews & survey insights, these barriers can be categorised into four sections: digital literacy gap, delivery challenge, financial issues, cultural barriers, etc.

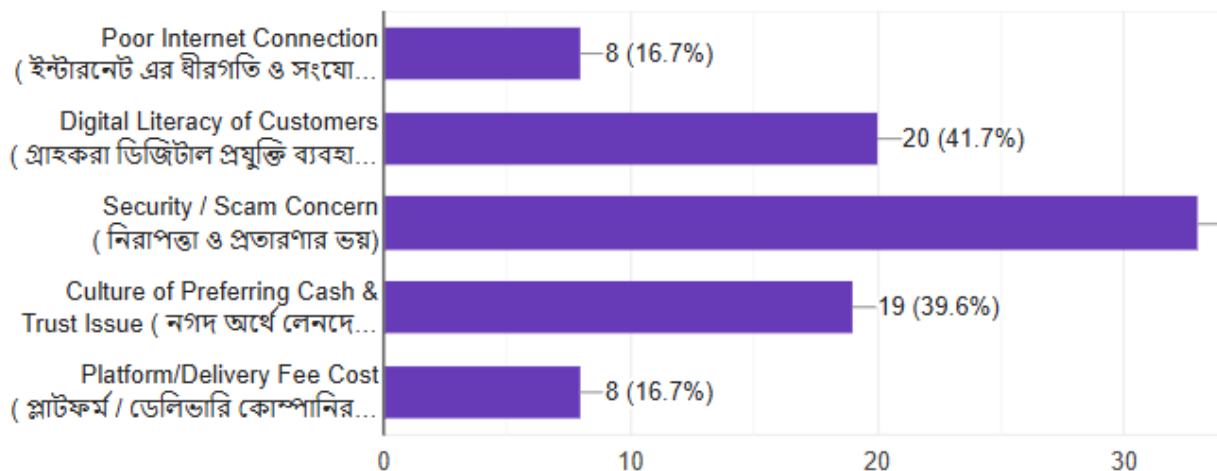
1. Digital Literacy Gap

A large number of people in Bangladesh live under the poverty line, so they are not used to things such as smartphones, digital tools, digitalisation, etc. Lack of digital fluency and lack of training among rural SMEs on digitalisation are some of the key points of creating these barriers. From an urban SME owner's point of view:

“Many customers don’t know how to use digital platforms, such as old people. Because of that we sometimes fail to give proper customer experience to many people”

In your opinion, what are the obstacles of buying and selling products through digital platforms in rural areas of the country? (আপনার মতে দেশের প্রত্যন্ত অঞ্চলে এসব ডিজিটাল প্ল্যাটফর্ম ব্যবহার করে পণ্য ক্রয় বিক্রয়ে বাঁধা কি?)

48 responses



The survey also indicates the same situation, where almost 42% of respondents highlighted the digital illiteracy of customers as a major point of customer experience barrier.

2. Delivery Challenges in Rural Areas

Logistical problems, delivery delays, and product damage are some of the frequent issues customers face when they order products online in Bangladesh. These problems disrupt the overall customer experience. From the interview, it is clear that unreliability in couriers, rural infrastructure & address issues, product handling procedures, and delivery charges are some of the common issues why SMEs face problems in product delivery & logistics. According to one SME owner:

“In rural areas, exact addresses are difficult to find. People most of the time give the location of the nearest bazaar or local places. Courier services hesitate to go in more remote places because of bad roads & security concerns”

From the survey, 68% of respondents highlighted security and scamming issues as the major concern of delivering products in remote areas of Bangladesh.

3. Internet & Infrastructure Limitation

Internet issues have been cited as the most mentioned obstacle for SMEs & customers in the interview & survey. Especially the problem is severe in rural areas of Bangladesh. Several SME owners, customers & policy makers pointed out problems like poor internet connection, coverage

issues, internet speed, etc. As many SMEs use Facebook & WhatsApp for business, which needs real-time interaction, these problems hamper engagement with customers & result in a negative experience. One policymaker said:

“In Bangladesh, the main problems, which are a challenge, actually, are inadequate infrastructure and communication facilities, unreliable internet and electricity, device affordability and lack of digital literacy”

4. Contrast of Urban & Rural Areas

Urban SMEs & customers are more advanced technologically, have better access to the internet, and have better logistic support. In rural areas, however, there is a different scene. Trust has always been a key factor among rural people, who prefer face-to-face transactions & cash payments. This is something many SME people have mentioned as a major cultural difference while operating in rural areas. In the interview with an SME owner:

“In rural areas the biggest problem is trust issues. If a product delivery fails, the seller has to bear the return cost. People prefer payment after receiving the product more in rural areas. Sometimes they reject the product because it does not match their expectation.”

In the survey, almost 40% of people marked the culture of preferring cash and trust issues as major obstacles to doing business in remote areas, supporting the discussion.

5. Financial Barriers & Cost Affordability

Financial cost in digitally run businesses is a big concern for SMEs that are dependent on platforms like Facebook, Instagram, and Daraz. Ad running is an essential part to grab more reach; platform & MFS fees are crucial for smooth business operations. Many small businesses find it difficult to spend regularly on social media ads, third-party delivery services & internet. As one SME owner stated,

“Transaction costs need to be lower also from MFS companies; the charge is way more than traditional banks. Internet facility development in rural areas, more speed, more coverage & affordable costing are also needed”

6. Respondents View in Overcoming Challenges

The respondents in the interview acknowledged many problems in adopting popular digital tools and highlighted some of them. Alongside that, they also suggested some possible ideas to overcome these barriers. These ideas range from digital tools to government policy implementation, for example:

A. Many SMEs & customers urged the government to subsidise internet access throughout the country, build towers for networking coverage, etc. One SME owner said:

“What is needed is internet facility development in rural areas, more speed, more coverage & affordable cost”

B. More awareness campaigns and training programmes so that business people & customers can educate themselves about contemporary digital tools, trends, content, digitalisation, etc.

C. MFS companies should lower their transaction fees, which are enormous in comparison to traditional banks.

D. E-commerce sites like Daraz should come up with native language access on their websites & apps so that people can easily understand the products & order procedures.

4.2.4 Theme 4: Cultural & Behavioral Differences of Urban & Rural Areas

Cultural & deep-rooted values play a significant role in shaping the behaviour of a person in a society. Although digital tools and modern business ideas and branding change customer perceptions to an extent, the deeply rooted belief stays inside a person to adopt these changes. This defines the rural or semi-urban context of Bangladesh, where people still hold some traditional beliefs in purchase & transaction.

1. Traditional Transaction vs. Digital Payment

While urban people are more comfortable with MFS services and technology stuff, rural people are somewhat rigid & sceptical about adopting these advancements, especially the older generation. The most mentioned behavioural change of rural people by the interviewed people is the preference for personal dealing and cash-based transactions, especially among the older people. As one SME owner says:

“Rural people mostly take online-based product purchases as a risky procedure; trust can be an issue. That’s why they prefer face-to-face purchases. The old generations of rural areas are not that much used to digital tools, so some awareness campaigns can be good”

This statement is supported by the survey result where 10 respondents marked cash on delivery as their primary payment method in rural areas.

2. Word of Mouth & Community-Focus

Community plays a crucial role in buying behaviour in rural Bangladesh. Local recommendations are somewhat more preferred than social media and digital tools. This draws a significant contrast with urban culture, where online ads and product reviews are important parts of branding.

“In rural areas, people are deeply rooted in cash reliance and community trust; digital scepticism and digital literacy are absent there”

Negotiation mentality is also a major cultural part of Bangladeshi people, which is more prevalent in remote and semi-urban areas. Platforms like Daraz, which work with a fixed-price user interface, get orders cancelled because people ask for more discounts. They also face the problem when the customers prefer orders over traditional phone calls rather than checking out on the app. Though the situation is changing, these social norms still make it difficult for SMEs to scale up their businesses in remote areas where trust is built over personal networks. According to policymakers and academics, SMEs can adapt into this dynamic culture through

different methods such as local agent, collaborating with rural influencers who can build better relationship between customers and sellers.

3. Trust Issue on Digital Transaction

Trust is a key factor of all digital transformation and plays a key role in positive customer experience. In Bangladesh digitalisation is on the rise but faces several issues because of the trust factor. Several interviewees pointed out this issue where they explained their negative experiences regarding product delivery, refund, scam, wrong delivery, product mismatch, courier complaint, etc., which created some sort of doubt inside them about repeat purchases. An academic person expressed in an interview:

“From my personal experience I paid first, but my product reached late; also, the product specification did not match. So I preferred cash when I was in a rural area. There are other problems, such as scams & product return policy.”

This trust factor is more crucial in rural contexts where community opinion is preferred over digital ratings. Sometimes SMEs have to share customers’ recorded feedback, screenshots, and free sample products to make customers believe in the company & build trust.

In the survey, when asked what the obstacles are to buying & selling products through digital platforms, especially in remote areas, almost 70% of respondents marked security/scamming, and nearly 40% of people marked trust as an opinion which supports the discussion.

4. Relevance with Literature

This theme about cultural integration supports the bottom of the pyramid theory by Hart & Prahalad. In the framework, the authors suggested that any innovation or change that happens at the bottom of the pyramid must align with local culture & norms. This is true because trust and convenience have been the core elements of Bangladeshi culture and people, regardless of whatever digital tools they use.

4.2.5 Theme 5: Policymaker’s Support and Infrastructure Development

As digital tools become a major part of SME operation in Bangladesh, the support from policymakers & the development of infrastructure are becoming increasingly important. While SMEs have adopted platforms like Daraz, Facebook, bKash, etc., they continue to face barriers, especially in rural areas due to various systematic gaps. Some of the gaps identified are regulatory support, lack of digital infrastructure & literacy, training & awareness scarcity, etc. From the interview with respondents & y, the following gaps have been identified:

1. Internet Infrastructure Development

The most commonly cited infrastructure development need in the interviews was related to the internet. The internet is a crucial part for SMEs that are heavily dependent on online-based platforms & have to engage customers in real time. The disruption of internet connectivity

especially in rural areas has been a major issue for many business people. According to one SME owner:

“I think the weather is an issue in rural areas; because of bad weather, many times there is no electricity supply. Internet speed is an issue, of course; even in normal times, frequent power cuts happen”

Another respondent who is associated with the policymaking & academic field has updated about the in-progress work in her area:

“We from CUET are working on technologies that can ensure uninterrupted internet activity, educate rural people about Android phones & technology, and conduct small programmes for SMEs”

According to the survey, 50% or more people marked internet & infrastructure development as a major responsibility of government, which relates to the main theme of discussion.

2. Training on Digital Literacy

Another important point made by respondents is the lack of digital literacy in most parts of Bangladesh. SMEs initiated practical training in digital tools usability, e-commerce, logistics support, customer support, etc. One respondent said:

“Government should step up with strong regulations for supporting SMEs in adopting digital tools. For example, training; policy interventions like tax breaks, subsidising loans, cybersecurity, mandatory data protection, ensuring the product quality, and reducing tax for performing business in certain zones”

Although there are initiatives from the government like a2i, the progress has been questioned by a policy maker, according to the respondent.

“Good initiative, less implementation of projects, such as campaigns, financial funding issues. Feedback not taken seriously by foundations. Need platforms where customers can rate SMEs for their services & give feedback”.

Survey results support this concern, as 37% of people urged seminar and training sessions more frequently when asked about government initiatives on SME development.

3. High Transaction Fee of MFS

While it is no doubt that MFS services have been a game changer for local SMEs of Bangladesh, many customers and SMEs expressed their concern over the high transaction fee of these service providers. Currently, MFS like bKash and Nagad charge almost double that of traditional banks. They also have a daily limit on transactions, which is a big problem for both parties, especially SMEs which just started their businesses. According to one respondent:

“In the current situation, Digital Bangladesh should target lower MFS costs and wider reach from established companies like Nagad, bKash, Rocket, etc.”

One important point many respondents made in the interviews is the role of the central bank. If a central bank can make a list of verified SMEs, monitor and offer subsidies based on their

business types, and ease digital payment facilities, these can scale up the SME growth to a large extent across the country.

4. Delivery & Logistics Support Improvement

As a developing country, Bangladesh still has a major problem regarding logistics support throughout the country, especially in semi-urban and rural areas. For many remote SMEs, selling their products through existing infrastructure and delivery services has been a negative experience most of the time. Respondents who own businesses expressed their disappointments regarding delivery services like RedX and Pathao, who do not go to remote areas and force customers to come and pick products from one central location. Even if a customer agrees, most of the time he finds a delivery delay, excessive charging of the courier, a damaged or wrong product, or bad service from delivery personnel. One interviewee stated:

“Packaging from couriers gets damaged many times because of careless delivery by couriers; products also get lost most of the time”

Courier charges have also been identified as a major concern by the respondents. According to one business owner, if a product is returned by a customer, the seller has to bear the return cost, which is not good for business. Respondents suggested the integration of local delivery agents & subsidies in rural delivery for better services in remote areas.

5. Transformation towards Eco-Friendly Business

Many SME owners highlighted the need for eco-friendly business initiatives for a sustainable future but have not been able to due to existing technology or government initiatives. Packaging is one of the major issues they talked about, and they don't feel current government initiatives are making it available to use eco-friendly packaging in business. Current options are mostly plastic-based, and the organic ones are mostly unavailable or expensive. One respondent expresses:

“Our government role is very important here. Government incentives like tax reduction, tax breaks, and subsidies for adopting sustainable practices, training and apps like packaging eco-calculator to measure footprint, eco or green certification, funding for biodegradable packaging design, and most importantly, awareness campaigns are necessary for an eco-friendly business industry”

As an SME entrepreneur or customer, what do you expect from the Government that will develop the SME industry more? (একজন ক্ষুদ্র মাঝারি উদ্যোক্তা অথবা গ্রাহক হিসেবে সরকারের কাছে কি পদক্ষেপ আশা করেন যার ফলে এই SME ইন্ডাস্ট্রি আরো বিকশিত হবে?)

48 responses



The importance of government subsidies is also reflected in a survey where more than half of respondents marked it as a major option, making it relevant to the discussion.

6. Relevance with Theory

Sustainability in business includes business, people, and the place. In this sense the triple bottom line theory of Elkington is closely related to this theme. According to the theory, people, planet, and profit all should be in balance to ensure long-term sustainability of business & environment, strongly supporting the discussion done earlier.

4.2.6 Theme 6: New Trends in SME Digitalisation

It is clear that Bangladeshi SMEs are not only adopting current digital tools, but they are also showing glimpses of leveraging emerging innovation that can reshape business operations, customer experience, branding ideas & equity. When asked about upcoming trends in the near future that can accelerate diversified SME growth, respondents highlighted some key elements that can take shape in the next few years:

1. AI Chatbots for Customer Support

Many SME owners found the option of an AI chatbot to be a groundbreaking idea. Platforms like WhatsApp Business and Facebook Messenger already have somewhat similar options where basic queries about a product can be programmed in advance, and no person is needed to answer them to customers. This keeps the businesspeople connected even if they are not there at that moment. As per one policy maker:

“Cross-border social commerce in all-in-one platform, Bangla Voice AI tool, and Rural First innovations. This is how I see SMEs in the next five years.”

The idea of a native language voice tool controlled by AI can be revolutionary, especially for solo entrepreneurs who manage all the business operations by themselves. Though, the implementation of such ideas are very low currently, it can skyrocket in near future because of increasing customer and order volume.

2. Inclusion of Starlink Internet to Change Social Media Selling

Bangladesh has recently been included as the latest operating country by Starlink Internet. A country where social media live selling, such as Facebook Live and TikTok Reels streaming, are major business platforms, Starlink can be a game changer. The uninterrupted satellite internet can boost the SME growth even more in upcoming years & pave the way for interactive selling. One of the respondents expresses his opinion:

“The inclusion of STARLINK internet in Bangladesh would be revolutionary in live product selling online, which would be very helpful for SME owners”.

With this kind of internet option, SMEs would be able to do live sessions and demonstrations, offer deals, and ask questions that will surely enhance customer experience, especially for those in remote areas.

3. The Emergence of Local Business Platforms

While international third-party platforms like Daraz are already successful in Bangladesh, the country over the years saw the emergence of local platforms like Chaldal, Bikroy, AkjerDeal, and Rokomari solidifying their positions in the e-commerce market. With the possibilities of international platforms like Amazon entering the country, the interviewees urged international as well as all local third-party businesses to be more regional in operation & logistics. As per one respondent:

“Daraz is doing well, but it would be better if local platforms developed their supply chain for smoother delivery countrywide, and all their instructions must also be in Bengali alongside English.”

The statement highlights the need for a more enriched local e-commerce service that can pair up with local courier services, support native languages with English, offer cash on delivery even in remote areas & improve customer experience for SMEs.

	Ticketing	Grocery	Marketplace	Lifestyle & Electronics	Logistics & Equipment
B2C	 	  	 	     	   
B2B					
C2C			 		

Fig: Emerging E commerce Platforms in Bangladesh (Source: LightCastle)

4. Innovation in Semi-Urban & Rural Areas

In an in-depth interview with policy makers and academics, it was mentioned that innovations are needed at the root level to tackle the barriers customers and businesses face daily. These barriers are addressed as power cuts, internet speed, literacy on digital tools, etc. These academics and policy makers suggested some basic technological changes, such as:

- Making solar power more available for uninterrupted power supply.
- Apps that can be used to process orders offline through GPS or satellite.
- Technologies like AI/NLP that can ensure a native language-based order system.

One academic person who is also a rural planner from CUET stated:

“We from CUET are working on technologies that can ensure rural people get the benefits of digital changes. We have also founded an incubator building on our campus where we educate people and SMEs about digital tools & business.”

4.3 Emerging Trends and Their Usability in Bangladesh

Trend	Mentioned by Respondents	Real Life Use
Local E commerce	High	Daraz , Chaldal , Bikroy
Influencer Marketing	High in Urban Areas	Facebook Pages, YouTube.
Live Social Media Sale	Very High	Facebook/ Tiktok Live
AI BOTS	Moderate	Messenger, WhatsApp chat
Rural Digitalization	Low	Solar, POS offline
Organic Innovation	Low	Jute Cotton Shopping Bags, Bamboo Utensils

4.4 Discussion: Interview Insights, Survey Findings & Secondary Data

This study explores the digital transformation of SMEs in Bangladesh's FMCG sector. The study highlighted the influence digital tools have on customer experience and brand equity. A thematic analysis of primary interviews and survey data are grouped into six major themes. These themes align with the theories of this specific work, and the secondary dates offer the validation of the contexts.

1. Theme 1 and 2: Digital Tools, Customer Experience & Strategies

In themes 1 and 2, there has been discussion about digital tools that are influencing SME and customer experience and interactions. There has been a discussion about all three stages of the customer journey & platforms that are the centre of this journey. Platforms like Facebook have been used widely across the country. Alongside that, WhatsApp, Bkash, and Daraz are the major tools for strategic engagement, trust, and transactions.

These insights support the secondary data; for example, BBS (2023) reported that there is a significant improvement in customer retention by SMEs using digital tools such as Daraz. Another report is from A2I, where they stated 90000 people are actively doing business through Facebook in Bangladesh. These reports back up the main ideas of both themes that digital adoption directly impacts customer experience and lead to brand loyalty.

2. Theme 3 and 4: Barriers, Behavioral Differences & Contrast of Lifestyle

Themes 3 and 4 highlight the cultural, financial, and operational barriers faced by SMEs in regular operations. While the progress of digital infrastructure is visible in large cities, rural and semi-urban places have not seen significant change. The government website BTRC claims more than 90% of the area of the country is under 4G coverage; in reality there have been problems with internet speed, networks, pricing, etc. BBS (2023) also mentioned the rise of materials after covid, hurting the vision of green & sustainable packaging in the near future. In the cultural part, there has been a contrast highlighted between urban and rural life. While urban people are savvier in technology, the norm of rural people still prefers cash, face-to-face transactions, community trust, etc. There was also discussion about delivery services & couriers who find it difficult to deliver in rural areas because of bad roads, security concerns, negative customer responses, etc.

3. Theme 5 and 6: Policymaking Gap, Collaboration & Future

Themes 5 and 6 highlight the point of view of policymakers & academics regarding government initiatives for the development of SMEs. In paper, there have been many initiatives proposed and parties like A2i or other SME forums working on improvement; the majority of the work is still undone. Some of the suggestions from the respondents for government and third parties are training for rural people & SMEs, lower transaction fees from MFS, improved logistical support, internet availability & low package cost.

There is also discussion about sustainability in both themes. One real-life example would be the sustainability report of PRAN (2022), where they claimed they have been able to convert more than 40% of their existing packaging into biodegradable one. But this also suggests that smaller companies face financial barriers while doing the same initiatives. For that reason government subsidies for small SMEs have been proposed.

In the end, the respondents showed their hope about future trends such as AI , local e-commerce, Starlink, green business, and rural technology development that can bring a revolution in Bangladesh's SME operation in the next few years. Throughout the discussion, relevant theories have also been linked to draw the clear connection between literature and real-life incidents.

4.5 Summary of Themes in a Brief:

1. Customer Experience:

- Source: Facebook, Bkash, Instagram.
- Barrier: Internet access, speed, literacy.
- Solution: Investment in data package, network.

2. Customer Engagement:

- Source: Daraz, Bikroy, WhatsApp, Messenger.
- Barrier: Trust issues.
- Solution: Community buildup, localisation, authenticity.

3. Emerging Trends:

- Source: AI, live Sell, chatbots.
- Barriers: Resource, digital literacy.
- Solution: Educate remote SMEs and people.

4. Policy Making:

- Source: Grants, training, green initiatives.
- Barrier: Limited workforce in rural areas.
- Solution: Government & academic support.

Chapter 5: Conclusion & Recommendation

5.1 Conclusion

The study discussed how digital transformation is changing customer experience perspectives and building brand equity among SMEs in Bangladesh's FMCG sector. A mixed-methods approach combined with six detailed interviews and a well-structured survey has been conducted to highlight the importance of digital tools in SME operation. The inclusion of digital tools has been a promising factor for the future despite having barriers to tackle. The study highlighted the fact that popular digital tools such as Facebook, WhatsApp, Daraz, Bkash, and Instagram significantly improve the customer experience, brand awareness, loyalty, and trust in online transactions. These tools guide customers throughout their purchase journey, for example, information search, purchase, and post-purchase experience, redefining SMEs' way of reaching customers. According to the interviews with small and medium entrepreneurs, the use of digital platforms has a positive impact on their business and helps them reach more customers, improve retention, operate efficiently day-to-day, interact positively, and increase brand value. However, the research also marked some critical barriers, such as cultural differences, infrastructure issues, and behavioural preferences limiting the potential of digital tools. This indicates that while SMEs are adapting to digitalisation, a sustainable future needs more strategic, educational, policy-based & infrastructural change. The research also states the importance of transformation not only through technology but also through sociocultural adaptation that needs localised planning & strategies. In the end, it has also been identified that the future of SME digitalisation in Bangladesh will be driven by multiple trends influencing the customer experience technologically & culturally. In the near future, factors like artificial intelligence, local e-commerce, live engagement, green practices, and more opportunistic rural markets may increase in number, opening a broader way for SMEs to succeed and contribute more to the economy. The study also highlights the role of policymakers, academics & SME organisations, such as making technologies affordable, investing in new techs, making platforms for accountability and customer queries, SME loans, training, and collaboration with industry experts. All of these, if supported in a proper way, can help SMEs to scale up more, expand throughout the country and become more efficient in their work, all while simultaneously improving customer experience, maintaining trust & relationships, earning loyalty from customers and creating value for business and society in the long run.

5.2 Theoretical Contribution

The study aligns with some existing theories of customer experience and tried to make contributions to the existing literature. Some of the theories that are frequently used as a base of understanding for this work are:

1. Keller's Customer-Based Brand Equity Model:

Keller's CBBE model comprises four major tools of brand equity: brand awareness, loyalty, perceived quality & brand association. This theory relates to the usability of different digital platforms by Bangladeshi SMEs. The platforms like Facebook, Daraz, and WhatsApp are being utilised for:

- Following up with customers after a purchase and personalised offerings for repeat purchases & loyalty relate to brand resonance.
- Awareness through online visibility and storytelling, emotional advertisement.
- Real-time engagement, customer reviews indicating brand association.
- On-time delivery and smooth transactions through MFS relate to perceived quality.

2. The Bottom of Pyramid Theory:

According to Prahalad & Hart, businesses can reach and serve markets that are at the bottom of the pyramid through innovation and adaptation. The study relates to the theory of how SMEs engage in the rural markets using different digital tools like Facebook and MFS services like bKash. This proves the point that enterprises at the bottom of the pyramid can scale up through the use of digital platforms and serve remote customers, eradicating traditional barriers.

3. Triple Bottom Line Theory:

The theory of Elkington emphasises people, planet & profit and defines them as intertwined factors for long-term success. This is relatable to the SME operation in Bangladesh, where the companies are slowly integrating into eco-friendly branding strategies. For example, PRAN, one of the leading SMEs, published a report in 2023 where they claimed 40% of their packaging is now biodegradable.

4. Customer Experience Framework:

The theory demonstrates how digital CX touchpoints enable a customer to come across different touchpoints throughout different purchase stages. Proving the point that SMEs manage pre-purchase, purchase and post-purchase stages effectively through both online and offline. This relates to the statement that customer experience is not only confined to traditional marketing but is something more cross-touchpoint-dependent, an approach enabled by modern digital tools.

5.3 Recommendations

The following section entails specific recommendations based on the research work addressing the issues and possibilities regarding SMEs, policymakers, platform owners and researchers. This is because, while doing the work, it appeared that digital tools, though they offer immense opportunities for business, need support and guidelines to flourish. These recommendations are hoped to be helpful and reduce the gap between different parties and make contributions in the evolving digital economy of Bangladesh.

1. SME Level Recommendations:

- SMEs should adopt different platforms for different purposes, for example, Facebook for better reach, WhatsApp for connectivity, local platforms for sales & MFS for seamless transactions.
- To overcome the issues related to rural and semi-urban areas, a semi-digital model can be introduced where there will be manual support for people with low digital literacy.

- To engage people more and build trust factor, SMEs should ensure product authenticity and make people aware of this through digital platforms. These platforms can also be used to engage people emotionally through storytelling, behind-the-scenes clips, success stories of entrepreneurs, etc.
- Investing in digital communication that is related to local culture significantly improves brand perception.

2. Recommendations for Policymakers:

- Government and associations related to policymaking (ex.: a2i) must give focus beyond main cities and support rural digital inclusion.
- Improving logistical support throughout the country for better customer experience.
- Subsidies, tax rebates, incentives for small and medium SMEs, and incentives for biodegradable packaging.
- Internet package cost reduction, improving internet speed and network connectivity countrywide through public-private partnership.
- Focusing on transaction fees and reducing them for verified SMEs.
- Training and seminar arrangements to spread awareness and practical implementation regarding e-commerce, social media advertisement, B2B and B2C sales, MFS, etc.

3. Recommendations for Local Platforms:

- Local platforms like Rokomari, Daraz, and Chaldal should tie up with local SMEs, providing guidelines, educational support, tools, and tutorials to integrate them more into digital reality.
- Offering verified marks to profitable SMEs to prevent fraudulent activities and also to ensure the authenticity of the brand.
- Navigation tools like voice commanding in Bangla and AI assistance in native languages to include more and more people from semi-urban areas in the platform.
- Introducing a simplified seller data dashboard that can show customised results such as sales reports, bestselling products, etc.
- Partnering with community agents or micro-level startups to reach last-mile customers more easily.
- MFS like bKash and Nagad can improve merchant app interfaces, introduce more cashback and loyalty programmes, and arrange training on digital risk in transactions.
- Adding live shopping on platforms to answer real-time customer queries, flash sales, discounts or giveaways.

5.4 Areas of Future Research

The study aimed to provide impactful insights about the digital transformation of SMEs in Bangladesh, but there are still areas left for more research and inquiry. As digital technology, customer behaviour, and policymaking are dynamic and changes happen more frequently, further research is essential to address issues that remained beyond this work. The following areas are

suggested for future academics and policy-orientated people to contribute more to Bangladesh's FMCG sector, SMEs and overall economy:

- A large-scale quantitative study, more data and calculation to understand the impact of digital tools on SMEs & brand equity.
- More research on sustainable practices such as green packaging, industry practice, and logistical ethics.
- More insightful work to explore the difference between different markets, such as FMCG SMEs vs. service-based SMEs.
- A long study comprising the government and different NGOs on how to expand digital training programmes across the country.

5.5 Limitations of the Study

While the study findings are based on real-life interviews and survey data, several limitations are acknowledged here:

- Because of the sample size for interviews (n=6) and the limited survey respondent figure, the study somewhat focused more on the analytical part rather than on statistical generalisation.
- The study focused little on gender-specific experience and also other SME industries.
- The study has fewer rural SME participants, not fully highlighting barriers faced by them in that area.
- Evolving change in people's behavior & technology can make the study insight outdated if not followed up by further research.
- The study focused more on the SME and business viewpoint; the inclusion of the customer's perspective could have balanced the overall study more.
- The study relied on self-reported interviews and surveys, creating the possibility of response bias.
- The study did not highlight financial metrics such as ROI, revenue growth related to advertising, or digital investments, which could have solidified the findings more.

5.6 Final Words

The research highlighted the impact of digital tools on small and medium enterprises in Bangladesh to find out how the inclusion of digital tools in business can improve customer experience and make and increase brand value. There were discussions how platforms like Facebook, WhatsApp, Daraz, bKash, and Nagad going beyond marketing and transactions to redefine trust, loyalty, and connectivity with people. Using these platforms, small and medium entrepreneurs are coping up with global competitors despite having problems like internet issues, logistics, management, cost & cultural barriers, etc. Many innovative ideas are being implied by them to attract and retain customers from unexplored markets. It is also clear that SMEs need support from both policymakers and digital leaders to be more successful and sustainable in the near future. Finally, the research tried to show that digital change is not only about adopting tools, gadgets, and technology; it is something about understanding people and the local culture and using the existing tools to integrate into digital reality

References

- Aaker, D.A., 1992. The value of brand equity. *Journal of Business Strategy*, 13(4), pp.27–32.
- Afroze, D. and Rista, F.I., 2022. Mobile financial services (MFS) and digital inclusion – a study on customers' retention and perceptions. *Qualitative Research in Financial Markets*.
- Ahmed, M.U., 1999. The small and medium enterprises (SME) in Bangladesh: An overview of the current status. Working Paper, State University of Bangladesh, Dhaka.
- Akter, S. and Wamba, S.F., 2016. Big data analytics in E-commerce: a systematic review and agenda for future research. *Electronic Markets*, 26, pp.173–194.
- Alauddin, M., Rahman, M.Z. and Rahman, M., 2015. Investigating the performance of SME sector in Bangladesh: An evaluative study. *International Journal of Small Business and Entrepreneurship Research*, 3(6), pp.14–28.
- Al-Saedi, K., Al-Emran, M., Ramayah, T. and Abusham, E., 2020. Developing a general extended UTAUT model for M-payment adoption. *Technology in Society*, 62, p.101293.
- Hajong, P., Moniruzzaman, M., Idris, M., Mia, A. and Rahman, M., 2014. Storage system of potato in Bangladesh. *Universal Journal of Agricultural Research*, 2, pp.11–17.
- Bakht, Z. and Basher, A., 2015. Strategy for development of the SME sector in Bangladesh. Academic Press.
- Bochenek, L.M. and Blili, S., 2013. Profiling corporate communications strategy: Mastering organisational learning; a dynamic maturity model for corporate communications strategic management. *The Marketing Review*, 13(2), pp.143–165.
- Braun, V. and Clarke, V., 2006. Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), pp.77–101.
- Bryman, A., 2016. Social research methods. 5th ed. Oxford: Oxford University Press.
- Chiara Gentile, C., Spiller, N. and Noci, G., 2007. How to sustain the customer experience: An overview of experience components that co-create value with the customer. *European Management Journal*, 25(5), pp.395–410.
- Chowdhury, M.M., n.d. measuring the factors influencing the consumers' attitude on selecting international beauty soaps: An investigation in Bangladesh market.
- Constantinides, E., Carmen Alarcón del Amo, M. and Romero, C.L., 2010. Profiles of social networking sites users in the Netherlands. 18th Annual High Technology Small Firms Conference, *HTSF*, 25–28 May, Enschede, The Netherlands.
- Coulter, K.S. and Roggeveen, A., 2012. Deal or no deal? How number of buyers, purchase limit, and time-to-expiration impact purchase decisions on group buying websites. *Journal of Research in Interactive Marketing*, 6(2), pp.78–95.
- Creswell, J.W. and Creswell, J.D., 2018. Research design: Qualitative, quantitative, and mixed methods approaches. 5th ed. Thousand Oaks: Sage.
- Dyllick, T. and Hockerts, K., 2002. Beyond the business case for corporate sustainability. *Business Strategy and the Environment*, 11(2), pp.130–141.
- Elkington, J., 1997. Cannibals with forks: The triple bottom line of 21st century business. Oxford: Capstone Publishing.
- Fan, Y., 2005. Ethical branding and corporate reputation. *Corporate Communications: An International Journal*, 10(4), pp.341–350.

Fareniuk, Y., 2022. Marketing strategy optimisation in FMCG market. *Bulletin of Taras Shevchenko National University of Kyiv. Economics*, 2(219), pp.49–57.

Farquhar, P.H., 1989. Managing brand equity. *Marketing Research*, 1(3).

Hancock, B., Windridge, K. and Ockleford, E., 2009. An introduction to qualitative research. National Institute for Health Research, Research Design Service.

Hanna, N., 2018. A role for the state in the digital age. *Journal of Innovation and Entrepreneurship*, 7(5).

Hasan, M.J. and Rahman, M.S., 2023. Determinants of eco-innovation initiatives toward sustainability in manufacturing SMEs: Evidence from Bangladesh. *Heliyon*, 9(7), e18102.

Holden, S.J.S., 1992. Brand equity through brand awareness: Measuring and managing brand retrieval. Ph.D. Dissertation, University of Florida.

Islam, M.A., Mian, E.A. and Ali, M.H., 2009. Factors affecting business success of small and medium enterprises (SMEs) in Bangladesh. *Business Review*, 4(2), pp.123–138.

Keller, K.L., 1993. Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), pp.1–22.

Keller, K.L., 2003. *Strategic brand management: Building, measuring, and managing brand equity*. 2nd ed. Upper Saddle River, NJ: Prentice Hall.

Ko, Y.J., 2015. The impact of e-commerce on supply chain relationships. *Journal of Business Research*, 68(12), pp.2607–2614.

Kothari, C.R., 2004. *Research methodology: Methods and techniques*. 2nd ed. New Delhi: New Age International.

Kumar, D., 2022. Prospects and challenges of mobile financial services (MFS) in Bangladesh. In: IGI Global eBooks, pp.320–341.

Lehner, M. and Halliday, S.V., 2014. Branding sustainability: Opportunity and risk behind a brand-based approach to sustainable markets. *Ephemera*, 14(1), pp.13–34.

Lemon, K.N. and Verhoef, P.C., 2016. Understanding customer experience throughout the customer journey. *Journal of Marketing*, 80(6), pp.69–96.

Lincoln, Y.S. and Guba, E.G., 2000. Paradigmatic controversies, contradictions, and emerging confluences. In: N.K. Denzin and Y.S. Lincoln, eds. *Handbook of qualitative research*. 2nd ed. Thousand Oaks, CA: Sage, pp.163–188.

MacDuffie, J.P., 2011. Inter-organizational trust and the dynamics of distrust. *Journal of International Business Studies*, 42(1), pp.35–47.

Meyer, C. and Schwager, A., 2007. Understanding customer experience. *Harvard Business Review*, 85(2), pp.116–126, 157.

Patowary, N., 2023. Post-pandemic customer experience trends in Bangladesh's retail e-commerce industry.

Prahalad, C.K. and Hart, S.L., 2002. The fortune at the bottom of the pyramid. *Strategy+Business*, (26).

Rahman, M. and Khondkar, M., 2020. Small and medium enterprises (SME) development and economic growth of Bangladesh: A narrative of the glorious 50 years. *Journal of Business Studies*, 7, pp.9–24.

Rahman, S.A., Ahmad, N. and Taghizadeh, N.S.K., 2017. On the road to SME sector development in Bangladesh: A guideline based on current challenges and opportunities. In: *SMEs and Regional Development*. IGI Global.

Rekettye, G. and Rekettye Jr, G., 2019. The effects of digitalization on customer experience. *enternova - Enterprise Research Innovation Conference Proceedings*, 5(1), pp.340–346.

Saunders, M., Lewis, P. and Thornhill, A., 2019. *Research methods for business students*. 8th ed. Harlow: Pearson Education.

Sheilagh, M.R., Cheng, R., Simpson, M. and Lourenço, F., 2016. Marketing in SMEs: A '4Ps' self-branding model. *International Journal of Entrepreneurial Behavior & Research*, 22(1).

Talukder, M., Rahman, A., Das, L. and Luthfe, M., 2022. Estimating the contribution of SMEs output on GDP growth in Bangladesh – A VECM approach.

Tasnim, B.S., 2023. Consumers' perspective of Kazi Farms Kitchen's frozen food safety. BRAC University Undergraduate Thesis.

Tiago, M.T.P.M.B. and Veríssimo, J.M.C., 2014. Digital marketing and social media: Why bother? *Business Horizons*, 57(6), pp.703–708.

Vibhuti, A.K.T. and Pandey, V., 2014. A case study on consumer buying behavior towards selected FMCG products. *International Journal of Scientific Research and Management*, 2(8), pp.1168–1182.

Wong, H.Y. and Merrilees, B., 2005. A brand orientation typology for SMEs: A case research approach. *Journal of Product & Brand Management*, 14(3), pp.155–162.

Zatwarnicka-Madura, B., Siemieniako, D., Glińska, E. and Sazonenka, Y., 2019. Strategic and operational levels of CSR marketing communication for sustainable orientation of a company: A case study from Bangladesh. *Sustainability*, 11(2), p.555.

Websites and Portals:

<https://a2i.gov.bd/wp-content/uploads/2023/11/1.2-Gender-Centric-Financial-Digital-Literacy-Assessment-1.pdf>

<https://bKash.com>

<https://chaldal.com>

<https://daraz.com.bd>

<https://www.bb.org.bd/en/index.php/financialactivity/mfsdata>

<https://www.dhakatribune.com/business/366814/daraz-11.11-transforms-e-commerce-experience-in>

<https://www.dhakatribune.com/business/banks/340791/scb-shopup-to-implement-real-time-digital-payment>

https://www.gsma.com/publicpolicy/wpcontent/uploads/2021/05/GSMA_Accelerating_digital_transformation_in_Bangladesh_2021.pdf

<https://www.nielseniq.com/global/en/news-center/2024/fmcg-consumption-continues-to-drive-growth-in-q4-23-niq>

<https://www.pranfoods.net/sites/default/files/2024-12/Sustainability%20Report%202023.pdf>

<https://www.tbsnews.net/economy/bkash-revenue-crosses-tk5000cr-mark-posts-record-tk315cr-profit-1130351>

<https://www.thedailystar.net/business/economy/news/financial-inclusion-evolves-focus-rural-bangladesh-3797111>

<https://www.thedailystar.net/supplements/msmes-day-2024/news/leveraging-the-power-smes-3642786>

<https://www.thedailystar.net/supplements/msmes-day-2024/news/overview-smes-bangladesh-3642776>

<https://www.worldbank.org/en/region/sar/publication/framework-for-implementing-green-growth-in-bangladesh-2023>

<https://www.worldbank.org/en/topic/smefinance/publication/improving-smes-access-to-finance>

Appendix

A. Interview Questions

1. Do you think digital tools are influencing the SME businesses in the context of customer experience?
2. What are the popular digital tools & platforms you see now in Bangladesh for transaction, product purchase & sale?
3. Can you give an example of one SME that leveraged the digital ideas & became successful, or do you have your own experience?
4. What are the biggest challenges SMEs encounters in leveraging digital tools to improve customer experience?
5. In what ways do you think cultural values affect digital adoption among SMEs? For example, what challenges do the urban SME owners face while selling products into rural areas?
6. Urban city customers are generally tech-savvy but price-sensitive & there is also competition. How do you balance affordability with premium digital experiences?
7. Do you face any challenges regarding product delivery or customers in rural areas?
8. In what ways do you think cultural values affect digital adoption among SMEs? For example, what challenges do the urban SME owners face while selling products into rural areas?
9. Do you utilise services such as Pathao/RedX for delivery or bKash for payments? What effect did it have on customer retention or operational efficiency?
10. Policy adjustments you wish for (e.g., lower digital tax, better internet, infrastructure) that would help your SME scale digitally in both urban & rural areas? Also, adjustments that would help companies to build an eco-friendly business environment?
11. Which trends or innovations do you believe will influence SME digitalisation in Bangladesh in the next 5 years?
12. As a policymaker, how do you think collaboration between government, NGOs and tech companies can strengthen the support for SMEs?
13. As an academic person, do you think together academic institutions like CUET, SMEs, and policymakers can turn their research findings into practical and scalable solutions?

B. Transcription

Interviewer: Do you think digital tools are influencing SME businesses & customer experience?

Respondent 1: Yes, because I can easily reach city customers through digital & social platforms. Facebook and Instagram advertising helped me reach more people.

Interviewer: Which platforms do you think are popular for SME transactions and selling?

Respondent 2: I think Daraz, Bikroy.com, Facebook and Instagram are also very popular.

Interviewer: What are the key barriers SMEs face while using digital tools?

Respondent 3: lack of digital literacy in rural areas, cultural adjustment, slow internet.

Interviewer: How do cultural values affect SMEs in digital adaptation?

Respondent 4: the norm of rural customers preferring face-to-face deals. Trust issues and cash preference are also major issues.

Interviewer: How do you keep a balance between customer experience and affordability?

Respondent 3: Many customers are price sensitive, so I offer discounts, coupons, and free home delivery sometimes.

Interviewer: Do you use traditional couriers or digital delivery services? How does it impact your business?

Respondent 4: Yes, I use couriers like RedX, where I can track my products on the phone. This is very helpful to retain customers due to trust and reliability.

Interviewer: What policy changes do you think can help SMEs scale up digitally and ensure a sustainable future for them and others?

Respondent 5: digital training & awareness, eco-friendly packaging initiatives, subsidy and tax rebate for SMEs.

Interviewer: What trends do you think will shape SME digitalisation in the next 5 years?

Respondent 6: I think social media live selling, artificial intelligence in digital platforms, Bangla navigation and command in apps.

Interviewer: What problems do you face regarding rural customers & delivery?

Respondent 1: People give directions to the nearest address. Couriers hesitate to reach exact addresses due to safety issues and roads.

Interviewer: What role can academic institutions play in the digital adoption of SMEs?

Respondent 6: We launched an IT incubator at CUET. Their industry leaders connect with entrepreneurs and educate

them about digital business, ideas and trends.

Interviewer: How can government and NGOs support SMEs together?

Respondent 5: A common platform where there is transparency regarding initiatives, grants and execution.

Interviewer: Advice for SMEs trying to redefine customer experience using digital tools and platforms?

Respondent 5: Listen to customer feedback, be supportive, use data analytics to understand new trends and changing customer behaviour, and be transparent in offering promises.

C. List of Interviewee

S.L	Name of Interviewee	Designation	Email
1	Md Abu Twaha	SME Owner B.Barua, Bangladesh	ahmavera@gmail.com
2	Jobyda Sultana	Assistant Professor, Urban & Regional Planning, CUET.	Jobyda.urp@cueta.ac.bd
3	Arzu Akter Shermin	Assistant Director, Bureau of Manpower & Employment Govt Republic of Bangladesh	demopotuakhali@gmail.com.
4	Samia Hossain Kona	MA Student, University of Dhaka, Owner of Clothing Brand 'Boson'	Samiahossaink13@gmail.com
5	Fariya Akter Mim	Owner of SME brand 'One Purchase'	Fariya239@gmail.com
6	Jannatul Ferdous	Owner of SME brand 'Handcraft By Ru'	Ferdousjannat47@gmail.com