Local brands worming their way into people's hearts

Muhammad Zahidul Islam

Local brands are gradually winning the hearts of consumers, as per data from the past decade -- in a development that demonstrates Bangladesh's growing strength in the manufacturing sector.

From roadside groceries to high-end chain stores, home-grown products often triumph over the imported goods as domestic companies have improved quality and compliance, buoyed by people's billowing purchasing power.

Bangladesh Brand Forum (BBF), a local consultancy firm, has been awarding best brands for a decade on the basis of market research. The firm found that local companies are fast elbowing their way up -- a stark contrast to the scenario a few years back.

Of the top ten brands of 2019, six were local, according to the survey of the BBF, which works on thought leadership and knowledge sharing.

bKash, a mobile financial service provider, was named the most loved brand of the country, while the next three were RFL Plastics, Radhuni and Ispahani Mirzapore Tea, all home-grown labels.

In the 2018 survey, five local brands made it to the top ten, with Ispahani Mirzapore Tea taking the top spot.

The BBF prepares a list of about 100 popular brands in different categories every year by conducting a survey in partnership with Nielsen Bangladesh. As many as 4,000 consumers from across the country are interviewed.

Year	Top brand	Local brands in top 10
2019	bKash	6
2018	Ispahani Mirzapore Tea	5
2017	Grameenphone	4
2016	Grameenphone	2
2015	Fair & Lovely	3
2014	Horlicks	2
2013	Fair & Lovely	1
2011	Parachute	1
2010	Nokia	0
2009	Nokia	1
2008	Nokia	1

Local companies blend affordability and quality keeping the huge domestic customer base at the forefront, said Asif Iqbal, executive director for marketing at Meghna Group of Industries, which has a laundry list of consumer goods in its portfolio.

"That is the simple reason behind their surprising growth."

Several brands of Meghna Group clinched top positions in different product categories of the BBF survey.

"We, the local companies, have already won the trust of customers and that's why we were able to topple the multinational companies," said Iqbal, pointing out that domestic brands still have huge potential to grow and grab the entire market.

Bangladeshi investors have changed their mind set in recent years to compete with the multinational companies, said Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

This is why Bangladesh has found a good number of local companies with the ability to lead from the front, said Hossain, adding that the businesses have realised they cannot survive without maintaining good quality.

"As a result, customers have started accepting their products," said Hossain, who owns a good few business houses like Mir Ceramic, Mir Akhter Hossain and Mir Holdings.

The BBF has been honouring the brands since 2008 with an exception in 2012. In the first three seasons of the award, Nokia, then a leading mobile brand, secured the top position, but no local firms except Dhaka University made it to the top ten list.

It was in 2013 that a local brand -- Radhuni Masala – broke into the top ten. Next year, Radhuni Masala and Teer Soybean secured spots and there has been no looking back since.

"There is no doubt that the local companies are growing gradually and they are getting popularity but it does not mean that they are competing with the multinationals and grabbing their market," said Syed Ferhat Anwar, a director of the Institute of Business Administration of Dhaka University.

Some foreign companies are leaving the country creating scope for local brands, he said, adding that Bangladeshi firms are also becoming financially strong.

The BBF initiative has created enthusiasm among local brands and inspired them to do better, said Shariful Islam, its founder and managing director.

"Companies get customer feedback through our survey and can assess their position in the market, which helps them rethink their plans," he added.

IndustriALL concerned as Sanofi sacks officials

Star Business Report

The IndustriALL Global Union, a workers' rights body based in Geneva, has expressed concern over the termination of four senior officials of French multinational pharmaceutical company Sanofi.

The four officials in question were dismissed due to their involvement in the formation of a union at Sanofi's factory in Bangladesh.

According to reports, dismissal letters were sent to the officials on January 8, less than a month after the government's department of labour officially informed Sanofi's management about the recently proposed union registration process.

Sanofi is currently planning to end their Bangladesh operations, which comes as a massive blow to the government at a time when Bangladesh is seeking in earnest to attract foreign investment.

Although Sanofi enjoyed a profitable 60-year tenure in Bangladesh, the company is being forced out of the country due to "unethical marketing practices" prevailing in the industry, some employees said.

Last year, Sanofi Bangladesh logged profits of Tk 42.12 crore, up 13.62 per cent year-on-year, company documents showed. Meanwhile, their turnover increased from 5 percent to 7 percent year–on–year over the last few years, according to Sanofi Bangladesh's Managing Director Md Muin Uddin Mazumder.

Being globally renowned, it is not expected of Sanofi to practise unethical marketing strategies. As such, the pharmaceutical powerhouse does not enjoy even 2 per cent of the local market share and does not feature in the top 10 list of companies, industry insiders said.

Bangladesh government owns 45.36 per cent shares of the Paris-based public limited company.

Since the demise of Sanofi's Bangladesh operations seems imminent, their employees have urged the management to not hand over ownership to any other company or terminate them.

In that regard, a section of Sanofi's employees approached the labour ministry to form unions and protect their jobs. In response, Sanofi illegally dismissed the individuals in question, said a Sanofi employee seeking anonymity.

READ MORE ON B3

SANOFI

- Sanofi terminates 4 senior officials
- IndustriALL expresses concern
- French drug maker planning exit after 60 years
- Govt owns 45.36 percent share in Bangladesh venture
- Has less than 2pc of local market share
- Not among top 10 pharms
- Logged in profits of Tk 42.12 crore last year
- Profits up 13.62 percent year-on-year

SUNFLOWER PRODUCTION GAINS TRACTION

The production of sunflower plants, a great source of vegetable oil and livestock feed, is gaining popularity in Bangladesh. The high salinity tolerant plant can be easily cultivated in coastal areas year round. This photo was taken at the Bangladesh Agriculture Development Corporation in Faridpur.

SUZIT KUMAR DAS

Govt allowed to borrow more under new monetary policy

Businesses may be deprived of funds

Star Business Report

The central bank yesterday drastically raised the borrowing target for the government from banking sources for this fiscal year to meet its demand for funds in the face of revenue shortfall -- a move that will make it difficult for businesses to get loans.

On January 16, the monetary policy committee of the Bangladesh Bank revised the key monetary and credit programmes, setting a fresh government sector credit growth of 37.7 percent for fiscal 2019-2020 compared with 24.3 percent set in July last year.

The committee took the decision at a meeting presided over by BB Governor Fazle Kabir at the central bank headquarters in Dhaka.

The BB was forced to revise the target of broad money supply to the market to meet the government's growing borrowing demand from banking sources. Broad money is a category for measuring the amount of money circulating in an economy.

As per the revised monetary policy, the central bank set a 13 percent growth of broad money for the fiscal year, up from its July target of 12.50 percent.

The government overshot its annual limit for bank borrowing in the first half of fiscal 2019-20 due to poor revenue collection.

Between July and December last year, the government borrowed Tk 48,015 crore from banking sources against the annual target of Tk 47,363 crore, BB data showed.

In contrast, Tk 26,446 crore was borrowed from the banking sector in the entire fiscal 2018-2019.

According to a central bank projection, public sector credit growth was 59.6 percent in December against the target of 25.20 percent.

"It is tough to contain year-on-year government sector credit growth to 37.70 percent for fiscal 2019-20 given the ongoing trend of government borrowing," said Ahsan H Mansur, executive director of the Policy Research Institute.

Public sector credit growth may accelerate further than the revised target set by the central bank.

"The high borrowing is poised to aggravate the already tight liquidity condition in banks and it will ultimately hit the private sector," said Mansur, also the chairman of Brac Bank and a former official of the International Monetary Fund.

The private sector has been dealing with inadequate credit for months and their woes would worsen due to the increased government borrowing.

MPS AT A GLANCE

- BB raises public sector credit growth to 37.7pc
- Keep private sector credit growth unchanged at 14.8pc
- Remittance growth propels GDP growth to 8.2pc
- Broad money supply will increase to 13pc
- Containing inflation at 5.5pc will become a challenge

The central bank kept unchanged the private sector credit growth at 14.8 percent, which is way higher than the 10 percent it projected in December.

In November last year, private sector credit growth dropped to 9.87 percent, the lowest since 2008, the latest for which data is available.

The central bank has projected that the GDP growth will be close to 8.2 percent this fiscal year, riding on robust growth of inward remittances.

The high growth of remittance will offset the challenges stemming from lower growth in the manufacturing sector amid negative earnings from exports.

Remittance hit an all-time high of $18.32 billion in 2019, much to the relief of the government that has been on edge for the lower foreign exchange earnings from declining export shipments.

The ongoing trade war between the US and China and the recent spates of political unrest in the Middle East have mainly put the country's export sector under pressure.

But the government will face hurdles in achieving the GDP growth as remittance does not have direct impact on economic expansion.

"Remittance usually gives a boost to the rural economy and it hardly makes the whole economy vibrant," Mansur said, adding that it takes time to get output from remittance as the funds cannot be invested promptly.

The central bank says it will face some challenges to keep inflation at 5.5 percent because of rising price of edible oil and other commodities in the global market.

But the supply of commodity items in the domestic market has strengthened at a desirable level, which will help the central bank tackle inflation and achieve the target of 5.5 percent for the current fiscal year.

The government will have to turn to banking sources for funds as revenue shortfall widened further as sluggish tax collection persisted.

For example, the National Board of Revenue was Tk 20,220 crore shy of reaching its target of raising Tk 85,317 crore during the July-October period.