

Changing demands prove a boon for Lotto

Kazi Jamil Islam, managing director of Lotto Bangladesh, shares his experience during pandemic with The Daily Star

REFAYET ULLAH MIRDHA

The ongoing pandemic has been a blessing for Lotto Sport Italia as it enjoyed increased sales in Bangladesh for the past several months following a boom in the demand for low-cost, non-leather footwear products.

Since most people are staying at home to avoid infection, they now prefer to buy casual shoes at affordable prices, according to Kazi Jamil Islam, managing director of Lotto's Bangladesh operations.

The global outbreak forced Lotto Bangladesh to shut down its operations on March 23, three days ahead of a two-month nationwide lockdown aimed at curbing the spread

of Covid-19.

At the time, Lotto employed nearly 1,300 people at its local production facility and since then Islam has recruited another 700 workers at a new facility to increase production and meet the growing demand.

"When the lockdown was eventually lifted on May 30, many people took up jogging and other physical activities in an effort to improve their immune systems," Islam told The Daily Star in a recent interview.

This led to the increased demand for low-cost washable footwear, he added.

Lotto, which has 100 retail outlets and about 100 franchisee shops across the country, then took this



Kazi Jamil Islam

opportunity to expand its market share.

The Italian sportswear brand even started producing face masks considering the demand for such items amid the current health crisis.

Islam, also the managing director of Express Leather Products, the world's fastest growing Lotto licensee,

now plans to set up another factory in Tongi, where various sportswear such as jerseys and track suits will be produced.

He went on to say that when the pandemic began, everyone was puzzled about what to do since no one had ever experienced such a situation before.

Even during the nationwide shutdown, Islam continued to pay his employees and instructed them to remain available as work could have resumed at any time.

After finally reopening his operations, Islam observed that sales were gradually increasing.

Seeing that washable, non-leather products were the new hot ticket item, he immediately increased its production but was still unable to cope with the rapidly rising demand.

So, he opened another 11,000 square foot factory to compensate for the inadequate production capacity.

"Luckily, I had the raw materials for those items on hand and was able to do good business," he said.

With sales having gone up nearly 40 per cent year-on-year during the pandemic period, Islam increased the commission paid to retailers to 35 per cent and plans to open five more outlets in different parts of the country soon.

After realising that the ongoing pandemic would bring financial hardships for many, Islam started supplying some food items to his workers in a bid to make things easier for them.

But like most other businesses, Lotto Bangladesh lost vital sales

during Eid this year, when most customers were still stuck at home in fear of the Covid-19 fallout.

In an effort to beef up his client base, Islam has also partnered up with Bangladesh Police to supply shoes.

Banks also helped the company to survive, turning non-profitable outlets into profitable ones, he said.

Although the company's profitability went down, Islam was still able to pay his staff, none of whom were terminated either.

Islam intends to further expand his business by increasing the number of its partners and franchisees rather than increase the number of his retail outlets across the country.

Lotto Bangladesh produces 60,000 pairs of shoes and 1.50 lakh pairs of slippers every month, he said.

Islam started his journey as a Lotto franchisee in 2011, when he opened a retail outlet in Dhaka's Uttara area. After graduating from the University of Dhaka, Islam also studied at the Institute of Business Administration under the same university.

"I want double digit growth over the next five years and I want to see my employees are very happy," Islam said, adding that as per current statistics, his business growth is 25 per cent year-on-year.

When the lockdown was lifted, many people took up jogging and other physical activities to improve their immune system. This led to the increased demand for low-cost washable footwear.

No bar on raw jute export: minister

STAR BUSINESS DESK

The government is not going to restrict export of raw jute as it aims to increase receipts from such foreign trade and ensure fair prices of the natural fibre, said Textiles and Jute Minister Golam Dastagir Gazi yesterday.

The disclosure came at a time when raw jute is being traded at a record high of around Tk 3,500 per maund, with millers warning that high prices and shortages might affect production and export of goods made out of it.

Jute has been one of the bright items in the export basket that saw just below 1 per cent increase in earnings in the July-November period of fiscal 2020-21.

Export earnings from jute and jute goods soared 37 per cent year-on-year to \$553 million in fiscal 2020-21.

Raw jute export edged up nearly 1 per

cent to \$71 million in the July-November period from that in the same period a year ago, data from the Export Promotion Bureau showed.

Dastagir, at a meeting with representatives of Bangladesh Jute Association (BJA) at Bangladesh Secretariat, said the government was working to increase production, domestic consumption and export of raw jute and jute products.

He said new versatile products such as charcoal, composite jute textile, jute geo-textile were made from jute and the government has declared 282 types of jute products as diversified jute goods.

Abdul Barik Khan, secretary general of Bangladesh Jute Mills Association, said prices of raw jute are now Tk 3,500 per maund.

And because of scarcity and high prices, production and export activities may be affected in the coming months, he added.



STAR BUSINESS REPORT

The stock market witnessed a fall yesterday as investors exhibited a tendency towards profit booking amidst the fear of a second wave of the coronavirus pandemic.

The DSEX, the benchmark index of Dhaka Stock Exchange, dropped 33.40 points, or 0.65 per cent, to 5,074.

Stocks of some companies witnessed an increase of 8 to 12 per cent in the past two weeks, for which many investors took to availing themselves of the profits, said a stockbroker, adding, "This is normal."

When investors take profits, their confidence grows simultaneously, increasing the depth of the market, he said.

The inclination was predominantly to sell most of the multinational and blue chip stocks because those recently rose by a higher extent, the stockbroker added.

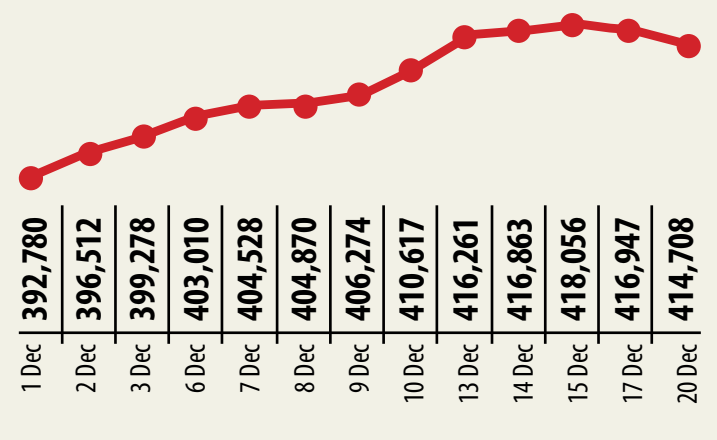
Stocks of Reckitt Benckiser Bangladesh fell 4.63 per cent while Unilever Consumer Care 5 per cent yesterday, according to the DSE data.

Banks and non-bank financial institutions (NBFIs) also faced the

Stocks fall as investors rake in profits

DSE MARKET CAPITALISATION

In crore taka; SOURCE: DSE



in provision from what they now maintained for their unclassified loans, so bank profits must undergo a battering from this year, he added.

Among the listed 30 banks, only two witnessed a rise, four remained the same and the rest 24 dropped on the DSE boards.

Turnover, another important indicator of the stock market, stood at Tk 860 crore on the DSE yesterday which was Tk 705 crore on the preceding trading day.

Bangladesh National Insurance Company topped the gainers' list yesterday rising 10 per cent followed by Bangladesh Welding Electrodes, Shyampur Sugar Mills, Premier Cement and Continental Insurance.

Beximco saw its stocks being traded the most, worth Tk 68.51 crore, followed by Beximco Pharmaceuticals, Republic Insurance Company, Walton Hi-Tech Industries and IFIC Bank.

Of the total 358 companies traded, 81 advanced, 213 declined and 64 remained unchanged.

Dominance Steel Building Systems shed the most, losing 9.85 per cent, followed by GQ Ball Pen Industries, United Airways, Eastern Lubricants and Bangladesh Lamps.

same fate over apprehensions of a decline in their profits.

These financial institutions had been suffering for the last few years for accumulating a huge amount of non-performing loans (NPLs) and on top of that, the pandemic has intensified their problems, said a merchant banker.

Due to a policy support of Bangladesh Bank, banks were able to show higher profits till September, but in reality it was a

different story.

The BB asked banks to refrain from classifying borrowers in the current year considering the fallouts of the pandemic.

Due to the pandemic, many entrepreneurs will face huge problems in running their business, so banks will face even more NPLs next year, said the banker.

On the other hand, the central bank has already ordered the banks to keep an extra 1 per cent

UK business groups raise concern over new Covid restrictions

REUTERS

Business groups expressed concerns over Britain's new COVID-19 restrictions, with the Confederation of British Industry calling them a "real kick in the teeth" for many businesses.

Matthew Fell, the CBI's chief UK policy director, told Reuters in an emailed statement that the move would hit businesses which were already struggling badly, and the government needed to take a "fresh look" at how to support UK businesses through to the spring.

UK Prime Minister Boris Johnson said on Saturday that London and southeast England will be placed in a new Tier 4 level of lockdown. Non-essential retail will close, as will indoor leisure and entertainment.

The new restrictions add to uncertainties faced by British businesses amid the possibility of a no-deal Brexit with less than two weeks left before Britain leaves the European Union's orbit.

Businesses fear a failure to agree a deal on goods trade would send shockwaves through financial markets, hurt European economies, snarl borders and disrupt supply chains.

"This third shutdown comes at the worst possible time, as businesses face close of year challenges as well as uncertainty and upheaval from the Brexit transition period which ends in just 12 days' time - with still no deal agreed", said Mike Hawes, chief executive of Britain's car industry body, the Society of Motor Manufacturers and Traders.

The British Retail Consortium added that the consequences of the new restrictions will be severe and that the government will need to offer additional financial support to businesses.

The London Chamber of Commerce and Industry called for the suspension of taxes and rates for any companies forced to close their doors.

US shoppers grab last-minute holiday gifts, pick up online orders in-store

REUTERS, New York

Many US holiday shoppers, wary of spending time in stores during the latest surge of COVID-19 cases and nervous about packages not arriving before Christmas, were on a mission on Saturday: snatch up last-minute gifts fast or pick up online purchases in-store.

The "Super Saturday" before Christmas is traditionally the busiest day of the year for holiday purchases, and this year online retail has been extra busy. But news reports about high-priority vaccine shipments have many Americans fretting that gift deliveries could be delayed this week.

"If you haven't ventured out and you haven't gotten your gifts, you almost have to," said Marshal Cohen, chief retail industry adviser at NPD Group. "Online orders aren't going to get delivered on time and nobody wants to risk showing up empty handed."

US retailers are expected to ring in record sales, with over 150 million American shoppers slated to buy holiday gifts Saturday online or in-store, up by more than 2 million from last year, the National Retail Federation said on Thursday.

Many last-minute holiday shoppers on Saturday were picking up orders in-store that they had placed online, four retail experts making checks in a total of six states said.

As states enforce stricter mandates and consumers, by and large, continue to avoid



REUTERS/FILE

Shoppers wait in line outside a Bath and Body Works retail store, as the global outbreak of the coronavirus disease continues, in Brooklyn, New York.

strolling through the local mall, those who had not already ordered for pickup were mercenary in their approach and would "pop in and out, grabbing the one or two gifts they already knew they wanted," Bill Park, a partner at Deloitte & Touche LP, said of shoppers at the King of Prussia mall outside Philadelphia.

Craig Johnson, president at retail consultancy Customer Growth Partners, said the same was true of customers at malls in Massachusetts and Rhode Island. "This is mission shopping, that's what this is."

Johnson expects people to spend \$36.1 billion this Super Saturday, up from \$34.4

billion last year. That includes in-store and online purchases but excludes sales at gas stations, restaurants and automobile dealers.

Curbside business contributed greatly to the traffic at big retail chains including Walmart and Target on Saturday, according to retail analysts in Miami, New York City and Chicago.

Many retailers have clocked record digital sales during the pandemic, overwhelming traditional shipping companies including FedEx, UPS and the USPS. Vaccine shipments are a priority now, and this week, delivery drivers in the Northeast have had to contend with a major snowstorm.

In turn, department stores like Nordstrom and J.C. Penney are dangling perks such as free gift wrapping and extra discounts for those who "click and collect" online orders.

"It wasn't going to arrive in time," Elyse R., 31, said standing at the curbside counter at Nordstrom's flagship store in Manhattan. She was referring to the facial massage tool she ordered online for her sister for curbside pickup. "I popped into another store and now I'm going to go home."

While Elyse waited for her order, she played a contact-free trivia game at a booth next to the counter that could win her a \$25 gift card. Such tactics have helped lure people in to shop on the spot or return later, a store associate said. "The goal, even with pickup, is to get you in the store," NPD's Cohen said.