

International Business News

iPhone to shake-up Japan's cellphone industry

AFP, Tokyo

The arrival of Apple's iPhone 3G will force Japanese cellphone makers to revamp their handsets to allow increasingly sophisticated software, a senior official at Softbank Mobile said Wednesday.

Faced with increased competition, Japanese handset providers will have to provide more software-oriented machines like the touch-screen iPhone, said Tetsuzo Matsumoto, a senior executive vice president at Softbank Mobile.

"It's now the turning point," said Matsumoto, whose company is the only Japanese carrier so far to have launched the iPhone 3G in Japan.

The iPhone's key advantage is that more features and applications can be added to suit the needs of users, he told a press conference.

Softbank Mobile launched Apple's iPhone 3G for the first time in Japan in July, drawing long queues and helping the operator to add more subscribers.

But other operators, such as industry leader NTT DoCoMo, are more sceptical about the iPhone's prospects of success in Japan.

GM to invest \$445m in Thai auto plants

AFP, Rayong

General Motors will invest 445 million dollars to build a new diesel engine plant and to upgrade an existing assembly plant in Thailand, chief executive Rick Wagoner said Wednesday.

The new plant in the industrial coastal town of Rayong will start production in 2010, with a capacity to produce more than 100,000 engines per year, he said. The facility will also employ about 340 workers.

About 90 percent of the engines will be used in GM's nearby assembly plant, which will be upgraded to produce the new model Chevrolet Colorado small pickup truck, he added.

Wagoner said the investment was part of GM's global strategy, which includes growth in emerging markets like Thailand.

GM has struggled with a weakening US economy, losing the top spot in global sales to Japanese rival Toyota in the first quarter, while posting a 15.5-billion-dollar net loss in the second quarter.

But Wagoner refused to concede that GM might fall second to Toyota in annual sales this year.



Chairman and CEO of Dell Michael Dell poses with new range of Dell latitude laptops in New Delhi yesterday. Dell lauched new range of latitude laptops with breakthrough battery life of up to 19 hours, in five colors at price ranging from INR-48,990/- (US\$ 1147) to INR- 69,990/- (US\$ 1638).

Mitsubishi UFJ to tie up with Tata for mergers

AFP, Tokyo

Mitsubishi UFJ Financial, Japan's largest banking group, said Wednesday it was tying up with the Tata Group in a deal that would help Indian firms seek more acquisitions overseas.

A unit of the Japanese banking giant has signed an agreement with part of the Tata Group, which shot to global attention with multibillion-dollar purchases of British automakers Jaguar and Land Rover and Anglo-Dutch steel group Corus.

Mitsubishi UFJ Securities Co. Ltd. (MUS) said the tie-up would also promote global sales of Indian equities, which have suffered this year from a sell-off by overseas funds after a heady 2007.

MUS said the tie-up with Tata Capital Ltd. would provide Tata and other Indian firms with support on mergers and acquisitions and fund-raising in Japan, Europe and the United States.

"The tie-up with Tata Capital will give MUS great potential in the Indian market," the Japanese firm said in a statement.

British jobless claims surge in July

AFP, London

The number of people claiming jobless benefits in Britain leapt in July by the biggest monthly amount for more than 15 years, according to official data published Wednesday.

The claimant count rose by 20,100 from June to 864,700 people, the Office for National Statistics (ONS) said in a statement. That was the biggest month-on-month increase since December 1992.

Meanwhile, the June claimant count was revised upwards to show an increase of 20,000 people, compared with the previous gain of 15,500.

The count has now risen for six months running amid a wider economic slowdown in Britain.

"The latest UK labour market figures show that the rise in unemployment is rapidly picking up pace," said analyst Vicky Redwood at Capital Economics.

"The claimant count rose for the sixth month in a row in July, with the 20,100 rise the biggest seen so far in this downturn."

Global Insight economist Howard Archer added: "The labour market is now being hit increasingly hard by the economic downturn and depressed business confidence."

SUPERMARKET CHAIN

French connection

ANN/CHINA DAILY

When Carrefour entered the Chinese market in 1995, the French supermarket chain chose to do it quietly, kind of like testing the water rather than making a splash. There was no marching band or lion dance to announce the opening of its first outlet in Beijing.

It was perhaps premature to be celebrating because nobody was sure whether the Chinese consumers were ready to change their life-long habit of buying groceries from their neighborhood stores for an entirely new shopping experience that de-emphasized any form of human interaction. It was obviously not the Chinese style.

But embrace it they did. Since that rather tepid first foray, Carrefour has opened 116 more stores on the mainland with a total floor area of nearly 1 million sq m and is employing almost 50,000 people.

Its adopted Chinese name -- Jia Le Fu (happy and lucky family in English) -- has become practically synonymous with "supermarket" on the mainland.

The company's sales in China amounted to 30 billion yuan in 2007, accounting for about 5 percent of total group revenue.

Because of its growth potential, the Chinese market is enjoying almost as much attention from Carrefour's management as the group's home market in France. Two questions are raised invariably at management meetings in the head office, according to Eric Legros, president and CEO of Carrefour China.

One is "How are we doing in France?" and the other is "What have we been doing in China?" Legros says.

Abandoning the leisurely pace of expansion in the first 10 years of exploration in the Chinese market, Carrefour, in 2005, began to step on the throttle and switched into high gear while opening new outlets. In the three years since, the company has opened 60 new stores, the same number opened in the previous 10 years.

In that rush for expansion, the company has not only opened more new stores in the major cities, but also in the second-tier cities and townships in the central and western regions of the country. For instance, Carrefour has five stores in Chengdu and four stores in Chongqing.

Legros, who became Carrefour's CEO in China in 2006, says he believes the company owes its success in this market not because of any fancy marketing strategy, but rather because of its dedicated application to its core business model.

"We have five concepts to (operating) supermarket: one-stop shopping, low prices fresh goods, shelf service and free parking," he says.

"The presence of Carrefour has accelerated competitiveness in the Chinese retailing industry, enabling customers to buy goods cheaper than before," Legros says.

Although the company's business model has remained international, its staff in China has increasingly been localized, which, according to Legros, has greatly contributed to its success.

Although Legros doesn't speak Chinese, he feels quite proud of being treated as "one of them" by his local staff, who call him "lao zong", a common Chinese way of addressing one's boss.

"We are very proud of our local employees," Legros says. "We trained and developed 40 to 50 store managers each year, most of them are (from the mainland), who are really very highly qualified," he says, adding that the company owes much of its rapid growth at a rate of 20 to 25 stores by year to its local managers.

Indeed, the keyword to Carrefour's success is localization, Legros says.

In the early days in China, most of Carrefour's managers were French and Spanish. At that time, hardly any Chinese people in the retail industry knew how to run a supermarket. "But now, we don't need them (foreign managers) anymore. We have talented people like Dai Wei," Legros says, pointing to his national public



A Carrefour outlet in China.

affairs director sitting beside him. "I'm so sure that some day, the president of Carrefour China will be a Chinese."

Carrefour established a Carrefour China Institute (CCI) in Shanghai in 2000 to train Chinese managers. Since then, the school has trained about 15,000 managers who are playing an important role in the fast expansion of Carrefour on the mainland. Last year, 40,000 employees attended various training programs on an average of 23 training hours for each person per year.

Each year, Carrefour China sends some local managers to Europe for further training to gain greater overseas market knowledge and experi-

ence, some of which can be applied in China. "This year, 100 percent of the 40 stores' managers we are promoting are Chinese," says Legros.

At the beginning, Carrefour opened in three very different cities in China, Beijing, Shanghai and Shenzhen. The three cities are very far away from each other and had different characteristics. Carrefour had to adapt its stores to the specific needs of the consumers in each city.

That experience has given Carrefour the confidence to expand into other cities. "Now we have 60 percent of our supermarkets in the main cities, like Beijing, Shanghai and Nanjing, while the rest are located in the western and northern provinces,"

Legros says. "We want to strike a balance in store distribution."

In the pursuit of expansion, Carrefour faces different competitors in different cities.

"China is a large country, when we think about the Chinese market, we think of it like Europe. In Europe, you have competitors in Germany, you have good retailers in France, and so on."

"The Chinese market is the same. In Beijing, WuMart is good here, and in Shanghai it's Bailian. In Chongqing it would be New-Century. In any city of China, there is always a very good professional local retailer, who generally has a much bigger market share than us."

COLUMN

Wikinomics and importance of national self-confidence

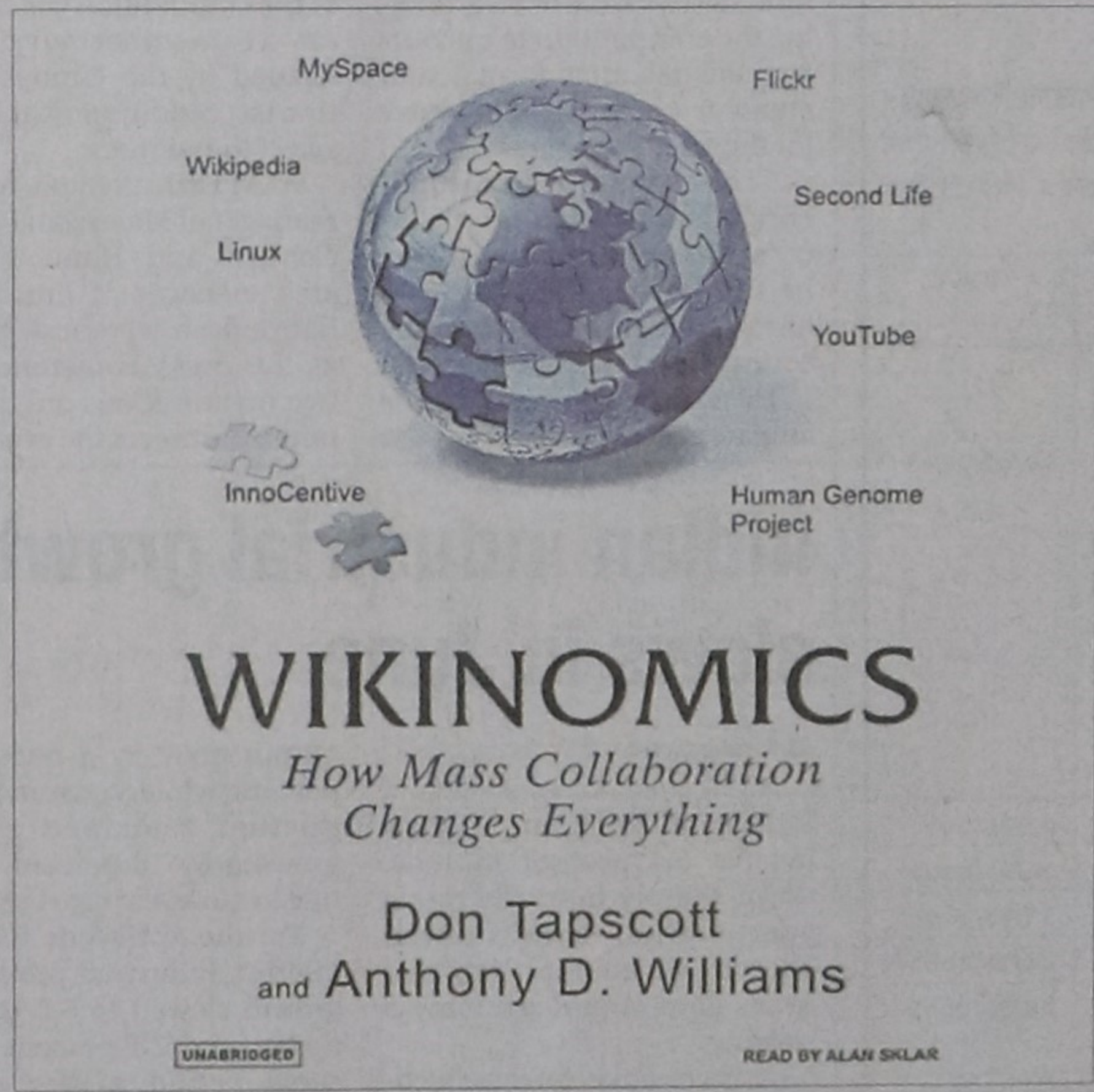
In today's column I wanted to touch on two themes: firstly, encouraging signs of growing student engagement in the Brand Bangladesh initiative. Secondly, the concept of Wikinomics in our efforts to change both our country image as well as build our national self-confidence. While these may seem disparate themes I have picked at random, mass collaboration and our branding initiative are more closely connected than we realise.

Several months ago I wrote a Daily Star column on 'the Importance of Defining Brand Bangladesh' and a number of parallel initiatives that are emerging suggest many in academia, business, non-resident Bangladeshis (NRB) and even some policymakers, share my enthusiasm and optimism that Bangladesh can overcome its 'perception deficit' with the rest of the world.

In discussing nation branding with my colleagues at AT Capital, one of the recurrent themes was the importance of Bangladeshis having a more positive image of their own country. They underlined that national self-confidence about what we have achieved since 1971, as the future untapped potential of the nation, was often missing in both the domestic population as well as NRBs.

In that context, I was very encouraged by a student competition organised by Sarah Siddiqi, co-founder of 'Bangladesh Changemakers'. The objective was to have teams of students from our leading business and economics faculties to come up with themes, concepts and strategies to market Brand Bangladesh. I attended the final on August 10 held at University of Dhaka Faculty of Business and was impressed by the enthusiasm and passion evident in the presentations.

Why is the participation of Bangladesh's youth so important in



Branding and Self-Confidence initiatives? Well another way to look at this question is to ask which segment of our population ought to be the most optimistic about the future? - certainly our students and the younger generation. Indeed, an intrinsic sense of optimism and what is possible might be a defining characteristic of the youth across all nations. Would they not be ideally suited to form an important part of our 'brand ambassadors' strategy.

It is the youth of the country that arguably has the largest vested interest in the future direction of Bangladesh, and surely our national branding strategists should incorporate their feedback. Finally, our younger generation, especially in

our leading universities, will be the influential decision makers in both the private and public sector as well as NRBs in the future. Having their buy-in to the national re-branding effort will likely yield the most substantive and sustained future pay-back. They are our most important 'changemakers' as far as country image is concerned. They have the power to move us from 'static observationists', that is a nation accepting stoically all its problems, to a country of 'dynamic forward thinkers' that is proactively seeking solutions.

Coming on to my second theme, last week I also read a fascinating book by Don Tapscott and Anthony D. Williams entitled 'Wikinomics: How

Mass Collaboration Changes Everything'. Many of you will have used Wikipedia, the online dictionary and knowledge centre that is maintained and put together by a large group of volunteers rather than a centralised corporation.

In "Wikinomics" the authors note that conventional wisdom says companies innovate, differentiate, and compete by doing certain things right. They hire and retain the 'best people' to generate new ideas, make new discoveries, compete, and expand their business lines. They 'listen' to their customers and protect their intellectual property fiercely. They think globally but act locally, and they execute well (they have good management and controls).

Today, thanks largely to the internet, the kind of creativity and innovation that used to take place primarily within corporate walls, increasingly takes place over large amorphous networks of peers. Millions of people already join forces in self-organised collaborations such as Linux and Wikipedia that produce dynamic new goods and services that rival those of the world's largest and best-financed enterprises.

In addition to Wikipedia, another good example of mass collaboration is YouTube, the world's most popular video sharing site. Rather than buy up a video library to stream over the Web, the founders Steve Chen and Chad Hurley made it easy for visitors to share, rate, and comment on short clips that users upload themselves. In effect, YouTube created a powerful engine for community-building and let its customers self-organise. With some 65,000 new clips uploaded daily and over 100 million videos served per day, YouTube is now a formidable force in the next generation of online video.

Don Tapscott noted in a recent Businessweek article that, "A new

breed of 21st-century enterprise is emerging one that opens its doors to the world; co-innovates with everyone, especially customers; shares resources that were previously closely guarded; harnesses the power of mass collaboration; and behaves not as a multi-national, but as something new: a truly global business. These new modus operandi revolve around four powerful new ideas: openness, peering, sharing, and acting globally."

So how is Wikinomics, Brand Bangladesh and youth participation inter-related? Well Bangladesh has one of the youngest populations in Asia with a median age of under 25. The size of this youth has been estimated to be as large as 70 million people. Imagine if we can capture the imagination of a sizeable portion of them through effectively leveraging our student populations into spreading a message of optimism and positivity about Brand Bangladesh and our country's future. This would require a targeted and systematic campaign of workshops and discussions in educational institutions throughout the country.

This is an initiative Professor Ferhat Anwar of IBA and others at the Bangladesh Brand Forum have shown some enthusiasm to support. But this is the kind of 'mass collaboration' that could have a substantial positive effect on both our country image and the prospects for Bangladesh's future.

The passion and optimism of our youth should not be a national asset we fail to appreciate. I look forward to hearing positive messages from my fellow Bangladeshi "Wikinomists" in the future.

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