International Business News

Nissan to cut 20,000 jobs, forecasts big loss

AFP, *Tokyo*

Japan's Nissan Motor Co. said Monday it would cut 20,000 jobs worldwide and forecast a net loss of 265 billion yen (2.9 billion dollars) in this financial year to March due to the economic crisis.

Nissan posted a net loss of 83.2 billion yen in the fiscal third quarter to December, blaming the global economic slowdown and the strong yen.

Chief executive Carlos Ghosn, who salvaged Nissan from near bankruptcy when he was parachuted in from Renault a decade ago, said the automaker's "worst assumptions on the state of the global economy have been met or exceeded."

"The global auto industry is in turmoil. Nissan is no exception," he said.

Nissan said it would shrink its global workforce in the next financial year to March 2010 from 235,000 to 215,000.

"In response to this crisis, which is not of our making, we have to reevaluate our global headcount," Ghosn said.

Nissan made an operating loss of 99.2 billion yen in the third quarter as revenue tumbled 34.4 percent to 1.82 trillion yen.

Nissan sold 731,000 vehicles worldwide in the third quarter, down 18.6 percent from a year earlier.

India forecasts growth of 7.1pc for 2008-09

AFP, *New Delhi*

India's economic growth is expected to slow to 7.1 percent in the current fiscal year -- the lowest rate for six years and down from nine percent in 2007-08, according to official estimates released Monday.

The estimate for the year ending March 31 was released by the Central Statistical Organisation (CSO).

It would be the slowest growth rate since 2003 and will place further pressure on Prime Minister Manmohan Singh's government ahead of general elections expected in April.

A number of economists have predicted that India's growth could fall below 7.0 percent this year as the global downturn takes its toll.

The CSO said growth in manufacturing output was expected to be around 4.1 percent, half the 2007-08 figure, while agricultural output would expand 2.6 percent, down from 4.9 percent.

Economists also believe India's fiscal position -- already one of the world's worst -- will deteriorate further with the interim budget to be presented February 16 by the government.

AFP

A man takes a rest on a street in a local neigbourhood in Beijing yesterday. As the world economy slows large numbers of Chinese workers have lost their jobs as global demand for the cheap Chinese consumer goods they make has fallen off sharply, forcing thousands of factories to shut their doors.

French loan to bail out auto industry

AFP, *Paris*

France will lend six billion euros (7.7 billion dollars) to carmakers Renault and Peugeot-Citroen in exchange for a promise to halt job losses and rein in executive bonuses, reports said Monday.

President Nicolas Sarkozy was to meet car manufacturers at 4.30pm (1530 GMT) at the Elysee Palace to discuss how to protect their key sector, which employs one French worker in ten, from the global economic storm.

According the dailies Les Echos and Le Figaro, the president was to offer the firms three billion euros each if they agree to stop French plant closures and job cuts and limit shareholder dividends and bonuses.

Last month, Prime Minister Francois Fillon promised carmakers aid of five to six billion euros, and the amount could rise further if the state decides to help Renault Trucks, which is owned by AB Volvo of Sweden.

Sarkozy has made protecting France's iconic industries the central plank of his supply-led plan to ride out the global economic slowdown, but he will have to tread carefully to avoid triggering a row over protectionism.

Tighter financing delaying Saudi projects

AFP, *Riyadh*

Tighter bank financing is delaying Saudi government projects crucial to the growth of the economy, according to a Riyadh industry official.

Saudi banks have been slow in financing companies which the government contracted for projects already budgeted, Said Fahad al Hammadi, head of the contractors committee of the Riyadh Chamber of Commerce, told AFP late Sunday.

"The banks are being strict in providing finance for projects, especially infrastructure projects," he said.

"This tighter financing began in the last few months against the backdrop of the global financial crisis."

Hammadi also said banks have pushed up interest rates for contractor financing to around 12 percent despite the sharp slide in rates in Saudi Arabia and around the world, and notwithstanding the fact that the projects are supported by guarantees from the Saudi Finance Ministry.

READYMADE GARMENT

A break in the clouds

REFAYET ULLAH MIRDHA

Bangladesh is still a bright place for new textile and readymade garment factories, despite a barrage of gloomy reports of the giant economies hurtling into a deeper financial crisis. Industry insiders say so.

High-profile textile and RMG machinery makers feel that Bangladesh will do better in future, even in times of global recession. This is supported by the twin facts that the country mainly produces basic apparel items and labour costs are still competitive.

According to statistics from the Bangladesh Textile Mills Association (BTMA), the primary textile producers imported textile machinery worth Tk 1,930.59 crore in the July-December period of the current fiscal year.

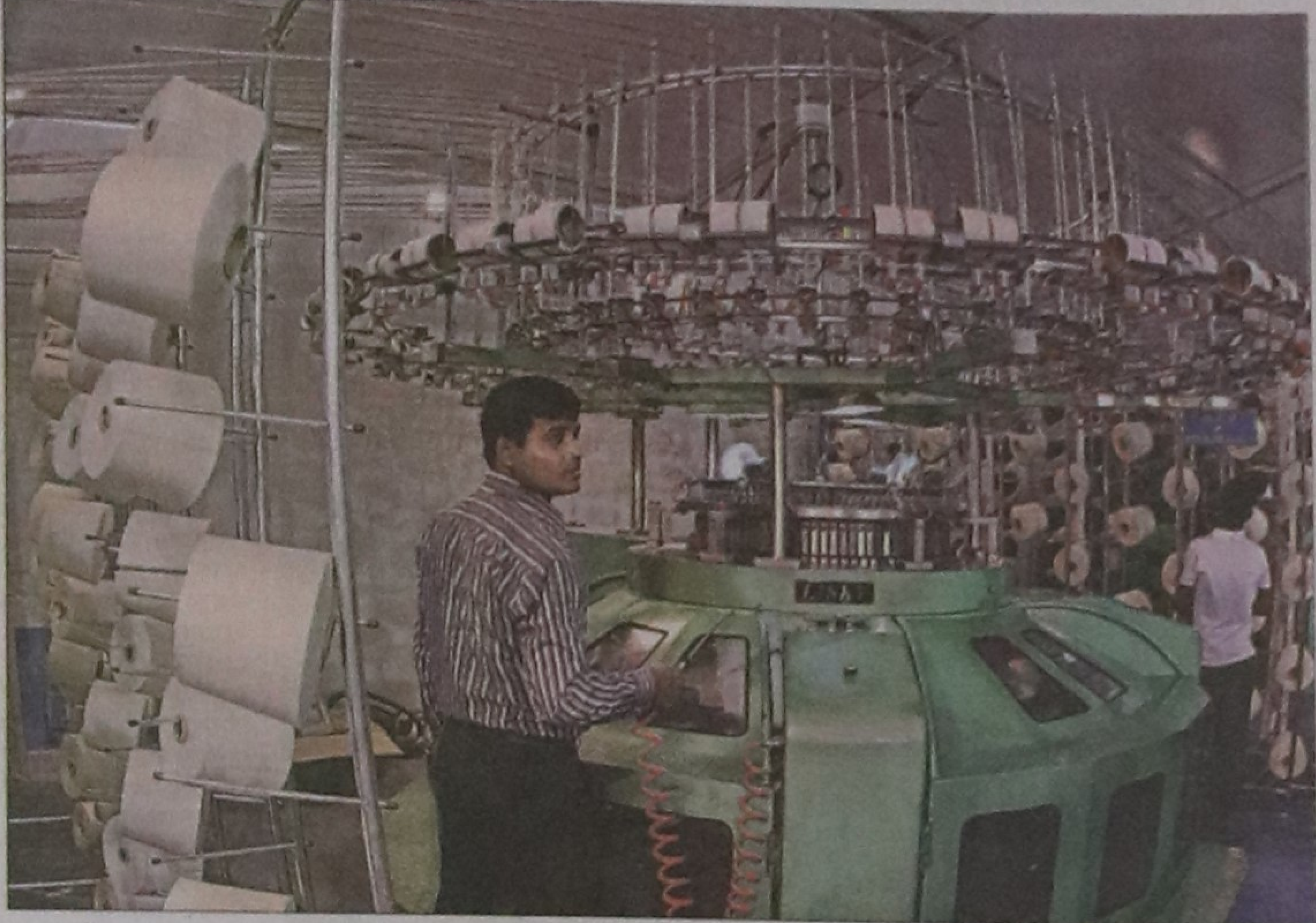
Of the total machinery imported, 80 percent was intended for spinning mills, the BTMA data reveals. The woven and knitwear manufacturers also imported a significant quantity in the same period.

Mindful of the prospect for expansion in apparel business, many textile, RMG and accessory machinery makers from around the world have been pouring into Bangladesh to take part in different exhibitions.

The participation of foreign companies in the ongoing four-day sixth Dhaka International Textile and Garment (DTG) Show clearly indicates the country's strength in the textile and RMG sector.

"Bangladesh is a prospective country for us," says Yasuhiro Miura, assistant manager of Toyota Tsusho Corporation.

Miura is now in Dhaka, attending the textile machinery fair organised by BTMA and the ES Event Management Company of Malaysia at Bangladesh-China Friendship Conference Centre.



AMRAN HOSSAIN

A man checks textile machinery at a stall of the Dhaka International Textile and Garment Show yesterday.

An optimistic Miura says businessmen always study the GDP growth of a country before they pen business deals with that country.

Since Bangladesh has been maintaining a commendable rate of growth over the last few years, foreign companies are confident of extending their hands to strike deals.

"Bangladesh is a country of cheap labour. A large workforce is an asset to the nation. This is why the country will soon do better," Miura tells The Daily Star.

Citing good business relationships between Bangladesh and Japan, Miura says there is enough room for further expansion of bilateral trade between the two countries.

He says 76 percent of foreign currency earned is courtesy of the RMG sector, a signpost to the potential of textile and RMG machine manufacturers.

Miura claims Toyota Tsusho has a 50 percent market share in the market for brand new textile and RMG machinery in Bangladesh. He expects a good number of orders from the local textile and RMG entrepreneurs at the exhibition, as they started receiving responses from the buyers.

The textile and RMG sector has a bright future in Bangladesh, he adds. Hundreds of textile and RMG machinery manufacturers participated in the DTG, which is billed as the world's second largest machinery expo, after the International Exhibition of Textile Machinery (ITMA).

ITMA, the world's largest international textile machinery, is recognised as the 'Olympics' of the textile machinery industry.

Speaking to The Daily Star, Oliver Schermuly, managing director of SETEX, a German textile machinery company that participated in the DTG, also acknowledges that Bangladesh is a prospective country for further expansion of the textile and RMG.

SETEX exports textile and RMG machinery to Bangladesh.

"I see Bangladesh as a promising country even in the age of global financial recession," Schermuly says.

Echoing Schermuly, Waqar A Choudhury, director of Nascom Pvt Limited, the local agent for some foreign textile machinery companies in Dhaka, says he receives good responses from buyers.

More than 600 companies from over 30 countries are showcasing their machinery and other textile accessories at more than 800 booths. World-renowned textile and RMG machine manufacturers from Japan, China, Germany, Turkey and Korea have come up with the latest textile and RMG products.

The government reduced the duty on import of capital machinery from 5 percent to 3 percent in its budget for fiscal 2008-09. At the same time, the government had introduced a 1 percent procedural fee on imports, instead of the previous indemnity bond system.

The rising import of textile machinery proves the strength of the country's backward linkage industries. At present, the knitwear sub-sector can obtain 90 percent of their required raw materials from the local market, while the woven sub-sector can get 40 percent, industry people say.

In the July-December period of 2008, Bangladesh exported woven garments worth \$2.805 billion against a target of \$2.738 billion, knitwear exports were \$3.240 billion against the \$3.172 billion target, terry towel exports were \$66.39 million against the \$59.83 million target and textile fabrics exports were \$41.63 million against the target of \$38.49 million.

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COLUMN

MAMUN RASHID

Marketing versus demarketing

It is dawn. The sun rises with the promise of a new day. Health-conscious young and old alike head towards the local park for a satisfying morning walk. It is a beautiful day -- pleasant breeze blowing, birds chirping, sunshine gleaming through the green tree leaves and ... billboards and advertisement placards.

It seems that a local company has covered the entire park with signboards and other promotional materials in an effort to promote their range of products. The visitors at the park are appalled.

They are shocked to see the serenity and the tranquillity of their beautiful park be marred by billboards with the pictures of scantily clad women displaying the company's products in alluring poses.

It does not end there -- at the very entrance of the public park there is a huge signboard claiming that the park is 'sponsored' by the company, when it is quite obvious that in reality, a public park can be 'sponsored' by none other than the City Corporation itself. A public park can, at best, be 'maintained' by a commercial organisation, but never 'sponsored'. It is quite evident that a very smart business graduate sitting in the air-conditioned marketing department of the company thought of this 'innovative' idea to enhance their 'brand image'. But has this objective really been fulfilled? Their 'innovative' promotional campaign has achieved nothing but has greatly offended the respected elders who frequent the park. Many have called the phone numbers of the social organisation who has let them in; not to order their company products but to complain about the defacement of their dear solace.

The example above depicts nothing but the misuse of marketing strategy. The goal of marketing is to identify and meet human and social needs. There is a huge difference between marketing and selling. While 'selling' is to 'get rid of what you have', 'marketing' is to buy. Through marketing, organisations buy valuable relationships with their customers, capture sustainable revenue streams and attain brand loyalty. It is a shift from acquiring the 'shelf space' to acquiring the 'mind space'. Yet, time and again, we often mistake marketing for the art of selling products. The most important part of marketing is not selling. Selling is just the tip of the iceberg.

AMRAN HOSSAIN

Billboards often fall short of an effective marketing strategy.

Peter Drucker, the leading management theorist, sums it up beautifully in his words: "There will always, one can assume, be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available."

The term 'demarketing' was first coined by the marketing guru and incidentally my teacher at Kellogg, Philip Kotler in the early 1970s. Demarketing activities discourage demand, they discourage consumers from buying. According to Kotler, "Demarketing is that aspect of marketing that deals with discouraging customers in general or a certain class of customers in particular on a temporary or permanent basis."

Some organisations face a demand level that is higher than they can or want to handle. Marketers then set out to find ways to reduce demand temporarily or permanently. General demarketing seeks to discourage overall demand and includes such steps as raising prices and reducing promotion and service. Selective demarketing consists of trying to reduce demand from those parts of the market that are less profitable.

However, sometimes marketers in an effort to do 'marketing', inadvertently end up attaining the results of 'demarketing', as the above-mentioned examples clearly suggest. Branding is the art and cornerstone of marketing. Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands. A brand is a complex symbol that conveys the product's attributes, benefits and values. The process requires extensive research and perfecting the marketing proposition. Exposure is undoubtedly essential for creating and raising brand awareness. But overexposure can destroy brand equity instead of developing it.

Branding is a complex process. It should be such that just one name or symbol should be able to incite emotions and certain perception of the product in the minds of the consumers. Developing a brand requires a great deal of long-term investment. For a brand to survive and flourish, substantial investment must be made behind the brand. There are quite a few global brand names that have withstood the test of time just because of proper branding strategy i.e. investment made in the appropriate places. Marketing gimmicks may raise awareness, but it is only short-lived and eventually fades away.

Marketing's central purpose is demand management, the skills needed to manage the level, timing and composition of demand. Branding is the crucial tool that fulfils this purpose and this process is quite sensitive having numerous variables and influencing factors. Incorrectly done, it only produces the results of 'demarketing' and reduces demand rather than enhancing it.

The line between marketing and demarketing is therefore quite thin, and if one is not careful, one might end up achieving the opposite effect of the intended marketing strategy.

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