

International Business News

EU nations, Turkey to sign landmark gas pipeline deal

AFP, Ankara

The leaders of four EU countries and Turkey gathered here on Monday to sign a landmark deal to build a gas pipeline reducing European reliance on Russia amid lingering questions on who will supply the gas.

Turkish Prime Minister Recep Tayyip Erdogan was hosting the gathering, attended also by his counterparts from Austria, Bulgaria, Hungary and Romania, through which the 3,300-kilometre (2,000-mile) Nabucco pipeline would pass.

The project, long delayed by lack of commitment from suppliers, is planned to become operational in 2014 at an estimated cost of 7.9 billion euros (10.9 billion dollars), with a capacity to pump 31 billion cubic metres of gas from the Caspian Sea to Austria via Turkey and the Balkans, bypassing Russia.

In a sign of the importance attached to the project, European Commission chief Jose Manuel Barroso, Prime Minister Nuri al-Maliki of potential supplier Iraq and US special envoy for Eurasian energy Richard Morningstar attended the gathering.

A quarter of all natural gas used in Europe currently comes from Russia, with several southern European countries depending almost exclusively on Russian supplies.

Opel stirs takeover speculation from China, Belgium

AFP, Berlin

Speculation swirled around the troubled German automaker Opel on Monday, with conflicting news about an offer by Beijing-based auto group BAIC and a new overture by Belgium-based investor RHJ International.

The German government denied a media report which said Berlin feared a "dangerous dependence" on China if BAIC were to take over Opel.

Mass circulation daily Bild earlier cited an expert government report as saying: "The Chinese government clearly wants to gain access to modern technology."

There is a danger that the German carmaker "could become dangerously dependent on the Chinese state," the report added, according to Bild.

But a spokeswoman for Economy Minister Karl-Theodor zu Guttenberg rebutted the report.

"I cannot confirm this. Such a report does not exist," she told a regular news briefing.

In Brussels, RHJ said it was in talks with Opel's parent company General Motors on buying a majority stake in the German auto-maker.

"These discussions have been taking place over a number of weeks and are at an advanced stage," the investment group said in a statement.

CONSTRUCTION

Iconic skyscrapers go green

AP, New York

When owners of the Empire State Building decided to blanket its towering facade this year with thousands of insulating windows, they were only partly interested in saving energy.

They also needed tenants.

After 78 years, Manhattan's signature office building had lost its sheen as one of the city's most desirable places to work. To get it back, the owners did what an increasing number of property owners have done -- they went green, shelling out \$120 million on a variety of environmental improvements, a move would have been considered a huge gamble a few years ago.

Buildings that define city skylines across the US, some national icons, are catching up to the sleek, new structures designed with efficiency in mind, as property owners and managers become convinced that a greener building now makes financial sense.

That's because in recent years environmental retrofits have begun to pay off for owners and tenants alike. Higher-profile companies are seeking out more efficient office space, and new technology at older buildings has started to translate into higher property values, leases and occupancy rates.

"In a good market, we're going to get the best rents for the best tenants," said Anthony E Malkin, who leads a real estate group that owns the Empire State Building. "In a bad market like we have now, we're going to get tenants when other buildings won't."

Renovation specialists around the country have been plugging porous walls in numerous old buildings, adding high tech water systems and using recycled material in carpets and tile.

One of them is the Christman Building in Lansing, Mich, an 81-year-old Elizabethan Revival office that's listed on the National Register of Historic Places. While repairing the limestone exterior and preserving unique details like the mica light fixtures, the building owners spent \$8.5 million to add water-efficient plumbing and increased the amount of natural light. They also capped the building with a reflective "cool" roof.

Chicago's Sears Tower announced late last month that it will embark on a five-year, \$350 million green renovation. The 110-story, staggered skyscraper, which turned 36 this year, will crown its rooftops with solar panels, wind turbines and up to 35,000 square feet of sunlight-absorbing gardens.

When complete, the improvements will cut the tower's annual electricity use by 80 percent and save 24 million gallons of water, property managers say.

Building owners trumpet their environmental commitment when extensive mod-



Buildings that define skylines across the US, including Empire State Building and other icons, are catching up to new structures designed with efficiency in mind. Property owners and managers are convinced that a greener building now makes financial sense.

fications are made, yet in many cases those changes are being pushed by tenants.

Many high-profile tenants won't even consider moving into a property without the US Green Building Council's Leadership in Energy and Environmental Design (LEED) certification, said Allan Skodowski with Transwestern management group. They may not even know what the certification means, he said, but they demand it nonetheless.

"They say 'We want LEED,'" Skodowski said, "and that's it."

Nine of Transwestern's properties received certification this year. A combination of energy efficient light bulbs and other green equipment helped those buildings slash energy consumption. On average, they've seen a 2 percent drop in energy costs, even as electricity rates jumped between 10 percent and 40 percent, Skodowski said.

Leasing rates have not risen as a result of the changes, Skodowski said, yet at the same time occupancy rates have not fallen. That's a victory for an industry hit hard by the recession. Vacancy rates at office buildings nationwide have gone from 10.9 percent at the end of 2007 to 12.4 percent in the first

quarter of this year.

"If one extra tenant comes and looks at the building, if the owner gets an extra penny or so a foot, then at the end of the day it's paying for itself," Skodowski said.

A recent analysis by real estate researcher CoStar Group, Inc found that green-certified buildings had fewer vacancies than other buildings with similar age, size and location.

The CoStar study, which included about 3,000 green-certified offices, found that buildings with the council's certification enjoyed higher occupancy rates (90.3 percent) than their peers (84.7 percent) in the first three months of 2009.

Certified buildings have fetched higher lease rates for several years. The CoStar report said the buildings rented at an average of \$38.86 per square foot in the first quarter of 2009 compared with \$29.80 per square foot for their peers.

"This isn't just a 'We are doing the right thing' movement," said Marc Heisterkamp, US Green Building Council's director of commercial real estate. "In the end, the numbers pencil out."

At the Empire State Building, Malkin proposed a top-to-bottom renovation that

included a \$13.2 million investment in new green technologies. The goal was to sufficiently reduce greenhouse gases without spending more than he could justify to his investors.

What the owners settled on was a series of upgrades that include retrofitting all 6,500 windows. Under every window, radiators will be padded with extra insulation. The building's lighting, cold water and ventilation systems also will be upgraded.

The renovation should take 18 months. Afterward, the owners expect an annual energy savings of \$4.4 million, enough to pay off the new technologies in about three years.

Already, the renovation has lured upscale, energy-conscious companies like Swedish construction firm Skanska, said Ray Quartararo with Jones Lang Lasalle, which is managing the renovation.

Skanska wanted its US headquarters to have a LEED "platinum" certification -- reserved for only the most efficient of buildings -- and it found a willing partner in the Empire State Building. Skanska officials said the building's management helped them install bike racks and add other energy-saving details on the 32nd floor.



Pedestrians pass before a share prices board in Tokyo yesterday. Japanese share prices fell 236.95 points to close at 9050.33 points at the Tokyo Stock Exchange, hit by losses on Wall Street and political uncertainty after Prime Minister Taro Aso's party was defeated in a key weekend poll.

US, Switzerland urge delay to UBS tax secrecy trial

AFP, New York

The US and Swiss governments Sunday called for the postponement of a court showdown seeking to force Swiss financial giant UBS to reveal thousands of offshore accounts held by US clients.

"The Department of Justice, UBS and the Swiss government have requested a stay with a rescheduled hearing date of Aug. 3, 2009, in the proceedings for enforcement of the summons ordering UBS to turn over records of account holders," the Department of Justice said in a statement.

Now the US and Swiss governments are giving themselves a further three weeks to negotiate and avoid a showdown which had been due to begin Monday in a Miami court pitting UBS against American tax authorities in a key test for Switzerland's long tradition of bank secrecy.

US authorities are asking a federal court to order UBS to reveal the names of American offshore account holders, saying the Swiss bank "systematically and deliberately" violated US laws.

The case stems from a lawsuit filed earlier this year and affects as many as 52,000 US taxpayers suspected of holding UBS offshore accounts to avoid paying US taxes.

Head of Russian diamond giant Alrosa dismissed

AFP, Moscow

The head of Russia's state-owned diamond giant Alrosa was replaced on Monday, the company said, amid reports that directors were dissatisfied with his handling of a deep slump in the diamond market.

"The board relieved Alrosa president Sergei Vybornov of his responsibilities as of July 13, 2009," the company said in a statement, announcing the results of a meeting of the Alrosa supervisory board on Friday.

Vybornov will be replaced by Fyodor Andreyev, currently the vice-president in charge of finances for Russia's state railroad monopoly Russian Railways, the statement said.

The Kommersant business daily reported that Alrosa's board was unhappy with Vybornov's response to plunging demand for diamonds caused by the global economic crisis.

MARKETING

CRM: Unpacking customer chemistry

KISHWAR IMDAD and AZM SAIFUDDIN

To retain customers, customer relationship management (CRM) has become obvious in today's business environment. The effectiveness of new media has come into consideration as the media fragments virtually every day.

In the 90s when there was only one channel, one drama could draw the attention of millions. With the introduction of more than 10 local channels, in addition to more than 70 foreign channels, marketers face a challenge in reaching out to even a 10th of the customers in the 90s with 10 times the cost.

A marketer may buy a 30-second slot to broadcast a television commercial during a popular musical programme, targeting youngsters, while on the other hand, another sports channel is broadcasting a live world cup cricket match between Bangladesh and India and BBC is documenting some breaking news. Think about the target group.

With only a remote control to change to a channel of choice, the impact of the response and return on investment would be lower. So mass media needs mass money to deliver messages across to target groups.

The same is true for billboards. Even when a marketer advertises with larger than life images, it is difficult to make a difference and have a competitive edge in the market through these traditional channels.

It is time marketers revised their strategies to find innovative ways that cannot be copied by competitors. CRM gives insight on how to accelerate benefits by driving the market forward rather than letting it drive the company. In fact, CRM looks for the most advanced ways to market, which is uncommon to business environments in Bangladesh.

CRM tells us what works and what does not in today's competitive and volatile market environment. CRM strategies are designed based on real interactive data whereas mass marketing strategies are based on opinion data.

The reality is that customer choices are wider than ever before. The endless price



war has put companies at risk. The market scenario is changing from a sellers' market to a buyers' one.

As the market saturates, marketers' focus shifts from market share to value. Companies are losing control over Porter's five forces: rivalry, the threat of substitutes, buyer power, supplier power and barriers to entry. Where is the end of this price war? Let us look at the success story of Google -- ranked as one of the top performers of 2006.

Google did not use traditional media channels. With \$10.6 billion in 2006 and revenues up by 67 percent, Google commanded at least 31 percent of all web ad revenues and became a major threat to Viacom. The small sponsored links that run alongside search results precisely addressed particular interests.

Today people are addicted to Google and it is not only the algorithm that works behind the search mechanism; it is actually the CRM strategy that gave them the com-

petitive edge to outpace Yahoo and AltaVista.

Confusion over CRM has created myths in the market that need to be debunked. CRM consultant Francis Buttle expressed his view to debunk the myth -- to say that CRM is about IT is like saying that gardening is about spade or that art is about the paintbrush.

The implementation of CRM was seen as IT applications that can be used to store and manage customers' records. Although a rich customer database and deployment of IT application are required to apply CRM strategies, this should not be misread as an IT job. Many business executives perceive CRM as software application like Siebel or SAS.

Marketers should not lose sight of the fact that CRM is about people first and technology second. That's where the real value of CRM lies. The basic objective of CRM is to create relationships through providing a greater customer experience. Here the role

of technology is just a tool. Technology helps us to get insight and understand the differences between customer satisfaction, experience and expectations -- three vital components of CRM.

Oracle is playing a major role in radiating business intelligence and creating CRM applications. Business intelligence is not just about departmental reporting anymore. Oracle applications is proving customers insight, enabling managers to make informed decisions and applying CRM strategies.

Today top performing companies from banking to telecom are using the concept of CRM for acquisition and retention of customers. CRM is basically a business strategy that aims to understand the needs and wants of individual customers and then formulates efficient personalised communication mechanisms to serve individual demands and create long-term relationships.

CRM strategy applies the concept of local shop owners in your community, who developed strong relationships with community customers by calling them by their names, exchanging greetings, wishing them on their birthdays and understanding their tastes and serving them accordingly. This is because relationships create long-term loyalty and repeat purchase.

But when the customer base exceeds hundreds of thousands, who are dispersed around various geographic zones and their preferences and expectations change with advancements in technology, it is really a challenge to retain customers through relationships.

The strategic application and effectiveness of CRM is so wide and versatile that it encompasses from retail to telephone companies, insurance, banks and other sectors. With the passage of time, the avenues of CRM are getting wider that includes database marketing, churn management, loyalty programmes, data mining, predictive modelling, business intelligence, direct marketing and telemarketing.

The writers are directors of Market Matrix, a CRM company.